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SARU

SOUTH AFRICAN
RUGBY UNION
**ANNUAL
REPORT**
2011

SARU

128 referee coaching courses

Sevens players contracted straight from school

30 000 certified on the BokSmart programme

A South African refereed the RWC final for the third time

35% increase in commercial revenues (excl. broadcasting)

R24m pre-tax profit

Sevens Academy squad established

4 376 coaches attended SARU courses

460 000 Facebook 'likes'

Public approval of SARU improved across all of 11 tested categories

18% jump in revenue to R597m

Operating expenditure constrained to 2% (excl. allocations to provinces)

Awarded rights to host JWC in 2012

16 departments streamlined to 7 divisions following restructuring



VISION:
To be an icon of inspiration to all



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SARU SPONSORS

TIER 1 SPONSORS



ASSOCIATE SPONSORS



OFFICIAL SUPPLIERS



SARU ENDORSED TOURNAMENT SPONSORS



TOURNAMENT ASSOCIATE SPONSORS



PRESIDENT'S MESSAGE

There is no such thing as an ordinary year in the life of South African rugby. On the face of it, that might appear the appropriate description for 2011. We ended the season without a trophy in the Springbok cabinet and our Sevens and Under-20 teams were also unable to claim their big prizes. But, in one significant way, the 2011 season was an extraordinary one for our game.

What made the year special was the breadth and depth of support that was displayed by all South Africans for the Springbok team. The television coverage of the farewell event – organised by SARU's staff – was simply unforgettable. The number of people who made the pilgrimage to Sandton on a working afternoon to bid farewell to the team was extraordinary. The passion and belief ordinary South Africans showed for our players was humbling.

But what was as astonishing was the reception the team was given on their return to South Africa, even after the bitter disappointment of being knocked out of the competition in the quarter-finals. Thousands again turned out at OR Tambo International Airport to welcome the return of the players and coaches. In the past they might have expected a less ecstatic reception.

I believe that the support for the team has never been as widespread or as deeply rooted. Our retiring inter-

national captain, John Smit, made the point very well on his departure overseas. He said that his greatest memory in more than a century of Springbok Tests was not a particular Test or trophy. His greatest memory was in being part of the transformation of the Springbok team into a much-loved national asset among all South Africans.

At domestic level the new format of the Vodacom Super Rugby competition created a new dynamic. Our fierce local derbies were increased in number and the creation of national conferences added to the fascination of the competition. The DHL Stormers topped the South African log and earned a home semi-final but were unable to overcome the formidable Crusaders.

Boland won the Absa Currie Cup First Division title and there was great joy in Johannesburg as the crowds returned to Coca-Cola Park to see the MTN Lions win the Premier Division title for the first time since 1999. Once again the

Absa Currie Cup competition generated significant interest and crowds, despite 'competing' for attention with the Rugby World Cup.

Finally, the year ended with a new venue for the South African leg of the HSBC World Sevens Series. The EP Kings won the hosting rights and a highly successful tournament culminated with the South African team being pipped by New Zealand in the final move of the final match. It was a moment to sum up our playing fortunes throughout the year; so near and yet so far.

I'd like to end by thanking all players, referees, coaches and administrators for their hard work and dedication at all levels of rugby in South Africa in 2011. Our constitution charges us to foster and promote the game at all levels in South Africa. Judging by the response of the public to the Springboks in 2011 that is a responsibility in which we are succeeding.

Oregan Hoskins
President
South African Rugby Union



CEO'S REPORT

The year 2011 will in time come to be regarded as marking a watershed for the operational organisation of the game. The South African Rugby Union made considerable strides off the field during a year in which the complex and difficult process of re-engineering two separate organisations into one was largely completed. The outcome was a cleaner, leaner, simpler organisation better focused on serving the needs of the game's stakeholders. The full benefits of that process should begin to flow in 2012 and beyond.

The governance process of dissolving SA Rugby (Pty) Ltd into SARU was completed by 31 December, 2010. That set in train the operational task of merging two separate staffs, which had worked to two separate agendas and along two separate reporting lines. The realignment involved upheaval and uncertainty for staff – as change always does. It was completed during the third quarter and the new operational structure came into effect on 1 September, 2011.

The headline effect of that process was to combine 16 departments – often working in isolation – into seven new divisions. Reporting lines were simplified; the potential for duplication was removed and the structure was cleaned up by identifying logical new homes for all departments on the organogram.

There had been operational challenges for a number of years – most of them behind the scenes. They had been masked by a robust financial performance, healthy competitions and, most importantly, winning Springbok and Springbok Sevens teams. But the two-headed 'monster' of

SARU/SA Rugby (Pty) Ltd had laboured because of a confusing network of overlapping responsibilities and blurred reporting lines due to the separation of powers. Those obstacles have now been eradicated. The newly rationalised departments are:

- **High Performance Teams** – Responsible for management and preparation of all elite national teams, their support staff, selectors and scouts. Liaison with players and SARPA as well as brand management of teams.
- **Development** – Responsible for growing and transforming participation and performance of the game, while making it safer.
- **Commercial Marketing** – Responsible for attracting and retaining sponsors while marketing and strategically managing SARU's consumer-facing brands – such as events and competitions. In addition, the management of broadcasting contracts, SARU events and merchandise.
- **Referees** – Responsible for identifying, training and developing refereeing

talent in South Africa – to support both the professional game and the development game at schools, varsity and club rugby level.

- **Operations and Finance** – Responsible for providing corporate support services in finance, travel, legal affairs and IT.
- **Human Resources** – Responsible for acquiring, developing and retaining staff with competencies that support the operational strategy and culture of SARU.
- **Corporate Affairs** – Responsible for reputation management of the corporate entity of SARU, including media and other stakeholder relationships. Management of SARU heritage and CSI programmes.

This Annual Report mirrors those changes with each department accounting for its own activities along redrawn strategic lines. Those strategies were informed by a new vision and mission statement – workshopped by the entire staff in January 2011. As a result of that process our new vision charges South African rugby to be: "An icon of inspiration to all." The route by which SARU will achieve that is: "Providing strategic leadership and standards of excellence to promote, develop and manage the business of rugby for all South Africans" – our mission statement.

While that vital work was proceeding out of the public eye, there were more public reorganisations. The Vodacom Super Rugby competition enjoyed its first year of operation, involving 15 teams in an expanded format of national conferences.





Bokkie leads out Kyle Brown and the Sevens team at the very successful HSBC World Sevens Series held in Port Elizabeth.

The length and increased intensity of the new season posed its own challenges to teams and to the rugby consumer – who was offered an increased array of matches – and the ‘bedding in process’ is likely to continue into a second season.

To accommodate the lengthened Vodacom Super Rugby season – which will conclude in early August rather than May henceforth – the membership confirmed a reduction in the size of the Absa Currie Cup Premier Division from eight to six teams from 2012. It was a hard decision to take, but the simple lack of availability of sufficient Saturdays made it inevitable.

The Rugby World Cup dominated the calendar and one of the undoubted highlights of the year was our Unite 2011 campaign, designed to gather support for

the Springboks before their departure to New Zealand. It culminated in a farewell from Sandton Square which drew an estimated 35 000 people into central Sandton to show their support. As significant, and just as enthusiastic, were the hundreds of supporters who thronged O’Rourke Airport to welcome the team home despite their exit from the tournament at the quarter-final stage. The response proved that the team had firmly established itself in the affections of all South Africans.

The on-field performance of the Springboks lived up to expectations in the quarter-final, but the result and those of the earlier Castle Tri-Nations campaign were below par – partly as a factor of Rugby World Cup preparations. The one highlight was the return of top-level Test match

rugby to Port Elizabeth, coinciding with a memorable victory over New Zealand. The match set the stage for a very promising start in a new home for the South African leg of the HSBC World Sevens Series.

The two-day tournament concluded the rugby year in December and was a major advance on its predecessor in George. Significant planning and preparations went into the staging and the facilities and the environment provided for the players was of the highest standard. The two-day attendance fell below expectations but the atmosphere and excitement generated, particularly on the second day, boded well for 2012 and beyond, now that the event has established itself in its new home.

Another new event will be the IRB Junior World Championship, which will

be hosted by South Africa for the first time in 2012. The awarding of the event to SARU was confirmed during 2011. The tournament will take place in the Cape in June when the 12 top Under-20 teams in the world will compete for the junior crown. After a disappointing fifth place finish for our team in 2011 it is to be hoped that a serious home challenge can be mounted to claim the title for the first time since the competition was inaugurated in 2008.

Staying on IRB matters, SARU was also honoured when our president, Mr Oregan Hoskins, was elected as deputy chairman of the IRB at that organisation’s end-of-year meeting in Los Angeles in December. Mr Hoskins retains his role as president of SARU, following the dropping of the requirement that the deputy chairman resigns from his home union position. He was elected for a four-year term in partnership with current IRB Chairman, Mr Bernard Lapasset.

And finally, having joined SARU from an accounting background, the bottom line performance of the organisation will always be of primary concern. And the bottom line is that in straitened financial times 2011 was a good one for South African rugby. We were able to show a pre-tax operating profit of R24m compared to a pre-tax loss of R5,4m in 2010, at a time when our SANZAR partners reported losses attributed to a Rugby World Cup year.

The impact of the first year of a new broadcasting rights deal and the acquisition of new sponsorships, or the renewal of old ones on enhanced terms, more than offset the effect of increased net expenses related to Rugby World Cup.

In general terms, SARU ended 2011 in as an operationally and financially sound position as at any time in the previous decade. The new operating structure allied to a solid balance sheet leave the organisation well placed to deliver on our mission statement in 2012 and beyond.

Jurie Roux

Chief Executive Officer.



INTEGRATED REPORT

BY COMPANY SECRETARY DR ISMAIL JAKOET

GOVERNANCE STRUCTURES



1. MEMBERS OF THE EXECUTIVE COUNCIL

Oregan Hoskins (*chairman*)
 Mark Alexander
 James Stoffberg
 Mputumi Damane
 Monde Tabata
 Dawie Groenewald
 N.H (Boet) Fick
 Gary Meyer
 Pat Kuhn
 Piet Heymans
 Jurie Roux (*CEO*)
 Basil Haddad (*CFO*)
 Dr I Jakoet (*Company secretary*)

2. SARU SUB COMMITTEES

2.1. STANDING COMMITTEES

AUDIT AND RISK COMMITTEE

Monde Tabata (*chairman*)
 Raymond Fenner (*independent*)
 Keith Parkinson (*Independent*)
 Dawie Groenewald
 Piet Heymans

Pat Kuhn
 Ex officio
 Jurie Roux (*CEO*)
 Basil Haddad (*CFO*)

By invitation:

External Auditors

- Ernest Carelse (*PwC*)
- Alex Appleby (*PwC*)

Internal Auditors

- Granville Smith (*KPMG*)
- Marcel Bufe (*KPMG*)

Sesi Sekhosana (*Finance Manager*)
 Dr. Ismail Jakoet (*secretary*)

HUMAN RESOURCES AND REMUNERATIONS COMMITTEE

Peter Hassard (*Chairman*)
 Ayanda Mjekula (*Independent*)
 Ms. Arness Siame (*Independent*)
 Jurie Roux (*CEO*)
 Basil Haddad (*CFO*)
 Dr. Ismail Jakoet (*secretary*)
 Ingrid Mangcu (*HR manager*)

FINANCE COMMITTEE

Boet Fick (*Chairman*)
 Mputumi Damane
 Mark Alexander
 Basil Haddad
 Jurie Roux (*CEO*)

NATIONAL JUDICIAL COMMITTEE

Judge. Lex Mpati (*Chairman*)
 Koos Basson
 Adv. Jannie Lubbe
 Christo Ferreira (*secretary*)

2.2. AD HOC COMMITTEES

ELITE PLAYER DEVELOPMENT COMMITTEE

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

GAMES AND POLICIES COMMITTEE

James Stoffberg (*Chairman*)
 Harold Verster
 Boet Fick
 Randall September
 Buntu Ondala
 Dawie Groenewald
 Louis Nel
 Cheeky Watson
 SJ de Beer
 Andre May
 Jurie Roux (*CEO*)
 Steven Roos (*secretary*)
 Johan Botes

TRANSFORMATION COMMITTEE

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

GAME DEVELOPMENT COMMITTEE

Dawie Groenewald (*Chairman*)
 Francois Davids
 Gary Meyer
 Tobie Titus
 Hein Mentz
 H Baartman
 Hennie vd Merwe
 Johan Prinsloo
 Eugene Maqwelana of SARPA
 Lindsay Mould (*Schools*)
 Orna Prinsloo (*Womens rugby*)
 Bongo Ntshinga: *USSA Rep*
 Jurie Roux (*CEO*)
 Mervin Green (*secretary*)

CONSTITUTIONAL SUBCOMMITTEE

Mark Alexander (*chairman*)
 Oregan Hoskins
 James Stoffberg
 Bert Sorour
 Adv.Andre May
 Jurie Roux
 Dr.Ismail Jakoet
 Christo Ferreira

SELECTION COMMITTEES

NATIONAL:

- Piet Jooste
- Ian McIntosh
- Peter de Villiers

UNDER 20s

- Dawie Theron
- Eric Sauls
- Piet Jooste
- Ian McIntosh

SEVENS

- Maree Bester
- Norman Mbiko
- Paul Treu

WOMEN'S RUGBY

- Reginald Farao
- Bongo Nontshinga
- Denver Wannies

EXECUTIVE COUNCIL MEMBERS STATEMENT OF RESPONSIBILITY FOR THE YEAR ENDED 31 DECEMBER 2011.

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

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

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

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

The financial statements set out on pages 43 – 74 were approved on 29 March 2012 by the members of the Executive Council and are signed on their behalf.

OPM Hoskins
President

JW Roux
Chief Executive Officer



SARU HIV/AIDS POLICY

The Union does not have an official "off the field" HIV/AIDS policy but one governing employees is currently in the process of being adopted.

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

Renewed debate regarding homosexual players in Rugby Union and the possibility that some may be HIV positive has prompted the South African Rugby Union (SARU) to reaffirm its policy in this regard.

First and foremost, the SARU policy is clear that there will be no discrimination with regard to players' sexual preferences.

INTRODUCTION

H.I.V. infection has universally become a major public health threat. The transmission of the H.I.V. infection in rugby, the participation of H.I.V. positive individuals in the game and the routine testing of rugby players have once again received the attention of the administrators.

TRANSMISSION OF H.I.V.

It is universally recognised that the primary routes of transmission of H.I.V. are:

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

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

RISK OF INFECTION IN RUGBY PLAYERS

Prior to 1989, there has been no documentation of H.I.V. infection occurring as a result of participation in sports. However, the theoretical possibility of H.I.V. transmission through open bleeding wounds in contact sports such as rugby has been widely recog-

nised by sports physicians.

The only case of a possible H.I.V. infected case related to an open wound transmission is reported to have occurred in Italian soccer in 1990. This speculation has subsequently been dismissed.

There have been no reported cases in rugby.

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

In order to calculate the theoretical risk of transmission of the H.I.V. in rugby, one needs to know the following:-

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

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

PARTICIPATION OF H.I.V. POSITIVE INDIVIDUALS IN RUGBY

One has to bear in mind the following:

1. The risk of transmission of H.I.V. in rugby is low. However, it is higher than in non-contact sports since there is a risk of transmission through contamination of an open wound or a non-infected individual by the blood or blood products of an infected individual.

2. Adequate measures in the prevention of the spread of H.I.V. have been instituted viz.
 - i) The removal of all bleeding players from the field of play.
 - ii) All open and bleeding wounds to be adequately dressed.
 - iii) All bleeding to be controlled be either pressure bandages or suturing.
 - iv) All blood stained clothing to be replaced.
 - v) Wearing of gloves by medical personnel when attending to bleeding players.

Hence, the chances of contact between players with open and bleeding wounds is considerably reduced.

3. There have been no cases of H.I.V. positive individuals reported in rugby.

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

We should discourage participation in rugby by H.I.V. positive individuals.

ROUTINE H.I.V. TESTING

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

The psychological, social and financial implications of such a policy are clearly enormous.

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

It is thus recommended that no routine

H.I.V. testing be performed by SARU on any of its players.

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

GUIDELINES FOR ADMINISTRATORS

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

CONCLUSION

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

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

Although it is accepted that the risk of HIV transmission in rugby is extremely small it cannot be completely ruled out.

CERTIFICATE OF THE COMPANY SECRETARY

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



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.

Bolla Conradie during the launch of SARU's Schools, Club and Development Aid Programme at Boland Rugby Stadium.

TERMS OF REFERENCE FOR AUDIT & RISK COMMITTEE

1. ROLE OF THE COMMITTEE

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

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

1.8. Induction Programme

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

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

2. ROLE OF THE CHIEF EXECUTIVE OFFICER

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

3. TERMS OF REFERENCE

The functions of the Committee will be:

3.1. Integrity of Financial Statements

- 3.1.1. The Committee examine and review the annual financial statements, relevant financial information, the accompanying reports and other results or financial information to be made public, and will focus particularly on:
 - 3.1.1.1. the implementation of new systems, if any;
 - 3.1.1.2. tax status of the Union;
 - 3.1.1.3. outstanding litigation matters;
 - 3.1.1.4. any changes in accounting policies and/or practices;
 - 3.1.1.5. significant adjustments resulting from the audit;
 - 3.1.1.6. going concern assumption;
 - 3.1.1.7. internal control and risk; and
 - 3.1.1.8. the efficiency of major adjustments processed at year end.
- 3.1.2. The CEO will review the policies and practices adopted by the Union and the review presented by the CEO will cover:

- 3.1.2.1. major estimates or judgmental areas/usual transactions, including the financial impact of legal issues and significant accounting issues; and
- 3.1.2.2. Interpretation of accounting standards.

- 3.1.3. The Committee shall review and evaluate the quality of financial information and financial statements and other public and regulatory reporting.

3.2. Release of Financial Statements

- 3.2.1. The Committee will evaluate and recommend to the Executive Council for approval the draft financial statements, and other related information, proposed to be released to members and to the financial community in line with the annual and semi-annual reporting cycle, including press releases and financial information provided to the media.

- 3.2.2. The Committee shall receive from the CEO [and his nominee] the draft financial statements in a form which draws to the Committee's attention items that vary from previous financial statements, any judgments made by the CEO [and his nominee] and the rationale for such judgments, including:
 - 3.2.2.1. major estimates for uncertain or unusual transactions and provisions made in the financial statements;
 - 3.2.2.2. the going concern assumption, including adherence to loan agreements and borrowing powers;
 - 3.2.2.3. related financial and other information presented with the financial statements, including any operating and financial review;
 - 3.2.2.4. interpretation of financial reporting standards and legal requirements;
 - 3.2.2.5. misstatements;
 - 3.2.2.6. the clarity, completeness, balance and ease of understanding of financial statements;
 - 3.2.2.7. compliance with the Union's disclosure controls and procedures.

- 3.2.3. The CEO [and his nominee] will design, maintain and evaluate a range of policies, procedures and internal controls in order to satisfy the objective of safeguarding the integrity of the Union's financial statements, with particular reference to any applicable laws and regulations. The CEO [or his nominee] will present such policies and practices that the Union has in place to the Committee for noting on an interim basis. Such policies and procedures will be designed in a manner so as to preserve the independence of and maximise the effectiveness of the Committee, its individual members and that of the Executive Council in testing and evaluating the preparation and content of financial statements, and in making any formal adoptions required by regulation.
- 3.2.4. The Committee will review and discuss the financial statements with management and the external auditors. It will then report to the Executive Council the results of its evaluation of financial statements prior to the Executive Council authorising the Committee to release external statements by the Executive Council (including judgments made by the Committee at the time of adoption).
- 3.2.5. The Committee will make recommendations on specific actions or decisions (including the formal adoption of the annual report and accounts) the Executive Council should consider in order to maintain the integrity of the financial statements.

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

3.3.1. Appointment

- 3.3.1.1. The Committee will evaluate the expertise and experience of potential auditors and will recommend to the Executive Council the party to be proposed to members for appointment.
- 3.3.1.2. The Committee shall make recommendations regarding the selection of the external auditors, paying specific attention to issues of independence and cost effectiveness.

3.3.1.3. The Committee or the CFO will manage the relationship between the Union and the external auditor on behalf of the Executive Council, including the letter of appointment, remuneration, retention, scope of the audit, procedure and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Union. The external auditor must report directly to the Committee and is accountable to the Committee for achievement of the objectives set out in the documents that record the work to be done for the benefit of the members and the Union.

3.3.1.4. In the event of an over-run on the audit fee charged by the external auditors the CFO will establish whether the over-run is realistic and justifiable and make the necessary recommendations to the Executive Council for approval.

3.3.1.5. The external auditor may request a Committee member to call a meeting of the Committee.

3.3.1.6. The Committee will determine the terms of engagement and remuneration of the external auditor and make recommendations to the Executive Council on any decisions in this regard. As part of the terms of engagement and to ensure the effectiveness of subsequent processes, the Committee will:

- (a) evaluate and adopt the audit plan for incorporation in the external auditors' terms of engagement;*
- (b) ensure that risk areas identified by the Committee are incorporated in the audit plan;*
- (c) ensure that the external auditor discloses material information to the Committee in a timely fashion and at least annually;*
- (d) resolve all disagreements between the external auditors and management regarding financial reporting;*
- (e) discuss with the external auditor problems and reservations arising from the interim and final audit and provide a forum (without the CEO [or his nominee] being present) for discussing and resolving problems and any other items raised by the external auditor;*
- (f) evaluate the audit representation letter prior to its adoption by the CEO [and his nominee];*
- (g) oversee any proposed non-audit work, related fees and appropriate disclosure; and*
- (h) timing and nature of reports from external auditors.*

3.3.2. Performance, Independence and Integrity

3.3.2.1. The Committee will progressively evaluate the performance of the external auditor during its term of appointment and the progress of the audit. The Committee will ensure that the criteria for evaluation of performance extend to cover the value delivered to members and the Union under the audit plan, its cost effectiveness and the maintenance of the highest levels of professional integrity, objectivity and independence.

3.3.2.2. The Committee will consider any relevant matters when evaluating the credibility, integrity, objectivity and independence of the external auditor, including:

- (a) receiving from the external auditors annually and reviewing, a formal written statement confirming that the auditors are, in their professional judgment, objective and independent of the Union. The statement will describe:*
 - (i) the auditors' internal quality-control procedures;*
 - (ii) any material issues raised by the most recent internal quality-control review or peer review of the auditors or by any enquiry or investigation by government or professional authorities within the*

preceding 5 (five) years, in respect of 1 (one) or more independent audits carried out by the auditors, and any steps taken to deal with any such issues, and

(iii) (to assess the auditors' independence) all relationships between the independent auditors and the Union;

(b) engaging in active discussions with the external auditor about its relationships, and their potential impact on its continuing independence and considering whether taken as a whole the various relationships between the Union and the external auditor impairs, or creates the perception of impairing, the auditor's judgment or independence in respect of the Union;

(c) requiring the external auditor to provide in writing an account of all significant relationships between the external auditor and the Union, confirming an understanding with the external auditor about the need for rotation of leading personnel involved in the audit process and their succession, recording a policy to that effect, and monitoring the performance of the external auditor under the policy;

(d) considering whether the compensation of the external auditor performing the audit of the Union is tied to the provision of permissible non-audit services and, if so, considering whether this impairs, or creates the perception of impairing the external auditor's judgment or independence in respect of the Union;

(e) reviewing the economic significance of the Union (in terms of fees paid to the external auditor for the audit as well as fees paid to the external auditor for the provision of permissible non-audit services) to the external auditor and assess whether the economic importance of the Union to the external auditor impairs or appears to impair the external auditors judgment or independence in respect of the Union.

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

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

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

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

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

3.4.1.1. a system of internal control over financial reporting and internal audit is

established and maintained to provide reasonable assurance regarding the reliability of financial reporting and financial statements prepared for external purposes in accordance with Generally Accepted Accounting Principles ("GAAP") and for the protection of the Union's assets and the application of the Union's resources;

- 3.4.1.2.** each of the divisions that make up the Union has an identifiable system for sharing the results of the assurance processes of each division;
- 3.4.1.3.** a system is maintained for evaluating changes in the level of satisfaction of customers / clients with the offerings.
- 3.4.2.** The CEO, CFO [and their nominees] will present reviews of the system of internal control over financial reporting and risk management and examples of its effectiveness (or lack thereof) in contributing to the achievement of the corporate objectives of the Union and in compliance with applicable laws and regulation. Reviews presented by the CEO [and his nominee] to the Committee will cover items which include:
 - 3.4.2.1.** the procedures for identifying strategic and business risks and controlling their financial impact on the Union and the operational effectiveness of the policies and procedures related to risk and control (supported by regular assurance reports);
 - 3.4.2.2.** the budgeting / forecasting systems, financial reporting systems and controls;
 - 3.4.2.3.** the evaluation of the effectiveness of the processes and reporting systems put in place by the CEO to deal with inappropriate business conduct, conflicts of interest, misconduct, fraud and ethics;
 - 3.4.2.4.** the policies for ensuring compliance with relevant regulatory and legal requirements and in the case of financial statements (GAAP);
 - 3.4.2.5.** arrangements for the protection of the Union ownership of intellectual property and other non-physical assets;
 - 3.4.2.6.** policies and practices and systems for managing the impact of taxation on the Union for consideration by the Executive Council;
 - 3.4.2.7.** the design, maintenance and effectiveness of internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP;
 - 3.4.2.8.** policies and practices for detecting, reporting and preventing fraud, serious breaches of business conduct, and whistle-blowing procedures supporting reporting to the Committee;
 - 3.4.2.9.** the design, maintenance and effectiveness of disclosure controls and procedures to ensure that material information relating to the Union, is made known to the Committee;
 - 3.4.2.10.** policies, information systems and procedures put in place by management for the preparation and dissemination of information to Executive Council, members and the financial community, including action taken.
- 3.4.3.** The CEO [and his nominee] will ensure that the policies and procedures put in place by management to satisfy the objective of maintaining the effectiveness of systems of internal control are continued in so far as those systems support disclosures of financial statements and related information. The CEO [or his nominee] will present management's policies and associated procedures to the Committee for noting on an annual basis. The policies and procedures will be designed in a manner so as to preserve the independence of and maximise the effectiveness of the Committee its individual members, and that of the Executive Council, in testing and evaluating the effectiveness of internal controls which support disclosure of financial statements and related information, and in making any formal adoptions required by regulation.
- 3.4.4.** The Committee will report the results of the evaluation, and will recommend to the Executive Council any corrective action resulting from its evaluation,

including the adequacy and any changes to these Terms of Reference. Where a determination by the Executive Council is required for the purpose of financial statements or interim and annual reports to members, the Committee will recommend the determination to be made.

- 3.4.5.** The Committee will recommend and approve procedures for:
 - 3.4.5.1.** the receipt, retention and treatment of complaints received by the Union regarding accounting, internal accounting controls or auditing matters; and
 - 3.4.5.2.** confidential or anonymous submissions by Union employees of concerns regarding questionable accounting or auditing matters or serious breaches of ethical business conduct.
- 3.4.6.** The Committee will review and evaluate the annual report and accounts on its activities for incorporation in the Union's annual report to members and ensure fair representation in accordance with GAAP and other applicable regulations.

3.5. The Performance and Leadership of the Internal Audit Function

- 3.5.1.** The Committee will approve the appointment of the head of Internal Audit Function.
- 3.5.2.** The CEO [and his nominee] will present to the Committee a recommendation on the appointment; including an assessment of how the CEO [and his nominee] considers the experience and expertise of the candidate to be appropriate for the role and leadership of the Internal Audit Function.
- 3.5.3.** The head of Internal Audit will be accountable to the CEO [and/or his nominee] or the CFO for the performance of the Internal Audit Function.
- 3.5.4.** The Committee will meet with the external auditors and/or the head of Internal Audit without other members of management being present on a periodic basis, whenever it is deemed appropriate by the Chairperson.
- 3.5.5.** The head of Internal Audit will have direct access to the Chairperson of the Committee and the Chairman of the Executive Council and may request any member of the Committee to call a meeting of the Committee.
- 3.5.6.** The Committee will evaluate the annual and longer-term plans of the Internal Audit Function in respect of its performance in assisting the Committee to gain assurance on progress towards achievement of any corporate objective of the Union, within the CEO's mandate, compliance with applicable laws and regulations and the objectivity of the Internal Audit Function.
- 3.5.7.** The Committee will evaluate the performance of the head of internal audit function and in the following areas:
 - 3.5.7.1.** Union Audit Services Objectives;
 - 3.5.7.2.** Enterprise Wide Risk Management;
 - 3.5.7.3.** Risk Management Information Systems;
 - 3.5.7.4.** Internal Audit Plans;
 - 3.5.7.5.** Insurance Strategy;
 - 3.5.7.6.** Quality Surveys;
 - 3.5.7.7.** Corporate Governance;
 - 3.5.7.8.** Leadership Profile.
- 3.5.8.** The Committee will present to the Executive Council a summary of the results of its evaluations, and the judgments made, with respect to the performance of the Internal Audit Function.
- 3.5.9.** The head of Internal Audit in consultation with the CEO [and his nominee] will present to the Committee periodic reviews of the policies and practices adopted by the Union, indicating the basis for judgments that have been made, and the potential impact on the financial performance of the Union. Presentations to the Committee will include:
 - 3.5.9.1.** the Internal Audit programme as a whole;
 - 3.5.9.2.** co-ordination between the internal audit function and the external auditors;

TERMS OF REFERENCE FOR NATIONAL JUDICIAL COMMITTEE

1. MEMBERSHIP

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

2. ROLE OF THE COMMITTEE

The role of the Committee will be:

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

3. TERMS OF REFERENCE

The functions of the Committee will be to:

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

- 3.5.9.3. incidents of fraud and misappropriation involving management or other employees who have a significant role in the internal control over financial reporting;
- 3.5.9.4. the standing of the internal audit function within the Union;
- 3.5.9.5. the resource of the internal audit function;
- 3.5.9.6. the performance of the Union with respect to the applicable CEO's mandate.
- 3.5.10. The Committee will also evaluate significant findings of the internal audit function, significant differences of opinion between the internal audit function and management on internal control issues, and the response of the CEO [and his nominee], and will monitor the corrective action developed and implemented by them.
- 3.5.11. In the event of the proposed dismissal of the Head of Internal Audit, the CEO will present the Committee with a statement of circumstances, and seek the Committee's endorsement to terminate the appointment and pursue a proposed course of action to appoint a successor.

3.6. General

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

Jean de Villiers
serving guests
at the Annual
Chris Burger/
Petro Jackson fund-
raising dinner



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.

Springbok kicking coach Percy Montgomery watches one of the 48 schoolboy kickers from the Port Elizabeth region who were selected to attend a Springbok kicking clinic



TERMS OF REFERENCE OF THE REMUNERATIONS COMMITTEE

1. ROLE OF THE COMMITTEE

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

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

2. FUNCTIONING

- The Remunerations Committee shall meet, adjourn or otherwise regulate its meetings as it deems fit, but it shall meet at least quarterly.
- A meeting secretary shall be appointed to keep full and proper minutes of all meetings of the Committee.
- In order to perform their responsibilities, the Remunerations 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 Remunerations Committee, whether or not they are employees of SARU, automatically undertake to be bound in full by the Code of Corporate Practices and Conduct of SARU, its Values and its Code of Ethics ("Unified Code of Ethics").
- All members of the Remunerations Committee automatically undertake to observe full confidentiality re the content of all information which may come to their attention from time to time. No such information may be revealed to persons outside of SARU without the prior authorisation of the Chairman of the Executive Council.
- Unless specifically authorised by the Chairman of the Executive Council, no member of the Remunerations Committee may make statements to the media.

4. REMUNERATION

- All members of the Remunerations Committee, as well as such other independent professionals as may be requested to assist or consult to the Remunerations Committee on occasion, are eligible to receive such remuneration in respect of their time and contributions to the business of the Remunerations Committee as may be determined by formal resolution of the Remuneration Committee of SARU from time to time.
- The members and attendees may also be reimbursed all travelling, hotel and other expenses properly incurred by them in or about the performance of their activities as members or attendees, including those of travelling to and from meetings of the Remunerations Committee, on such basis as the Remuneration Committee of SARU may determine from time to time.

EXECUTIVE COUNCIL REPORT

GENERAL COUNCIL

In compliance with clause 12.1 of the SARU Constitution the General Council assembled for an AGM in April and two Ordinary General Council meetings in August and December. At the AGM in April, Dr Jan Marais was replaced by Mr Pat Kuhn as one of the additional Union representative on the SARU Executive Council.

EXECUTIVE COUNCIL

The Executive Council complied with clause 17.1 of the Constitution by having nine meetings at almost six weekly intervals. A Special workshop with Provincial Presidents and CEOs was held to discuss key issues concerning SARU.

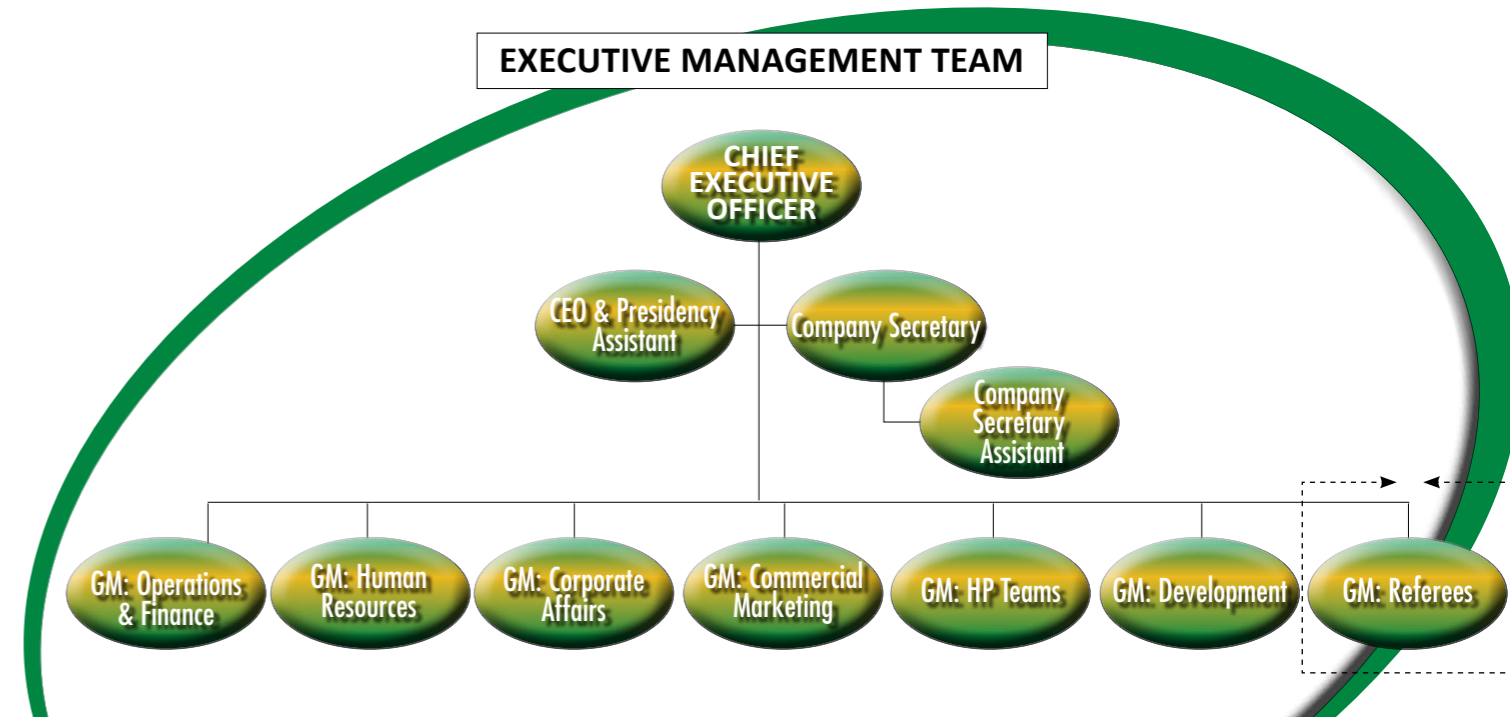
The attendance by members of the Executive Council were as follows:

Oregan Hoskins	9
Mark Alexander	9
James Stoffberg	8
Mpumtumi Damane	4 <i>(appointed at the Executive council meeting held in April to replace Mr LM Stofile as an independent member)</i>
Dawie Groenewald	9
Piet Heymans	9
Boet Fick	9
Pat Kuhn	6 <i>(elected at the AGM to replace Mr Jan Marais)</i>
Gary Meyer	9
Monde Tabata	8
Jurie Roux	9
Basil Haddad	9
Dr I Jakoet	9

STANDING COMMITTEES AND AD HOC COMMITTEES

Standing committees and Ad hoc Committees were established in terms of the SARU Constitution, taking into consideration as far as possible. The standing committees are:

- **Audit & Risk Committee** – had three meetings with a 100% attendance
- **Human Resources and Remunerations Committee** – had four meetings with 80% attendance
- **Finance Committee** – had two meetings with a 100% attendance
- **National Judicial Committee** – has two meetings with 100% attendance





AUDIT & RISK COMMITTEE

COMPILED ON BEHALF OF THE COMMITTEE BY MONDE TABATA

For the year ending 31 December 2011

The Audit and Risk Committee has pleasure in submitting this year's Audit and Risk Report.

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 adopt them. In the course of its review the committee:
 - takes appropriate steps to ensure that the financial statements are prepared in accordance with Generally Accepted Accounting Practice (“SA GAAP”)
 - considers and, when appropriate, makes recommendations on internal financial controls
 - deals with concerns or complaints relating to accounting policies, the auditing or content of annual financial statements, and internal financial controls, and
- Reviewed the external audit reports on the annual financial statements
- Recommended the appointment of the internal auditors
- Recommended the three year risk-based internal audit plan
- Reviewed the internal audit and risk management reports, and, where relevant, recommendations being made to the Executive Council
- Evaluated the effectiveness of risk management, controls and the information technology governance process
- Reviewed the independence of the external auditor, nominated PricewaterhouseCoopers Inc. as the auditor for the ensuing financial year and noted the appointment of Mr Ernest Carelse as the designated auditor
- Recommended the audit fees, the engagement terms of the external auditor, the audit plan and
- Reviewed and determined the nature and extent of allowable non-audit services and approved the appointment for the provisions of non-audit services by the external auditor.

MEMBERS OF THE AUDIT AND RISK COMMITTEE AND ATTENDANCE AT MEETINGS

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

During the year under review the following three meetings were held instead of four due to the intervention of the 2011 Rugby World Cup. This however did not compromise the work of the committee as all the work set out for the year condensed into the three meetings.

Pat Kuhn was appointed to the Committee.

DATE OF MEETINGS	FOCUS AREA
9 March 2011	Financial Statements and Internal Audit
31 May 2011	Risk Assessment Update and IT
3 November 2011	Internal Audit & External Audit, Audit Plan and Engagement Letters

The Audit and Risk Committee reports to the Executive Council as prescribed by the Constitution of SARU.

It submits its report and minutes of its meetings to the Executive Council. It makes recommendations for approval by the Executive Council.

On 18 March 2011 an Audit and Risk Workshop was held. The Executive Council and the Executive Management team attended the workshop, together with the external audit team. The key risk areas were identified for the attention and action of the Executive Management team.

TERMS OF REFERENCE

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

The committee's terms of reference are reviewed annually and have been reviewed and updated during the year.

ATTENDANCE

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

FINANCIAL STATEMENTS

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

- Reviewed the financial statements, culminating in a recommendation to the Executive Council to adopt them. In the course of its review the committee:
 - takes appropriate steps to ensure that the financial statements are prepared in accordance with General Accepted Accounting Practise (“GAAP”) applicable in SA and in the manner required by the Companies Act of South Africa
 - considers and, when appropriate, makes recommendations on internal financial controls
 - deals with concerns or complaints relating to accounting policies, the auditing or content of annual financial statements, and internal financial controls, and
- Reviewed the external audit reports on the annual financial statements

INTERNAL AUDIT

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

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

The Audit and Risk Committee in consultation with executive management recommended the appointment of KPMG as it's outsource internal audit service provider.

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

EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

PricewaterhouseCoopers Inc. served as SARU's designated auditors for the 2011 Financial Year.

The Audit and Risk Committee has satisfied itself that the external auditors are independent of SARU, which included consideration of previous appointments of the designated auditors, the extent of other work undertaken by the auditors and compliance with criteria relating to independence or conflicts of interest as prescribed by the independent Regulatory Board for Auditors. The external auditors provided evidence to the Audit and Risk Committee of their independence.

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

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

The Audit and Risk Committee has recommended the re-appointment of PricewaterhouseCoopers Inc. as auditors for the 2012 Financial Year.

Sibusiso Sithole scores the winning try for the Springbok Sevens team in the final of the HSBC World Sevens Series event against Australia in Edinburgh. It was named SuperSport Try of the Year in the SARU Annual Awards

The Audit and Risk Committee met on the 3 November 2011 and discussed and evaluated the audit plan submitted by the external auditors. The Committee recommends the audit plan for approval to the Executive Council.

INFORMATION TECHNOLOGY

In accordance with the Risk Management Report, the areas of weakness in our IT Management system were identified by the Internal Auditor. The Committee agreed to allow the Chief Executive Officer to find a solution.

The Committee is satisfied that the necessary interventions have now been implemented and that this area now constitutes a minimized risk and can be managed within the normal management process.

In the new restructured organogram it is located so that it has a senior executive owner.

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.

A risk assessment workshop was held on 18 April 2011, the committee together with the Executive Council members and the executive management team met to review the 2009 Risk Register and to identify new risks to which SARU may be exposed. The participants of the risk assessment workshop ranked the risks based on probability and impact. The result of the risk assessment workshop culminated in the risk register of the risks that SARU may be exposed to. The risk register was drafted and was discussed in the committee and referred for comment to the Executive management team.

At the meeting of 3 November 2011, the Risk Assessment Register was presented to the committee. It was noted with the understanding that it is continuously managed by the responsible members of the Executive Management team. It was agreed that all areas that are on high risk segment will be improved so that SARU improves its risk profile.



OPERATIONS & FINANCE

BY GM BASIL HADDAD



OPERATING RESULTS

SARU reported a profit before taxation of R24.0 million for the year ended 31 December 2011. The group operating profit before taxation was slightly higher at R24.4 million for the same period, due to a profit contribution of R0.4 million by a subsidiary company, the Springbok Supporters Club.

Group revenue grew by 18% to R597 million from the R505 million achieved in 2010, due mainly to a significant increase

are significantly lower than those of the previous year, but this is due largely to the abnormally high level of deferred broadcasting rights and sponsorship revenue at 31 December 2010.

The ratio of current assets to current liabilities was 1.8 to 1.0 (2010: 1.4 to 1.0) at year-end.

A total amount of R28 million was owed to SARU by provincial unions on loan account and in accounts receivable, while a total

cost containment continues to be an operational priority, it is likely that a reasonable profit will be achieved in 2012.

FINANCE COMMITTEE

SARU's Finance Committee met on two occasions during the course of 2011. The first meeting focused on finance related policies and controls, while the second reviewed the draft budget for 2012.

STRUCTURE

One of the outcomes of the operational restructuring of SARU during 2011 was the establishment of the Operations & Finance division, which has Finance, Legal (non-commercial) and Asset Care as its component departments, and responsibility for the IT and Travel functions, which are presently outsourced.

FINANCE DEPARTMENT

The Finance department successfully dealt with several new challenges and projects including a new monthly management reporting structure, following the SARU operational restructuring, and preparations for the introduction in 2012 of an on-line system for approval of all operating and capital expenditures, and the integration thereof with the main accounting system.

LEGAL DEPARTMENT

The in-house Legal department attends to all ongoing judicial affairs including player and agent regulations, player movement, disciplinary matters, competitions participation agreements and assisting external advisors on various legal matters such as claims and intellectual property rights protection.



The broadcasting agreements and a number of new sponsorship agreements commenced in 2011 and are essentially fixed until 2015.

in revenue from broadcasting rights from 2011, being the first of a five year period for renewed contracts with broadcasters.

Total operating expenditure increased by 12%, largely due to a 76% increase in broadcasting rights allocations to Provinces. The increase in operating expenditure, excluding the broadcasting rights allocations to Provinces, was contained to only 2%, which was well below the prevailing level of inflation.

FINANCIAL POSITION

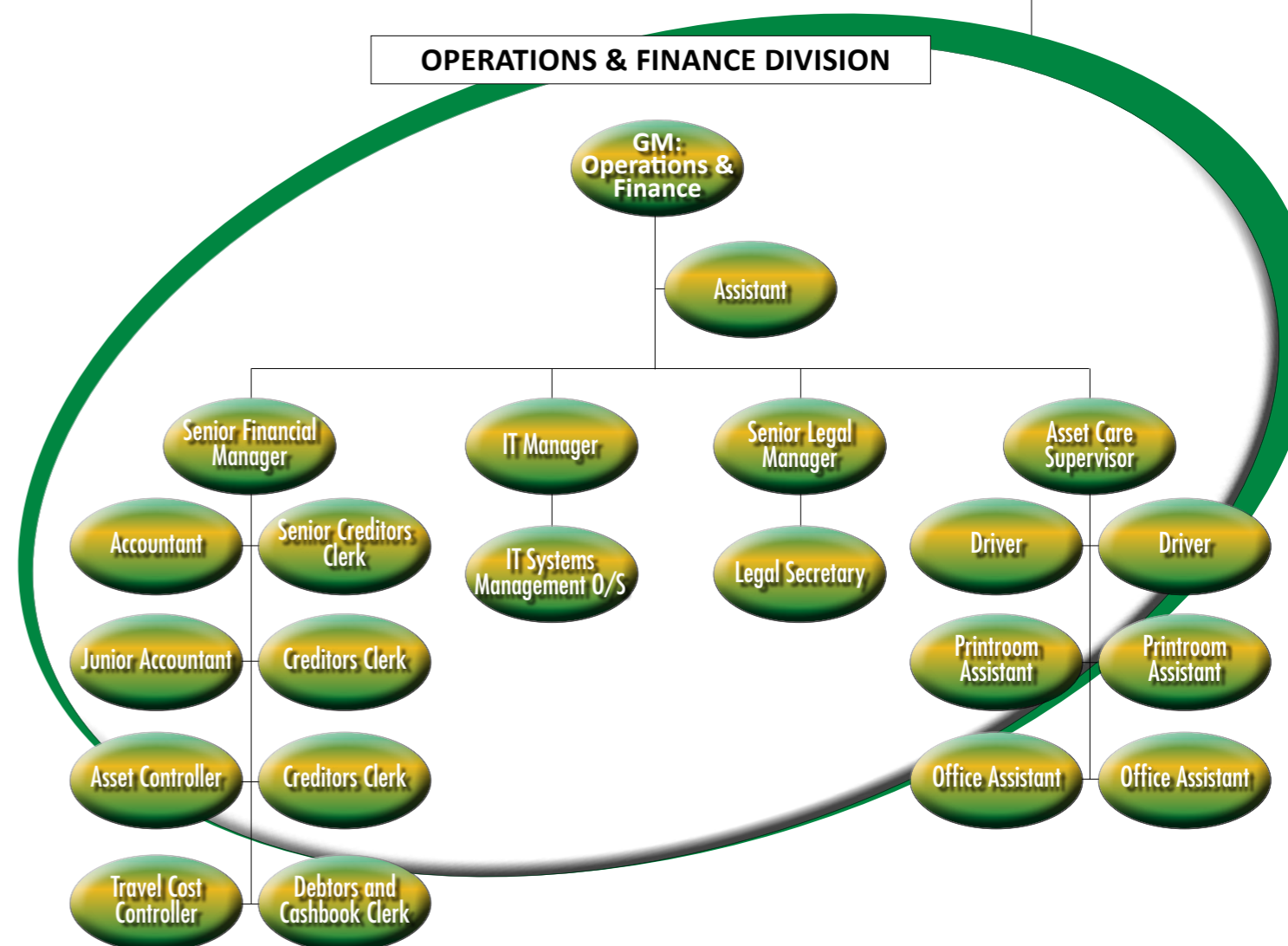
The Group's financial position remains reasonably healthy, with total equity of R67 million. Cash reserves at R39 million,

amount of R12 million was owed by SARU to provincial unions in accounts payable.

SARU has set itself an annual profit target of not less than 5% of annual operating costs, excluding broadcasting rights allocations to Provinces, in order to build up sufficient cash reserves to ensure that it will be able to maintain and expand its current business model for the foreseeable future.

PROSPECTS FOR 2012

Given that the new broadcasting agreements and a number of new sponsorship agreements commenced in 2011 are essentially fixed until 2015, and that operating



SOUTH AFRICA RUGBY UNION

VOLUNTARY ASSOCIATION OF PERSONS

CONSOLIDATED FINANCIAL STATEMENTS 31 December 2011

STATUTORY INFORMATION

Business address	Sports Science Institute of SA Building Boundary Road Newlands 7700 Cape Town
Postal address	PO Box 99 Newlands 7725 Cape Town
Auditors	PricewaterhouseCoopers Inc.
Bankers	ABSA INVESTEC

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STATEMENT OF EXECUTIVE COUNCIL'S RESPONSIBILITY

for the year ended 31 December 2011

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

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

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

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

The financial statements set out on pages 5 to 35 were approved on 29 March 2012 by the members of the Executive Council and are signed on their behalf.

President
OPM Hoskins

Chief Executive Office
JW Roux

We have audited the annual financial statements and the group annual financial statements of South African Rugby Union, which comprise the Executive Council report, the statement of financial position and consolidated statement of financial position as at 31 December 2011, the statement of comprehensive income and the consolidated statement of comprehensive income, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 35.

Executive Council's Responsibility for the Financial Statements

The members of the Executive Council are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with South African Statements of Generally Accepted Accounting Practice. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the union'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 union's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Council, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the union and of the group as of 31 December 2011, and of their financial performance and their cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice.

PricewaterhouseCoopers Inc.

Director: E Carelse

Registered Auditor

Cape Town

Date: _____

REPORT OF THE EXECUTIVE COUNCIL

for the year ended 31 December 2011

The Executive Council presents its annual report, which forms part of the audited financial statements of South African Rugby Union ('the union') for the year ended 31 December 2011.

1. Nature of business

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

2. Financial results

The financial results of the union and the group are set out in the attached financial statements.

The group financial statements comprise those of the union and its subsidiary companies, SA Rugby World Cup 2011 Bid Company (Pty) Ltd and Springbok Supporters Club (Pty) Ltd.

3. Governing structure

The members of the Executive Council at 31 December 2011, were:

M Alexander (Deputy President)

M Damane (Appointed 18 April 2011)

N Fick

D Groenewald

B Haddad (CFO)

P Heymans

O Hoskins (President)

J Roux (CEO)

P Kuhn (Appointed 1 April 2011)

G Meyer

J Stoffberg (Vice President)

M Tabata

REPORT OF THE EXECUTIVE COUNCIL

for the year ended 31 December 2011

4. Subsidiary companies, joint ventures and associate companies

The union has the following interests:

A 100% shareholding in SA Rugby World Cup 2011 Bid Company (Pty) Ltd, which previously managed the union's bid to host the 2011 Rugby World Cup tournament in South Africa. This company is now dormant.

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

A 33.3% shareholding in SANZAR (Pty) Ltd which manages the Super Rugby and Tri Nations rugby competitions played in the Southern Hemisphere. The assets and liabilities of the company were not material as at 31 December 2011 and the union's interests were therefore not included in the union's financial statements. All income from the broadcasting rights agreements relating to these competitions, other than the rights sold to European broadcasters, are derived directly by the union. The remaining shares are held equally by the Australian Rugby Union and the New Zealand Rugby Union.

A 33.3% shareholding in SANZAR Europe s.a.r.l. This Luxembourg based company owns and manages the sale of broadcasting rights for the Super Rugby and Tri Nations rugby competitions to European broadcasters. The remaining shares are held equally by the Australian Rugby Union and the New Zealand Rugby Union. Based on an evaluation of the risks and rewards of the investment it is not equity accounted for by the Group. The union's share of (losses)/profits of the investee as reported in its recent financial statements was R (449,762) [2010: R440,004].

A 50% shareholding in Eastern Province Rugby (Pty) Ltd and Border Rugby (Pty) Ltd respectively. No control existed during the year under review over any of these entities, but there was significant influence and therefore these entities have been accounted for as associates. The union's share of profits/(losses) in Eastern Province Rugby (Pty) Ltd as reported in their recent financial statements was R 1,270,846 [2010: (R 4,524,433)]. The union's share of profits/(losses) in Border Rugby (Pty) Ltd was not available at the time of the financial statement preparation [2010: (R 30,825)]

Details relating to the subsidiary companies and associates are given in notes 4 and 5 of the annual financial statements.

A 50% distribution is receivable from the IRB HSBC World Sevens Series: SA Event joint venture, which stages and conducts all related activities for the tournament played annually at the Nelson Mandela Bay Stadium, Port Elizabeth. Eastern Province Rugby (Pty) Ltd and Nelson Mandela Bay Metropolitan Municipality hold the remaining interest.

5. 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 deliberative vote. The union's business and activities are overseen by the general meeting, which has the ultimate authority in respect of, and responsibility for, its affairs.

6. Material events after year end

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

7. Auditors

PricewaterhouseCoopers Inc. acted as auditors during the year.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2011

Notes	Group		Union		
	2011 R	2010 R	2011 R	2010 R	
Assets					
<i>Non-current assets</i>					
Equipment	2	3,902,166	4,313,924	3,894,899	4,291,561
Intangible asset	3	1,841,667	1,941,667	1,841,667	1,941,667
Investment in subsidiaries	4	-	-	51	51
Investment in associates	5	-	-	-	-
Deferred income tax asset	6	20,232,108	21,830,903	20,079,138	21,564,723
Amount receivable from provincial unions	7	10,657,730	8,141,970	10,657,730	8,141,970
Total non-current assets		36,633,671	36,228,464	36,473,485	35,939,972
<i>Current assets</i>					
Inventory	8	3,549,407	47,657	3,544,154	-
Receivables and prepayments	7	81,738,799	48,202,113	81,636,840	48,254,099
Cash and cash equivalents	9	39,155,570	102,237,476	38,169,196	101,648,850
Total current assets		124,443,776	150,487,246	123,350,190	149,902,949
Total assets		161,077,447	186,715,710	159,823,675	185,842,921
Equity and liabilities					
<i>Capital and reserves</i>					
Capital		-	-	-	-
Retained income		66,518,318	47,964,353	66,445,183	48,234,839
		66,518,318	47,964,353	66,445,183	48,234,839
Equity attributable to the Union		66,515,123	48,129,331	66,445,183	48,234,839
Non-controlling interests		3,195	(165,178)	-	-
Total equity		66,518,318	47,964,353	66,445,183	48,234,839
<i>Non-current liabilities</i>					
Deferred revenue		26,000,000	34,666,666	26,000,000	34,666,666
Total non-current liabilities		26,000,000	34,666,666	26,000,000	34,666,666
<i>Current liabilities</i>					
Trade and other payables	10	51,401,344	54,428,307	50,212,575	53,292,047
Deferred revenue		14,215,509	46,925,048	14,215,503	46,925,048
Income tax liability		2,942,276	2,731,336	2,950,414	2,724,321
Total current liabilities		68,559,129	104,084,691	67,378,492	102,941,416
Total liabilities		94,559,129	138,751,357	93,378,491	137,608,082
Total equity and liabilities		161,077,447	186,715,710	159,823,675	185,842,921

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

Notes	Group		Union		
	2011 R	2010 R	2011 R	2010 R	
Revenue	12	597,459,033	505,081,688	592,862,060	504,015,360
Gross income		597,459,033	505,081,688	592,862,060	504,015,360
Other income	11	1,642,216	1,202,104	2,152,216	38,808,554
Operating expenditure		(582,743,657)	(518,584,183)	(579,112,698)	(515,647,889)
Operating profit/(loss)	12	16,357,592	(12,300,392)	15,901,578	27,176,025
Net finance income	13	5,157,235	6,935,967	5,156,418	6,934,732
Share of profit of joint ventures		2,924,414	-	2,924,414	-
Profit before taxation		24,439,240	(5,364,425)	23,982,409	34,110,757
Income tax expense	14	(5,885,275)	(652,139)	(5,772,065)	295,543
PROFIT FOR THE YEAR		18,553,965	(6,016,564)	18,210,344	34,406,300
Other comprehensive income					
Other comprehensive income for the year, net of tax		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		18,553,965	(6,016,564)	18,210,344	34,406,300
Profit attributable to:					
Equityholders of the Union		18,385,592	(5,681,176)	18,210,344	34,406,300
Non-controlling interests		168,374	(335,387)	-	-
		18,553,965	(6,016,563)	18,210,344	34,406,300
Total comprehensive income attributable to:					
Equityholders of the Union		18,385,592	(5,681,176)	18,210,344	34,406,300
Non-controlling interests		168,374	(335,387)	-	-
		18,553,965	(6,016,563)	18,210,344	34,406,300

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2011

Group	Retained earnings R	Attributable to the Union R	Non-controlling interests R	Total
Balance at 1 January 2010	53,980,916	53,810,707	170,209	53,980,916
Loss for the year	(6,016,563)	(5,681,176)	(335,387)	(6,016,563)
Other comprehensive income for the year	-	-	-	-
Total comprehensive loss for the year	(6,016,563)	(5,681,176)	(335,387)	(6,016,563)
Balance at 31 December 2010	47,964,353	48,129,531	(165,178)	47,964,353
Profit for the year	18,553,965	18,385,592	168,374	18,553,965
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	18,553,965	18,385,592	168,374	18,553,965
Balance at 31 December 2011	66,518,318	66,515,123	3,196	66,518,318
Union	Retained earnings R	Attributable to the Union R	Non-controlling interests R	Total
Balance at 1 January 2010	13,828,539	13,828,539	-	13,828,539
Profit for the year	34,406,300	34,406,300	-	34,406,300
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	34,406,300	34,406,300	-	34,406,300
Balance at 31 December 2010	48,234,839	48,234,839	-	48,234,839
Profit for the year	18,210,344	18,210,344	-	18,210,344
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	18,210,344	18,210,344	-	18,210,344
Balance at 31 December 2011	66,445,183	66,445,183	-	66,445,183

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2011

Notes	Group 2011 R	Group 2010 R	Union 2011 R	Union 2010 R
Cash flow from operating activities				
Cash receipts from customers	529,353,273	572,915,017	530,477,165	566,899,788
Cash paid to suppliers and employees	(592,435,952)	(536,389,009)	(593,971,928)	(501,800,159)
Cash generated from operations	18 (63,082,679)	36,526,008	(63,494,763)	65,099,629
Dividends received	-	-	-	37,606,450
Interest received	5,491,535	6,945,947	5,490,718	6,944,712
Interest paid	(334,300)	(9,980)	(334,300)	(9,980)
Taxation paid	19 (4,020,988)	(3,039,367)	(4,005,835)	-
Net cash (outflow)/inflow from operating activities	(61,946,433)	40,422,608	(62,344,181)	109,640,811
Cash flow from investing activities				
Proceeds on disposal of equipment	6,264	32,328	6,264	32,328
Purchase of equipment	(1,550,392)	(3,266,869)	(1,550,392)	(3,244,503)
Purchase of intangibles	-	(2,000,000)	-	(2,000,000)
Movement on joint venture	2,924,414	-	2,924,414	-
Loans to provincial unions	(2,515,760)	(4,901,334)	(2,515,760)	(4,901,334)
Net cash used in investing activities	(1,135,474)	(10,135,875)	(1,135,474)	(10,113,509)
Net (decrease)/increase in cash and cash equivalents	(63,081,906)	30,286,732	(63,479,654)	99,527,301
Cash and cash equivalents at beginning of year	102,237,476	71,950,744	101,648,850	2,121,549
Cash and cash equivalents at end of year	9 39,155,570	102,237,476	38,169,196	101,648,850

ACCOUNTING POLICIES

for the year ended 31 December 2011

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

Basis of preparation

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

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

(a) Standards, amendment and interpretations effective in 2011

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

(b) Standards, amendments and interpretations effective in 2011, but not relevant

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2011:

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

Amendment to IAS 32, Classification of Rights Issues

Amendment to IFRIC 14, Prepayments of a Minimum Funding Requirement

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments

Improvements to IFRSs 2010

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

IFRS 9, Financial instruments

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

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

IFRS 10, Consolidated financial statements

IFRS 11, Joint arrangements

IFRS 12, Disclosure of interest in other entities

IFRS 13, Fair Value Measurement

Amendment to IAS 27, Separate financial statements

Amendment to IAS 28, Investments in associates and joint ventures

Amendment to IAS 19, Employee Benefits

Amendment to IAS 1, Presentation of financial statements

Amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities

Amendments to IFRS 7, Disclosures—Offsetting Financial Assets and Financial Liabilities

ACCOUNTING POLICIES

for the year ended 31 December 2011

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

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

Amendments to IFRS 1, Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

IFRIC 20, Stripping Costs in Production Phase Surface Mine

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

Amendment to IFRIC 14, Prepayments of a Minimum Funding Requirement

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments

Improvements to IFRSs 2010

Amendment to IFRS 1 (not yet approved by APB), Amendments to IFRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

Consolidation*(a) Subsidiaries*

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(b) Transactions and non-controlling interests

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

(c) Disposal of subsidiaries

When the group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

ACCOUNTING POLICIES

for the year ended 31 December 2011

(c) Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are 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 associate includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred 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 an associate' in the income statement.

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

Foreign currency translation*(a) Functional and presentation currency*

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

(b) Transactions and balances

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

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

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

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

Equipment

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

ACCOUNTING POLICIES

for the year ended 31 December 2011

Equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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

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

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within 'other (losses)/gains - net' in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Intangible assets*Goodwill*

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

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

Impairment of non-financial assets

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

Financial assets*Classification*

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

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

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

ACCOUNTING POLICIES

for the year ended 31 December 2011

Financial assets (continued)*(b) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

(c) Available-for-sale financial assets

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

Recognition and measurement

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

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

Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the group's right to receive payments is established.

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

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

Impairment of financial assets

(a) Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(b) Loans and receivables

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

ACCOUNTING POLICIES

for the year ended 31 December 2011

Financial assets (continued)*(c) Available-for-sale financial assets*

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

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out (FIFO) method. Cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges purchases of raw materials.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as noncurrent assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

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

Capital

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

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

ACCOUNTING POLICIES

for the year ended 31 December 2011

Trade payables

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

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

Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits*(a) Pension obligations*

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

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The 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.

ACCOUNTING POLICIES

for the year ended 31 December 2011

Employee benefits (continued)

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

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

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

(b) Other post-employment obligations

The group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the statement of changes in equity in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

Provisions

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

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

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

Revenue recognition

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

ACCOUNTING POLICIES

for the year ended 31 December 2011

Revenue recognition (continued)

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

Sales of goods

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

Sponsorship income

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

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

Sales of broadcasting rights

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

Interest income

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

Royalty income

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

Dividend income

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

Leases

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

ACCOUNTING POLICIES

for the year ended 31 December 2011

Financial risk management

Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Great Britain Pound. 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 2011, if the currency had weakened/strengthened by 11% against the GBP with all other variables held constant, post-tax (loss)/profit for the year would have been R 124,183 (2010: R160,626) higher/lower, mainly as a result of foreign exchange gains/losses on translation of GBP denominated trade receivables.

(b) Credit risk

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

Counterparty	Rating	31 December 2011		31 December 2010	
		Credit limit	Balance	Credit limit	Balance
ABSA	AA+	(3,000,000)	13,463,716	(3,000,000)	69,932,790
Investec Bank	BBB	-	24,998,159	-	31,704,698
		(3,000,000)	38,461,875	(3,000,000)	101,637,488

(c) Liquidity and interest rate risk

The group has a number of short term deposits with banks and also number of loans granted to the Unions which result in risk from interest rate changes. The interest rates charged on these assets are linked to the prime overdraft lending rate. A 2% increase/decrease in the prime interest rate would result in a R 956,703 (2010: 1,345,235) change in the interest.

Fair value estimation

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

ACCOUNTING POLICIES

for the year ended 31 December 2011

Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(a) Impairment in investment in associates

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

(b) Income taxes

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

(c) Trade receivables

The carrying value less impairment provision of trade receivables are assumed to approximate their fair values due to the short-term nature of trade receivables. The fair value of borrowings, for disclosure purposes, is estimated by discounting the future contractual cashflows at the current market rate that is available to the company for similar financial instruments.

(d) Inventory

IAS 8 states that a change in accounting policy should be applied retrospectively within the financial statements. SARU has not retrospectively applied the capitalisation of inventory since the estimated balance at the end of 2009 and 2010 is considered immaterial to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

2. Equipment

Group	Office Furniture & Equipment R	Computer Equipment R	Motor Vehicles R	Total R
2011				
Opening Balance				
- Cost	5,386,391	16,449,966	791,340	22,627,697
- Accumulated depreciation	(4,352,064)	(13,742,823)	(218,887)	(18,313,774)
Net book value at beginning of year	1,034,327	2,707,143	572,453	4,313,923
Additions	644,344	906,048	-	1,550,392
Disposals	3,630	(38,373)	-	(34,723)
- Cost	(2,374,425)	(5,763,870)	-	(8,138,295)
- Accumulated depreciation	2,378,075	5,725,497	-	8,103,572
Current year depreciation	(274,953)	(1,514,151)	(138,322)	(1,927,426)
Closing Balance				
- Cost	3,656,310	11,592,144	791,340	16,039,794
- Accumulated depreciation	(2,248,943)	(9,531,477)	(357,208)	(12,137,628)
Net book value at end of year	1,407,367	2,060,667	434,132	3,902,166

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

2. Equipment

Group	Office Furniture & Equipment R	Computer Equipment R	Motor Vehicles R	Total R
2010				
Opening Balance				
- Cost	4,433,806	14,886,733	99,732	19,420,271
- Accumulated depreciation	(4,179,837)	(12,016,019)	(99,732)	(16,295,588)
Net book value at beginning of year	253,969	2,870,714	-	3,124,683
Additions	984,910	1,590,351	691,608	3,266,869
Disposals:	(31,517)	(20,444)	-	(51,961)
- Cost	(32,325)	(27,118)	-	(59,443)
- Accumulated depreciation	808	6,674	-	7,482
Current year depreciation	(173,035)	(1,733,478)	(119,155)	(2,025,668)
Closing Balance				
- Cost	5,386,391	16,449,966	791,340	22,627,697
- Accumulated depreciation	(4,352,064)	(13,742,823)	(218,887)	(18,313,774)
Net book value at end of year	1,034,327	2,707,143	572,453	4,313,923

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

2. Equipment

Union	Office Furniture & Equipment R	Computer Equipment R	Motor Vehicles R	Total R
2011				
Opening Balance				
- Cost	4,491,137	14,445,394	691,608	19,628,139
- Accumulated depreciation	(3,472,669)	(11,744,754)	(119,155)	(15,336,578)
Net book value at beginning of year	1,018,468	2,700,640	572,453	4,291,561
Additions	644,344	906,048	-	1,550,392
Disposals:	3,650	(38,373)	-	(34,723)
- Cost	(2,374,425)	(5,763,870)	-	(8,138,295)
- Accumulated depreciation	2,378,075	5,725,497	-	8,103,572
Current year depreciation	(262,357)	(1,511,652)	(138,322)	(1,912,331)
Closing Balance				
- Cost	2,761,056	9,587,572	691,608	13,040,236
- Accumulated depreciation	(1,356,952)	(7,530,909)	(257,477)	(9,145,337)
Net book value at end of year	1,404,105	2,056,663	434,131	3,894,899

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

2. Equipment

Union	Office Furniture & Equipment R	Computer Equipment R	Motor Vehicles R	Total R
2010				
Opening Balance				
- Cost	3,554,410	12,888,667	-	16,443,077
- Accumulated depreciation	(3,300,442)	(10,017,951)	-	(13,318,393)
Net book value at beginning of year	253,968	2,870,716	-	3,124,684
Additions	969,052	1,583,845	691,608	3,244,505
Disposals	(31,517)	(20,444)	-	(51,961)
- Cost	(32,325)	(27,118)	-	(59,443)
- Accumulated depreciation	808	6,674	-	7,482
Current year depreciation	(173,035)	(1,733,478)	(119,155)	(2,025,668)
Closing Balance				
- Cost	4,491,137	14,445,394	691,608	19,628,139
- Accumulated depreciation	(3,472,669)	(11,744,754)	(119,155)	(15,336,578)
Net book value at end of year	1,018,468	2,700,640	572,453	4,291,561

3. Intangible Assets

Group	Trademark R	Total R
2011		
Opening Balance		
- Gross carrying amount	2,000,000	2,000,000
- Accumulated amortisation	(58,333)	(58,333)
Carrying amount at the beginning of year	1,941,667	1,941,667
Additions	-	-
Amortised during the year	(100,000)	(100,000)
Closing Balance		
- Gross carrying amount	2,000,000	2,000,000
- Accumulated amortization	(158,333)	(158,333)
Carrying amount at the end of the year	1,841,667	1,841,667

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

3. Intangible assets (continued)

Union	Trademark R	Total R
2011		
Opening Balance		
- Gross carrying amount	2,000,000	2,000,000
- Accumulated amortisation	(58,333)	(58,333)
Carrying amount at the beginning of year	1,941,667	1,941,667
Additions	-	-
Amortised during the year	(100,000)	(100,000)
Closing Balance		
- Gross carrying amount	2,000,000	2,000,000
- Accumulated amortization	(158,333)	(158,333)
Carrying amount at the end of the year	1,841,667	1,841,667

4. Investment in subsidiaries

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

5. Investment in associates

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

The gross results, of its unlisted principal associates and of its assets, is based on the unaudited management accounts as at 31 December 2011, as follows, with the exception of Border Rugby (Pty) Ltd, whose latest management accounts at the time of financial statement preparation is 31 December 2010: The share % is indicated below:

	Assets	Liabilities	Revenue	Profit / (Loss)	Accumulated Losses
EP Rugby (Pty) Ltd (50%)	9,280,387	(17,289,741)	(58,937,512)	2,541,692	8,020,314
Border Rugby (Pty) Ltd (50%)	555,560	(7,960,319)	(9,637,354)	(61,650)	(7,415,719)
	9,835,947	(25,250,060)	(68,574,866)	2,480,042	604,595

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

6. Deferred income tax asset

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

Balance at beginning of year	21,830,903	16,492,591	21,564,723	(6,492,591)
SSC prior year under/(over) provision	-	(116,434)	-	(116,434)
Income statement (debit)/ credit	(1,598,795)	5,454,746	(1,485,585)	5,188,566
Balance at end of year	20,232,108	21,830,903	20,079,138	21,564,723

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

Deferred income tax liabilities				
Prepayments	(871,771)	(2,415,184)	(871,771)	(2,415,184)
	(871,771)	(2,415,184)	(871,771)	(2,415,184)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

6. Deferred tax asset (continued)	Group		Union	
	2011 R	2010 R	2011 R	2010 R
Deferred income tax assets				
Provisions	1,213,828	1,235,026	1,213,828	1,235,026
Deferred revenue	19,422,011	22,425,680	19,422,011	22,425,680
Accounts receivable	315,070	319,200	315,070	319,200
Other deductible temporary differences	152,970	266,180	-	-
	<u>21,103,879</u>	<u>24,246,086</u>	<u>20,950,909</u>	<u>23,979,906</u>
Net deferred tax asset	<u>20,232,108</u>	<u>21,830,903</u>	<u>20,079,138</u>	<u>21,564,723</u>
7. Receivables and prepayments				
South African Revenue Service - VAT	8,052,599	1,404,778	8,052,599	1,393,210
Trade receivables	18,621,199	13,067,685	17,937,840	13,131,239
Less: Impairment provision raised	(1,500,329)	(1,520,000)	(1,500,329)	(1,520,000)
Amounts receivable from provincial unions	559,141	9,167,247	559,141	9,167,247
Loans to provincial unions	27,975,816	13,966,753	27,975,816	13,966,753
Receivable from Springbok Supporters Club	-	-	581,400	-
IRB Sevens PE - JV loan account	7,102,857	-	7,102,857	-
Prepayments	18,847,498	8,625,656	18,847,498	8,625,656
Accrued income	12,737,748	11,631,964	12,737,748	11,631,964
	<u>92,396,529</u>	<u>56,344,083</u>	<u>92,294,570</u>	<u>56,396,069</u>
Less: Non-current portion of loans to provincial unions	(10,657,730)	(8,141,970)	(10,657,730)	(8,141,970)
	<u>81,738,799</u>	<u>48,202,113</u>	<u>81,636,840</u>	<u>48,254,099</u>

All non-current receivables are due within two to five years. The non-current receivables are unsecured and interest is charged, based on the prime interest rate less 2%. Prepayments includes R3,720,000 (2010: R2,882,998) payments to provincial unions for the 2012 ABSA Currie Cup First Division subsidy and 2012 broadcasting rights payments.

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

Loans to provincial unions	7%	7-13.5%	7%	7-13.5%
Fully performing debtors	7,073,115	3,932,795	6,389,756	4,083,959

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2011 trade receivables of R 10,047,755 (2010: R 7,527,281) were past due but not impaired. The ageing of these trade receivables is as follows:

Up to 3 months	10,047,755	2,093,636	10,047,755	2,006,026
3 to 6 months	-	308,502	-	308,502
More than 6 months	-	5,212,753	-	5,212,753
	<u>10,047,755</u>	<u>7,614,891</u>	<u>10,047,755</u>	<u>7,527,281</u>

As of 31 December 2011, trade receivables of R1,500,329 (2010: R1,520,000) were impaired and provided for. The amount of the provision was R1,500,329 as of 31 December 2011 (2010: R1,520,000). The individually impaired receivables mainly relate to recoverable tournament expenditure and sponsorship due which is now considered to be doubtful of recovery. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

3 to 6 months	86,276	267,273	86,276	267,273
Over 6 months	1,414,053	1,252,727	1,414,053	1,252,727
	<u>1,500,329</u>	<u>1,520,000</u>	<u>1,500,329</u>	<u>1,520,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

7. Receivables and prepayments (continued)	Group		Union	
	2011 R	2010 R	2011 R	2010 R
The carrying amount of trade and other receivables are denominated in the following currencies:				
Rands	90,828,567	54,315,980	90,726,608	54,367,966
British pound	1,567,963	2,028,103	1,567,963	2,028,103
	<u>92,396,529</u>	<u>56,344,083</u>	<u>92,294,570</u>	<u>56,396,069</u>
Movements on the group provision for impairment of trade receivables are as follows:				
At 1 January	1,520,000	1,091,117	1,520,000	1,091,117
Provision for receivables impairment	-	634,633	-	634,633
Amounts written off	(19,671)	(205,750)	(19,671)	(205,750)
At 31 December	<u>1,500,329</u>	<u>1,520,000</u>	<u>1,500,329</u>	<u>1,520,000</u>
Amounts charged to the provision account are generally written off when there is no expectation of recovery.				
The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The union does not hold any collateral as security.				
8. Inventory				
Merchandise	3,549,407	47,657	3,544,154	-
A change in accounting policy took place in the current year in terms of which merchandise is now capitalised.				
9. Cash and cash equivalents				
Cash and bank balances and short term bank deposits	39,155,570	102,237,476	38,169,196	101,648,850
10. Trade and other payables				
Accrued expenses	14,599,566	22,798,584	13,969,438	21,856,197
Trade payables	18,021,468	14,995,419	18,021,468	14,995,419
Amounts payable to provincial unions	11,902,655	6,880,294	11,902,655	6,880,294
Amounts payable to fellow subsidiary	558,600	193,873	-	-
World Cup 2011 Bid Company (Pty) Ltd	10,160	12,750	10,160	12,750
South African Revenue Service	5,217,285	4,876,488	5,217,285	4,876,488
Sundry payables	1,091,610	4,670,899	1,091,569	4,670,899
	<u>51,401,344</u>	<u>54,428,307</u>	<u>50,212,575</u>	<u>53,292,047</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

11. Other income	Group		Union	
	2011 R	2010 R	2011 R	2010 R
Sublease of property	699,273	699,273	699,273	699,273
Amalgamation dividend	-	-	-	37,606,450
Share of profits of Springbok Supporters Club	-	-	510,000	-
Other income	942,943	502,831	942,943	502,831
	<u>1,642,216</u>	<u>1,202,104</u>	<u>2,152,216</u>	<u>38,808,554</u>
12. Operating profit / (loss)				
The following items have been credited/charged in arriving at operating profit/(loss):				
Foreign exchange gains	(1,150,319)	-	(1,150,319)	-
Foreign exchange losses	-	2,031,669	-	2,031,669
Loss on sale of equipment	28,460	19,633	28,460	19,633
Auditors remuneration	1,724,219	2,124,151	1,724,219	2,124,151
Current year	1,050,000	1,019,930	1,050,000	1,019,930
Other services	674,219	1,104,221	674,219	1,104,221
Consulting fees	384,947	443,337	384,947	443,337
Depreciation (note 2)	1,927,426	2,025,668	1,912,331	2,025,668
Amortisation (note 3)	100,000	58,333	100,000	58,333
Legal fees	4,619,650	4,167,038	4,619,650	4,167,038
Operating lease rentals	3,678,585	3,143,080	3,678,585	3,143,080
Staff costs (note 15)	42,738,978	37,148,394	42,738,978	37,148,394
Operating profit as disclosed by nature is as follows:				
REVENUE				
Broadcasting rights	273,530,563	181,602,799	273,530,563	181,602,799
Sponsorship	247,044,441	222,855,802	247,044,441	222,855,802
Grants from IRB Trust	28,565,510	18,010,018	28,565,510	18,010,018
Gate revenue - IRB 7s	-	2,610,690	-	2,610,690
Home Tests hosting fees	17,360,000	37,040,000	17,360,000	37,040,000
Overseas matches	-	21,768,696	-	21,768,696
Merchandising royalties	25,153,400	13,101,254	25,153,400	13,101,254
Other	602,946	211,556	602,946	211,556
Springbok Supporters Club	4,596,973	1,066,328	-	-
Government grants	605,199	1,227,847	605,199	1,227,847
Lottery grants	-	2,086,699	-	2,086,698,89
Super Rugby Franchise fees	-	3,500,000	-	3,500,000,00
	<u>597,459,033</u>	<u>505,081,688</u>	<u>592,862,060</u>	<u>504,015,360</u>
OPERATING EXPENSES				
Commission on Sponsorship & Broadcasting rights	48,325,398	62,661,023	48,325,398	62,661,023
Commercial & Marketing	149,740,175	123,576,664	149,740,175	123,576,664
High Performance	107,344,713	114,127,241	107,344,713	114,127,241
Development	43,792,874	41,680,170	43,792,874	41,680,170
Human Resources	3,318,706	1,657,049	3,318,706	1,657,049
Corporate Affairs	11,160,356	9,029,430	11,160,356	9,029,430
Referees	34,050,396	30,672,234	34,050,396	30,672,234
Operations & Finance	27,843,419	46,583,440	27,843,419	46,583,440
Office of the CEO	10,885,881	1,050,310	10,885,881	1,050,310
Governance	12,945,769	10,776,823	12,945,769	10,776,823
Broadcasting Rights and other allocations to Provinces	129,705,013	73,833,507	129,705,013	73,833,507
Springbok Supporters Club	3,630,959	2,936,294	-	-
	<u>582,743,657</u>	<u>518,584,183</u>	<u>579,112,698</u>	<u>515,647,889</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

13. Net finance income	Group		Union	
	2011 R	2010 R	2011 R	2010 R
Interest received				
Bank balances and deposits	4,265,140	6,255,759	4,264,323	6,254,524
Loans to provincial unions	1,226,395	690,188	1,226,395	690,188
Interest paid				
Bank overdraft/other	(40,769)	(9,980)	(40,769)	(9,980)
Interest paid to SARS	(293,531)	-	(293,531)	-
	<u>5,157,235</u>	<u>6,935,967</u>	<u>5,156,418</u>	<u>6,934,732</u>
14. Taxation				
Current tax	4,286,480	(6,106,885)	4,286,480	(4,893,023)
Deferred tax	1,598,795	5,454,746	1,485,585	5,188,566
	<u>5,885,275</u>	<u>(652,139)</u>	<u>5,772,065</u>	<u>295,543</u>
The tax on the subsidiaries' profit before tax differs from the theoretical amount that would arise using the basic tax rate of South Africa as follows:				
(Loss) / Profit before tax	24,439,240	(5,364,424)	23,982,409	34,110,757
Tax calculated at a rate of 28%	6,842,987	(1,502,039)	6,715,075	9,551,012
Expenses not deductible for tax purposes	792,508	1,691,970	792,508	1,691,970
Dividend tax exempt	-	-	-	(10,329,806)
SSC Assessed loss utilised	-	(266,180)	-	-
Prior year under (over) provision for current tax	701,293	(318,832)	701,293	(318,832)
Prior year over provision for deferred tax	(2,304,739)	(98,801)	(2,417,049)	(98,801)
Other	(146,774)	(158,258)	(18,862)	-
Tax charge	<u>5,885,275</u>	<u>(652,139)</u>	<u>5,772,065</u>	<u>295,543</u>
15. Staff costs				
Salaries	36,759,107	31,964,526	36,759,107	31,874,343
Pension contributions	4,735,580	3,844,228	4,735,580	3,844,228
Medical aid contributions	1,211,477	1,086,161	1,211,477	1,086,161
Leave pay	32,814	343,662	32,814	343,662
	<u>42,738,978</u>	<u>37,238,577</u>	<u>42,738,978</u>	<u>37,148,394</u>
16. Operating lease commitments				
The group and the union have the following operating lease commitments at 31 December 2011:				
Less than 12 months	2,304,921	3,358,309	2,304,921	3,358,309
Between 1 and 5 years	18,548,138	1,958,588	18,548,138	1,958,588
Above 5 years	32,705,683	-	32,705,683	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

17. Cash generated from operations	Group		Union	
	2011 R	2010 R	2011 R	2010 R
Reconciliation of operating profit/(loss) to cash generated from operations:				
Operating profit/(loss)	16,357,592	(12,300,391)	15,901,578	27,176,025
Adjustments for:				
Depreciation (note 2)	1,927,426	2,025,668	1,912,331	2,025,668
Dividend received	-	-	-	(37,606,150)
Amortisation (note 3)	100,000	58,333	100,000	58,333
Finance income	(54,552)	(55,053)	(54,552)	(55,053)
Loss on sale of equipment	28,460	19,633	28,460	19,633
Changes in working capital:	(81,441,605)	-46,777,818	(81,382,580)	73,481,473
(Increase) / Decrease in receivables and prepayments	(33,536,686)	43,769,473	(33,382,742)	43,717,487
Decrease/(increase) in amounts due from subsidiary	-	-	-	27,851,212
(Increase) / Decrease in inventory	(3,501,750)	23,487	(3,544,154)	71,144
(Decrease) in payables	(3,026,963)	(11,186,740)	(3,079,472)	(12,329,968)
(Decrease)/increase in deferred revenue	(41,376,205)	14,171,598	(41,376,211)	14,171,598
	(63,082,679)	36,526,008	(63,494,763)	65,099,629
18. Taxation paid				
Taxation liability at the beginning of the year	2,731,336	(288,144)	2,724,321	(2,113,649)
Current taxation charge	4,286,480	6,106,885	4,286,480	4,893,023
Taxation liability at the end of the year (net of S89quat interest received)	2,996,828	2,779,374	3,004,966	2,779,374
	4,020,988	3,039,367	4,005,835	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

19. Retirement benefits	2011	2010
The union continues to contribute towards 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 2011, using the projected unit method.		
Principle actuarial assumptions at the balance sheet date:		
- Discount rate	8.25%	8.50%
- Inflation rate	5.50%	5.25%
- Salary increase rate	6.50%	6.25%
- Expected return on scheme's assets	9.25%	9.50%
- Pension increase allowance	4.40%	3.33%
The movement in the defined benefit obligation over the year is as follows:	R	R
Beginning of year	1,120,000	2,944,000
Current service cost	35,000	126,000
Member Contributions	18,000	17,000
Interest cost	99,000	295,000
Risk premiums	(5,000)	(4,000)
Actuarial loss	202,000	5,000
Settlement	-	(2,263,000)
Benefits paid	(147,000)	-
At end of year	1,322,000	1,120,000
The movement in the fair value of scheme's assets over the year is as follows:		
Beginning of year	1,617,000	4,217,000
Expected return on scheme's assets	156,000	449,000
Actuarial loss	(323,000)	(1,456,000)
Contributions	54,000	51,000
Risk premiums	(5,000)	(4,000)
Settlement	-	(1,640,000)
Benefits paid	(147,000)	-
At end of year	1,352,000	1,617,000
The amounts recognised in the income statement are as follows:		
Current service cost	35,000	126,000
Interest cost	99,000	295,000
Expected return on scheme's assets	(156,000)	(449,000)
Unrecognised due to limit	(393,000)	-
Net actuarial loss/ (gain)	-	(182,000)
Paragraph 58A loss/(gain)	277,000	118,000
Settlement (gain)/loss	-	(76,000)
	(138,000)	(168,000)
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". No asset has been recognised as such at 31 December 2011.		
Funded Status		
Defined benefit obligation	(1,322,000)	(1,120,000)
Assets at fair value	1,352,000	1,617,000
Funded status	30,000	497,000
Unrecognised net transitional obligation (asset)	-	-
Unrecognised past service contract	-	-
Unrecognised net (gain)/loss	324,000	76,000
Asset	354,000	573,000
Unrecognised due to par 58 limit	-	(393,000)
Asset recognised on the balance sheet	354,000	180,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

20. Material events after balance sheet date

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

21. Related parties

	Group		Union	
	2011 R	2010 R	2011 R	2010 R
Related party balances				
Loans receivable from provincial unions				
- Non-current	10,657,730	8,141,970	10,657,730	8,141,970
- Current (included in receivables and prepayments)	17,318,086	5,824,783	17,318,086	5,824,783
	<u>27,975,816</u>	<u>13,966,753</u>	<u>27,975,816</u>	<u>13,966,753</u>
Amounts receivable from provincial unions				
Included in trade receivables and prepayments	559,141	9,167,247	559,141	9,167,247
Amounts payable to provincial unions				
Included in trade and other payables	11,902,655	6,880,294	11,902,655	6,880,294
Amounts receivable from Springbok Supporters Club (Pty) Ltd				
Included in trade receivables and prepayments	-	-	581,400	-
Amounts recoverable from HSBC IRB Sevens Series Joint Venture				
Included in trade receivables and prepayments	7,102,857	-	7,102,857	-
Related party transactions				
Transactions with subsidiary				
Distribution of sponsorship income	-	-	1,500,000	-
Royalties accrued	-	-	(510,000)	-
Transactions with unions				
Home Test guarantees	(17,360,000)	(37,040,000)	(17,360,000)	(37,040,000)
Distribution of broadcasting rights to provinces	129,705,013	73,833,507	129,705,013	73,833,507
Executive Council Members Remuneration				
<i>Non executive</i>				
Fees	3,709,949	3,008,667	3,709,949	3,008,667
Allowances	249,212	260,484	249,212	260,484
Retirement Annuity contributions	105,408	93,457	105,408	93,457
	<u>4,064,569</u>	<u>3,362,608</u>	<u>4,064,569</u>	<u>3,362,608</u>
<i>Executive's</i>				
Salaries	2,784,840	2,588,314	2,784,840	2,588,314
Bonuses	769,218	365,175	769,218	365,175
Medical Aid contributions	12,288	19,917	12,288	19,917
Pension fund contributions	399,720	340,564	399,720	340,564
	<u>3,966,066</u>	<u>3,313,970</u>	<u>3,966,066</u>	<u>3,313,970</u>

22. Financial instruments

Fair values

At 31 December 2011 the carrying amounts of cash and short-term deposits, accounts receivable, accounts payable and accrued expenses approximated their fair values, due to the short term maturities of these assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2011

23. Government grants

	Group		Union	
	2011 R	2010 R	2011 R	2010 R
Total amount awarded	1,347,855	560,000	1,347,855	560,000
Less:				
- Amount set-off against expenses relating to womens rugby	(184,835)	(560,000)	(184,835)	(560,000)
Amounts deferred	<u>1,163,020</u>	<u>-</u>	<u>1,163,020</u>	<u>-</u>

24. Financial Instruments by Category

The accounting policies for financial instruments have been applied

	Group		Union		Total
	2011 R	2010 R	2011 R	2010 R	
	Receivables and cash	At fair value through income statement	Derivatives used for hedging	Available for sale	
31 December 2011					
Assets as per balance sheet					
Trade and other receivables	81,738,799	-	-	-	81,738,799
Cash and cash equivalents	39,155,570	-	-	-	39,155,570
Total	120,894,369	-	-	-	120,894,369
Liabilities as per balance sheet					
Borrowings	-	-	-	51,401,344	51,401,344
Total	-	-	-	51,401,344	51,401,344
31 December 2010					
Assets as per balance sheet					
Trade and other receivables	48,202,113	-	-	-	48,202,113
Cash and cash equivalents	102,237,476	-	-	-	102,237,476
Total	150,439,589	-	-	-	150,439,589
Liabilities as per balance sheet					
Derivative financial instruments	-	-	-	-	-
Borrowings	-	-	-	54,428,307	54,428,307
Total	-	-	-	54,428,307	54,428,307





HIGH PERFORMANCE TEAMS

BY ACTING GM ANDY MARINOS

The department's driving focus for 2011 was the Rugby World Cup. The planning and preparation for the Springboks' campaign was crucial and a great deal of care and attention went into the logistics and organisation, in addition to meeting the deadlines and requirements of Rugby World Cup Ltd. No one would deny that the eventual outcome was not a deep disappointment. This is not the place to dissect the events that unfolded in the quarter finals and all its 'what if's', but the pragmatic view has to be taken of 2011 and acknowledge that the positives of the year far outweighed the negatives.

Springbok coach Peter de Villiers and his management team were very deliberate in their planning and preparation and on this score left no stone unturned to ensure that the squad was placed in the best possible position it could be for the play off section of the tournament. The management team enjoyed fantastic co-operation and assistance from the franchises during the Vodacom Super Rugby tournament which enabled the coaching staff to have structured planning sessions throughout the first half of the year, which assisted significantly given the limited time available ahead of the RWC.

The department's biggest concern in advance of the tournament was on the likely approach that match officials would take in certain areas of the game. The attitude during Vodacom Super Rugby and the Castle Tri-Nations appeared to be on rewarding positive, attacking rugby. This focus appeared to shift to the "fair contest for the ball" which had the effect of rewarding the defending team.

A number of specialist coaches were added to the Springbok management for the Rugby World Cup, all of whom not only brought experience and innovative ideas but a much needed injection of energy into the environment. Rassie Erasmus (technical), Jacques Nienaber (defence and physiotherapy) and Derik Coetzee (conditioning) all made a significant impact, supporting the view that the planning and preparation

were spot on.

The year also saw the emergence of some significantly talented new players, who will no doubt grace our Springbok jersey in the years to come. Their arrival, in part, countered the departure of some magnificent servants of Springbok rugby. The emergence of Patrick Lambie, François Hougaard, Willem Alberts, Juan de Jongh, Lwazi Mvovo, Elton Jantjies and Gio Aplon provided fresh impetus. In addition, the resurgence of Heinrich Brüssow, after a long injury lay-off, and the return for the tournament of Frans Steyn, was both exciting and invigorating as we look ahead to 2012 and beyond.

We also saw the end of a special era with the retirement of John Smit and Victor Matfield. Not only did we lose two fine rugby players but two real legends and gentlemen of the international game. We also saw the departure to overseas clubs – although not necessarily to international retirement – of a number of other key players that have made up the core of the Springboks for the past eight years. Fourie du Preez, Jacque Fourie and Danie Rossouw are all now campaigning in Japan while Bakkies Botha and Gurthrö Steenkamp are resident in France.

It was a measure of the forward planning and the settled nature of the squad that only two new caps were created in 2011, the fewest in any season since readmission in 1992. Dean Greyling and Gerhard Mostert made their debuts in the Castle Tri-Nations



It was an end-of-an-era with Victor Matfield and John Smit retiring at the end of 2011. The emergence of players like Willem Alberts, François Hougaard, Gio Aplon and Patrick Lambie means there is much to look forward to in 2012.



as a number of other players recovered from a range of injuries suffered during the Vodacom Super Rugby tournament.

The Springboks' fortunes in the former tournament were shaped by the available personnel. Two defeats in the away leg put the team on the defensive on the return to South Africa and defeat against Australia in Durban (14-9) meant that only pride was at stake when New Zealand returned to Port Elizabeth for the first time since 1970. The team responded with an 18-5 victory in a magnificent atmosphere. It is worth noting

that only 10 of the eventual Rugby World Cup squad appeared in the match-day 22 for the opening match of the Castle Tri-Nations.

A concerted effort will be made in 2012 to retain as many support staff as possible within the Springbok management team. A substantial investment has been made in both the professional development of key support staff as well as in the development of their intellectual property within the Springbok environment. It is imperative that we aim to retain such skills to enhance and benefit the next cycle of Springboks.



The Springbok Sevens team had to negotiate a very tough year. Our approach to contracting in the 2009/10 season proved flawed, with a number of players not performing to the expected standard. The effect was that the 2010/11 season required a fresh start with a number of younger and relatively inexperienced players – at least in terms of playing exposure to the Sevens circuit.

However, a new departure was made when, for the first time, two players were contracted directly from school. Coach Paul Treu and his management team worked hard and, through perseverance, ended the season on a high. They bounced back in emphatic style to bounce at the end of the series with two fantastic back-to-back wins in London and Scotland. A spectacular try by Sibusiso Sithole, to secure an after-the-siren victory over Australia in the final in Edinburgh, was one of the highlights of the South African rugby year while Cecil Afrika was crowned as the IRB Sevens World Player of the Year.

Agreement was reached between the IRB and participating unions that the 2014/15 season will be used as a qualifying event for the 2016 Olympics, now that rugby has regained Olympic Status. This exciting development has encouraged the expansion of the World Sevens Series in 2011/12 season to nine events with the addition of a tournament in Japan. There is also the possibility of expansion in an October/November window for Argentina. Sevens has in the past year brought a renewed excitement to the game of rugby and we foresee huge growth potential in this form of the game.

Meanwhile, closer to home, the centrali-

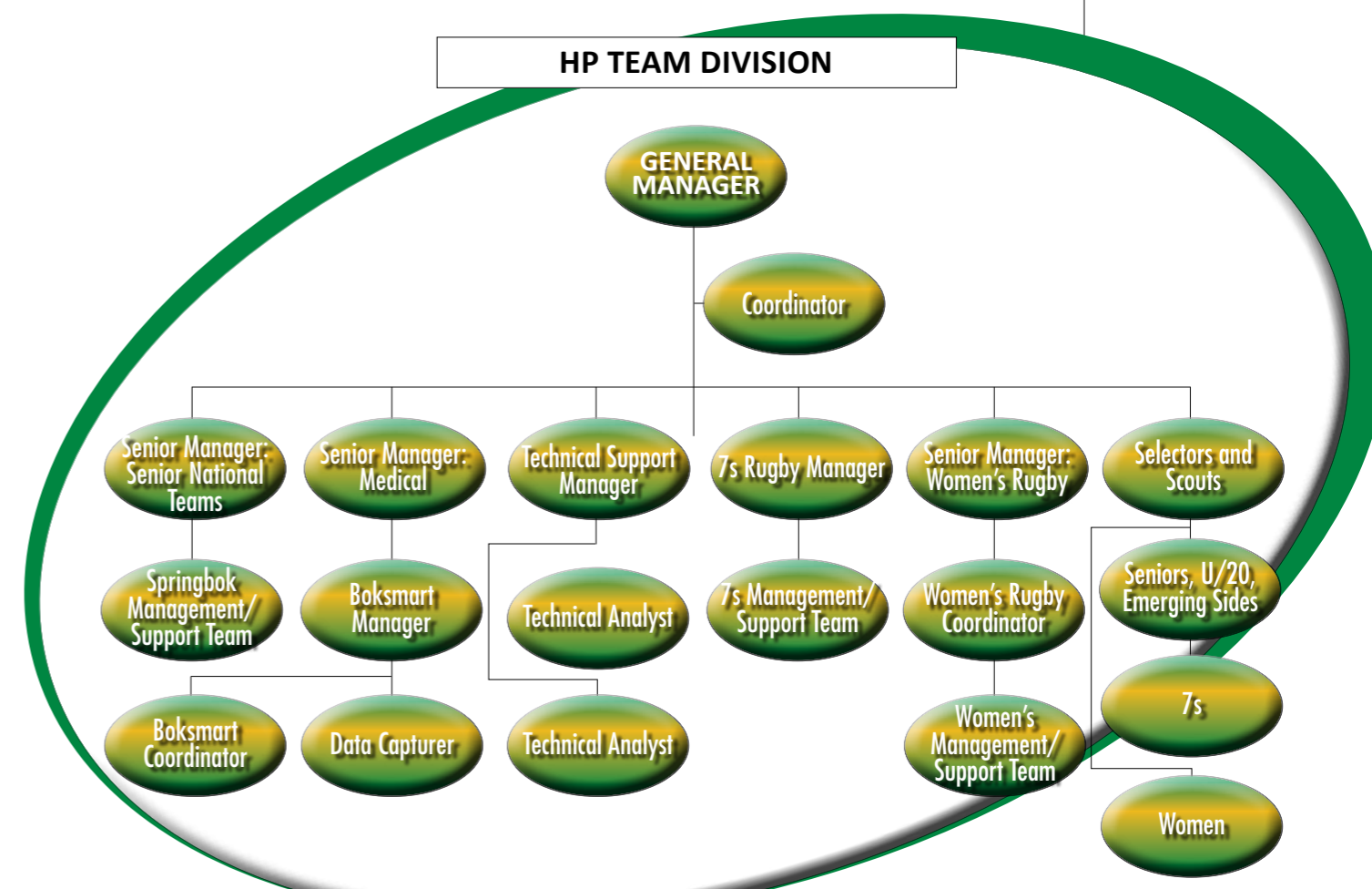


Sevens has become extremely popular around the world with players like Cecil Afrika becoming local heroes to the fans. Cecil Afrika was also crowned the IRB Sevens World Player of the Year.

sation of the Sevens squad at Stellenbosch has been part of our strategic vision for Sevens since the 2007/08 season. It meant that SARU contracted a group of players on a full-time basis to appear on the circuit – not only a first for South Africa but also for world rugby. Further progress was made in 2011 when, in conjunction with REMGRO, the Sevens squad moved to a new purpose-built, high-performance centre adjacent to Paul Roos School in Stellenbosch. This move

also assisted in the establishment of a Sevens Academy. The programme is being run by former Springbok Sevens player Marius Schoeman and will become the breeding ground of our future Olympians. This environment will now enable us to provide identified players with a holistic environment in which they can grow and develop, providing specialist attention to skills, strength and conditioning, education, nutrition, life skills and rehabilitation.

In conclusion, whilst the team aims for consistency on the field of play, significant progress is being made off the field through the Sevens management team, growing the brand of Sevens, coaching and developing coaches and players and continual professional development.





DEVELOPMENT

BY GM MERVIN GREEN

1. STRATEGIC DEVELOPMENT INVESTMENT IN PROVINCES:

This strategic funding model has been introduced and well accepted by all provincial unions of the South African Rugby Union (SARU). The feedback and progress reports from provinces have demonstrated outcomes that suggest that this initiative is going to pay huge dividends in future.

The following mechanism has been conceived to facilitate the alignment of activities within Provinces with strategic objectives defined by SARU for 2011 such as:

- To create access and to increase participation at a school and club level.
- Establish school and club linkages to ensure that school leavers continue to play.
- Capacity building to ensure increased and enhanced quality of coaches and referees.
- Talent identification to ensure that proper talent identification and skill development of players.

The process for 2012 will continue along similar understanding with possible slight changes with regards to project allocations, timelines monitoring and reporting systems. It is worth mentioning that SARU investigate the possibility of regional development structures to ensure effective development and transformation targets are met.



2. SPECIAL PROJECTS

2.1. NATIONAL LOTTO MOBILE GYM PROJECT made it possible to launch its 35th Mobile Gym in Alice at the University of Fort Hare. The Fort Hare "Blues" played in the Varsity Shield competition for the first time and huge improvement is expected of them on the rugby playing front during next year's competition. In conjunction with the Sports Science Institute of South Africa, the University received training sessions, sports science programmes for players and coaches; as well as scientific tests done for all players.

2.2. IRB TRUST GRANT PROJECTS:

TAG – The South African Rugby Union has continued to make great strides in promoting grassroots rugby development in 2011. Building on the foundation set with the Tag Rugby® Association in 2009, when Mr Hoskins requested that the Association become a part of the SARU family, SARU has built on this relationship with the Tag Rugby® Association hosting many grassroots rugby development clinics and tournaments in partnership with SARU.

As we discovered during the HSBC British and Irish Lions Tour of South Africa in 2009 Tag Rugby® can be played all year round in schools and communities. The Tag Rugby® team ably assisted SARU in many community activations during the year in review.

These events started as early as January 2011 and continued right through the year culminating in the Year end Rugby party of the year at the HSBC Sevens Series in Nelson Mandela Bay. **The events included:**

1. Vodacom Cup Activations (Bloemfontein, Knysna, Potchefstroom)
2. Youth Day SARU Tag Rugby® Tournament Tzaneen
3. Knysna Oyster Festival, SARU Nelaan Roelfse Tag Rugby® Tournament
4. Development Clinic Tri Nations Kingspark with Wallabies
5. Curtain raisers to Tri Nations Durban
6. Curtain raisers to Tri Nations Nelson Mandela Bay
7. Rugby World Cup Township TV Tag Rugby® Clinics on Springbok match days
8. Tag Rugby® Development clinic at Nelson Mandela Bay Sevens

At all of the above listed events and many others the Tag Rugby® Association provided members of Government, Teachers, coaches and parents an opportunity to attend a free Tag Rugby® introductory coaching course prior to the activations. The attendees were given a background to the game, where the game fits into the SARU rugby continuum, the ethos of the Association and the game and finally a practical session where they were taught how to introduce Tag Rugby® in their schools and communities. The next day those that attended the free courses were invited to come and test their newly acquired skills at the clinic or event taking place, all this under the watchful eyes of the Tag Rugby® coaches.

Tag Rugby® has shown many people in South Africa that true grassroots rugby development can take place. SARU believe that through partnerships like the one that has been developed with Tag Rugby®, rugby can truly be taking to all communities of South Africa. These events are not just seen by SARU as a once off occurrence and each school that is invited to the clinics leave the events with the necessary training and equipment to continue rugby development in their school and communities. A huge testimony to the success of this approach to rugby development is that 101 schools where introduced rugby through Tag Rugby® events bringing the total to nearly 500 schools nationally are taking part in Tag Rugby® activities. According to the Association this number is being added to daily.

SARU would like to thank the Tag Rugby® team for the thousands of hours they have dedicated to promoting grassroots rugby development in South Africa. Your efforts are appreciated and we look forward to continuing this relationship for many years to come.

2.2.1. SCHOOLS AID PROJECT – SARU provides a package of equipment and kit to the amount of R10 000 per school which is handed to the various unions to deliver to development schools in their provinces. A total of 56 schools benefits from these packages with four schools (two primary and two high schools) being beneficiaries in each province.

3. AMATEUR TEAMS AND EVENTS

EVENT	HOST UNION	ACHIEVEMENTS	COMMENT
IRB Junior World Champs	IRB/ Italy Fed	The SA U20s ended the competition in fifth position despite conceding only one defeat in the 2011 tournament. The Baby Boks conceded a loss against England in the Pool phase of the competition; but secured victories over Ireland (2), Scotland and Fiji.	Numerous players who represented the SA Under-20s this year went to regularly represent their provincial unions in the Absa Currie Cup. These players included Johan Goosen, Francois Venter, Siya Kolisi and captain Arno Botha.
Coca-Cola Under-13 Craven Week	Blue Bulls RU	The Limpopo Blue Bulls ensured that the home crowd were left smiling after they defeated Western Province 8-6 in the final match played at Affies in Pretoria.	Eighteen teams participated in this Youth Week that took place in Pretoria and was arranged by the Blue Bulls Rugby Union. The focus was on fun and enjoyment for the players who were also exposed to our national rugby safety campaigns and programmes.
Coca-Cola Grant Khomo Under-16 Week	Border RU	Eastern Province were the top team at the U16 Grant Khomo Week and wrapped up proceedings with a stunning 34-12 victory over the SWD in the final match played at Queens College in Queenstown.	Numerous players that competed in the Grant Khomo Week have been identified by our Junior High Performance department and will now form part of an Elite squad going forward. They will receive special attention in terms of the specific needs as a rugby player to enhance their skills development.
Coca-Cola U18 Craven Week	Griquas RU	Free State dominated the Coca-Cola U18 Craven Week once again and ended the week undefeated following their 28-17 win over the Golden Lions in the final of the 2011 tournament hosted in Kimberley.	The rugby on display at this year's Craven Week was an improvement of the standard of rugby of previous years. Teams such as Free, State, Golden Lions, Blue Bulls and the KwaZulu Natal played some entertaining rugby; while the Pumas and SWD teams also enjoyed a successful week. Grey College centre Jan Serfontein was awarded the Craven Week player of the year award.
Under-18 Academy Week	Golden Lions RU	The Western Province Under-18 team claimed the top honours at the Under-18 Academy Week by ending the tournament undefeated following their 25-12 victory over the Golden Lions at the University of Johannesburg (UJ).	Players such as Western Province centre Johnny Kotze and the Golden Lions' Ruan Steenkamp were selected to our National Under-20 Trials in Kimberley which confirms that their still remains talented and skillful individuals that compete at the Under-18 Academy Week.

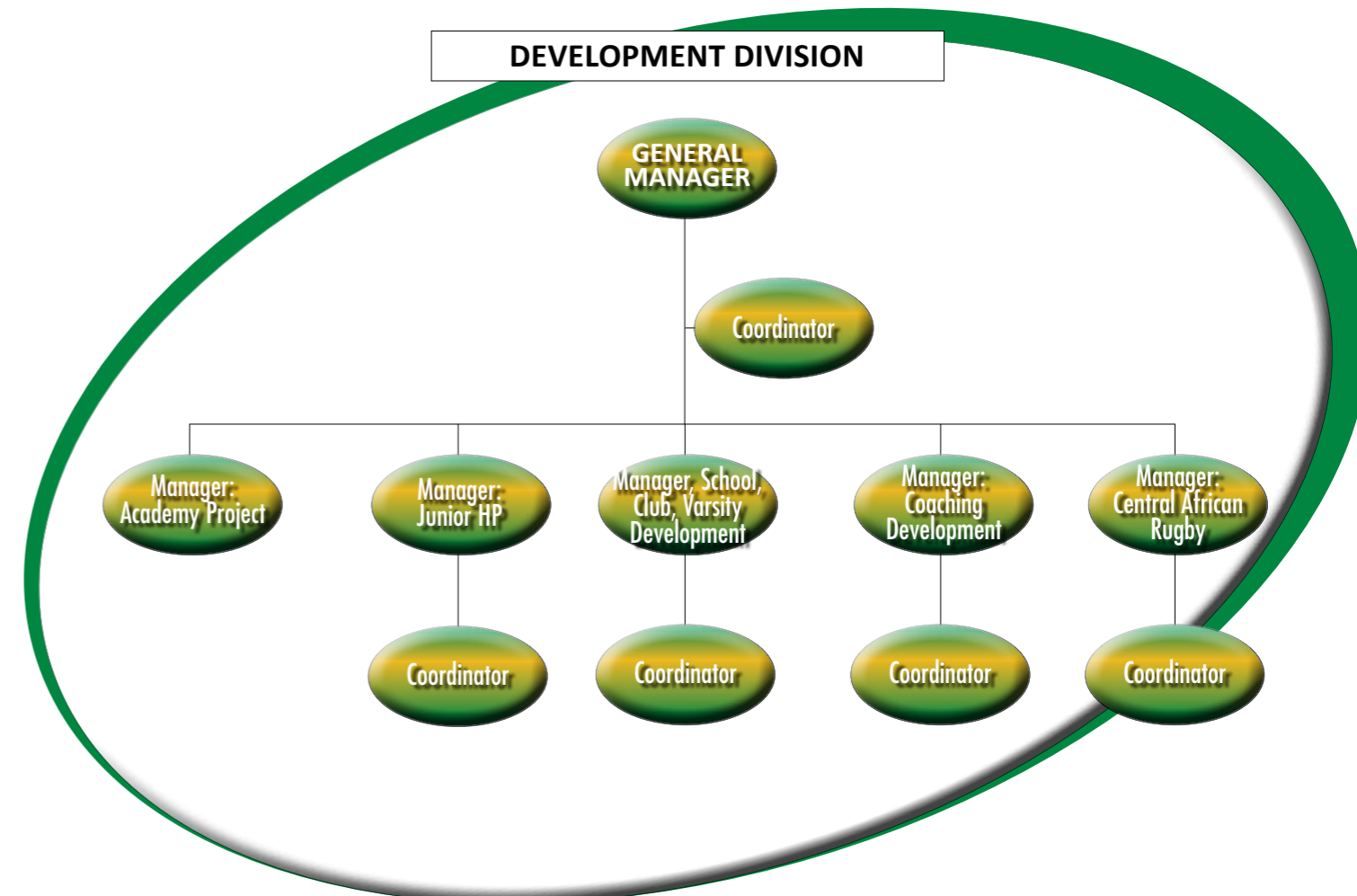
3. AMATEUR TEAMS AND EVENTS

EVENT	HOST UNION	ACHIEVEMENTS	COMMENT
SA Schools Team	EP RU/ SARU	The SA Schools side secured a well-deserved victory against the touring France U18s in a match played at the Nelson Mandela Bay Stadium as a curtain raiser to the Springboks' Tri-nations match against the All Blacks in Port Elizabeth.	Individual talent, which was complemented by the guidance of SA U20 coach Dawie Theron, saw the SA Schools team hold off the French Under-18s and record a 21-14 win. Players such as Jan Serfontein, Dries Swanepoel, Tim Swiel who competed in the SA Schools team were later invited to the SA U20 Trials in Kimberley.
SA Schools Academy	KZN RU/ SARU	The SA Schools Academy team conceded a 34-28 defeat against the touring French Under-18s in match played as a curtain raiser to the Springboks' Tri-Nations clash against Australia in Durban.	The tourists outmuscled the SA Schools Academy team in a physical contest which highlighted our players' lack of conditioning compared to their international counterparts. The game also highlighted the difference in the standard of performances from this team and that of the SA Schools side.
FNB Varsity Cup	SARU	The UCT Ikeys from Cape Town secured their first FNB Varsity Cup title in Pretoria in 2011 after they defeated Tukkies in the final. This year also saw the introduction of the Varsity Shield competition which now afforded Universities such as UWC and Fort Hare the opportunity to showcase the rugby talent at their institutions.	The likes of Siya Kolisa, Nizaam Carr and Eben Etzebeth have graduated from this tournament and have gone on to represent South Africa at U20 level. Likewise players such as UCT Ikeys' Dimitri Catrakilis and Marcel Brache have gone on to represent DHL Western Province at Absa Currie Cup level.
SAA Club Champs	Western Province RFU	Pukke claimed their fourth Club Champs title in eight years after they defeated UJ in the final of the National Club tournament held in Stellenbosch in September.	The tournament in Stellenbosch was once again a logistical success thanks to the efforts of Maties, WPRFU and SARU. However the lack of attendance at matches throughout the week; and of that of the final was a concern.
Sub Union Tournament - Northern	Leopards RU	The Golden Lions were crowned SARU Northern Sub-Union champions on Friday after a hard-fought 32-22 victory over hosts the Leopards in the final at Profert Olën Park in Potchefstroom.	The final match was the climax of three days of action at the home of Leopards rugby, with the eight-team tournament featuring the best un-contracted players registered to non-premier league clubs.
Sub Union Tournament – Southern	Boland RU	Western Province were victorious in the Southern Sub Union tournament following their undefeated run of three matches in the event held on the West Coast.	The excellent operations and success of this tournament which was held simultaneous with the Sub Union (Southern) was done as a result of the smooth hosting of the event by the Boland Rugby Union.

3. AMATEUR TEAMS AND EVENTS

EVENT	HOST UNION	ACHIEVEMENTS	COMMENT
Amateur Provincial - Southern	Boland RU	Western Province claimed the honours in the Southern Sub Union tournament following their undefeated run of three matches in the event held on the West Coast.	The excellent operations and success of this tournament, which was held simultaneously with the Sub Union (Southern), was managed as a result of the smooth hosting of the event by the Boland Rugby Union.
Amateur Provincial – Central	Griquas RU	Kwazulu Natal were the overall winners in this tournament following their comprehensive 58-24 victory over the Free State in the final match played at GWK Park in Kimberley.	This tournament was hosted by the Griquas Rugby Union. In the Plate competition, Griffons Platteland edged Free State Platteland 40-38, while KZN Wildebeest Platteland beat Griquas Platteland 32-20.
Amateur Provincial – Northern	Falcons RU	The Blue Bulls were the team of this tournament and achieved top honours after defeating the Golden Lions in the final match (47-32) played at the Barnard Stadium in Kempton Park.	The Blue Bulls, boosted by 57 points from kicking ace, Francois Senekal, who kicked 12 conversions and 11 penalties, dominated the competition.

From Coca-Cola Youth Weeks to FNB Varsity Cup, amateur rugby prospered





COACHING DEVELOPMENT

BY HILTON ADONIS

The global challenges to coaches to perform at optimal level have changed dramatically over the last couple of years. Coaches therefore need to be fully cognisant of their important task and responsibility to maximise the performance of their athletes/players. It is now globally understood that coaching is defined as “a process of guided improvement”. This changing landscape is challenging coaches to do an intensive self assessment of their existing coaching styles and methodologies. Global programmes have become competency based with a coach led and player centred approach. The quest for lifelong learning has challenged coaches even further to stay abreast of this changing global environment and the demand to perform at a peak level at a constant rate. These holistic approaches are underpinned by sound educational and scientific principles. The emphasis has now shifted to the application of these underpinning principles in coaching methods and approaches.

The Coaching Department was instrumental in the development of the SASCOC National Coaches Framework adopted at the National Coaches Conference in November 2011. The framework serves as a reference document for National Federations (NF's) in the construction of their own long term coach development (LTCD) programmes. The development and implementation of the SARU LTCD plan will pose a further challenge to our objectives for 2012. The successful implementation of these programmes will depend entirely on the continuous sustainability of the Provincial structures together with the development of quality workforce.

The continuous training and education of coaches and coaching workforce could never be overemphasised and needs to form an integral part of the strategic plan of SARU. The past year focused on the management

of the coaching training and education programme under specific key areas.

Critical to successfully managing these programmes and processes are a supportive operational structure and a constructive and well trained workforce. An effective communication strategy is imperative in ensuring that all the relevant stakeholders are fully abreast with the demands and challenges of such an endeavour.

The key areas under the objectives for 2011 were as follows:

- To ensure learning material for all levels of training & education
- To schedule and deliver accredited coaching courses
- To deliver a HP Level 3 coaching course
- To develop quality workforce
- To start the development process of a LTCD plan





OBJECTIVES & ACHIEVEMENTS

The major objective of the Coaching Department for 2011 was to establish and manage the Coaching Training & Education Programme under the following key areas:

OBJECTIVES	DELIVERABLE GOALS	ACTIVITIES	ACHIEVEMENTS
Ensure learning material for all levels of training & education	All learning material to be available by April 2011	The coaching department formed part of the IRB review working party	The following learning material has been printed : <ul style="list-style-type: none"> • 1500 x Level 1 • 500 x Level 2 • 350 x Level 3 • 250 x 7's • 2500 x Coaching diaries • 1500 x mini-rugby
Ensure Provinces schedule and present accredited courses	Provinces will each train a minimum of : <ul style="list-style-type: none"> • 100 x mini-rugby coaches • 50 x level 1 coaches • 50 x level 2 coaches • 25 x 7's coaches 	The following allocations were made to the Provinces : <ul style="list-style-type: none"> • R100/mini-rugby coach • R250/level 1 coach • R450/level 2 coach • R300/7's coach 	Total number of coaches that attended courses : <ul style="list-style-type: none"> • Mini-rugby = 655 • Level 1 = 2374 • Level 2 = 715 • 7's = 632 Total = 4376
Deliver a HP level 3 course	To be delivered to HP coaches by November 2011	Provinces nominated the respective HP coaches to attend	18 HP coaches attended the first IRB HP Level 3 course held at SUSPI in Stellenbosch
To develop quality workforce	To deliver regional IRB Educator and Trainer courses to respective Provincial candidates	6 x Educator courses 1 x Trainer course	Total number trained Educators = 75 Trainers = 4
To start the development process of a LTCD plan	To develop a comprehensive LTCD plan by November 2012	The coaching department formed an integral part of the SASCOC Project Group in developing the SA Coaching Framework	The Framework was adopted at the SASCOC Coaches Conference in November 2011 to serve as a reference for all NF's to develop the LTCD plan

CHALLENGES

The major challenges facing the Coaching Department could be summarized as follows:

- Departmental structure and workforce
- Quality of the overall Training & Education workforce
- Quality assurance of the training programmes and workforce
- Development and implementation of LTCD plan
- Accreditation and Licensing policies & regulations

PROSPECTS AND FOCUS FOR 2012

2012 will focus on the following key areas:

- Implementing the RPL process
- Have the accreditation and licensing policies & regulations approved
- Implement an effective QMS
- Continuous workforce development
- Appropriate and effective communication system
- Deliver and manage the IRB Level 3 course
- Coaching support system
- Developing the LTCD plan



SOUTH AFRICA U20

REPORTED BY DAWIE THERON

The South African Under-20 team ended the 2011 IRB Junior World Championship in fifth position, despite producing some of the better rugby played by the 12 competing teams in this season's tournament.

The Junior Boks recorded four victories in Italy, but were knocked out of the Cup semi-finals by England, who secured a 26-20 victory over the South Africans in their final Pool C clash in Padova. The team coached by Dawie Theron, in his first season at the helm of the SA U20 national team, recorded memorable playoff victories against Fiji (104-17) and Ireland (57-15) and also saw off the challenges of Scotland (33-0) and Ireland (42-26) in their earlier Pool C clashes.

Junior Boks pivot Johan Goosen (79) ended the tournament as the second leading points scorer – only seven behind New Zealand pivot Gareth Anscombe (86). SA U20 skipper Arno Botha (7) ended the tournament as the joint-leading try-scorer together with England's Christian Wade; while vice captain and centre Francois Venter was the second leading try-scorer in the 2011 JWC with six five-pointers.

On attack, the South Africans scored a total of 258 points during their five matches in Italy at an average of 52 points per game, which was an increase in comparison to their average of 36 points per match during the 2010 World Champs in Argentina. The Baby Boks also improved their defensive effort during this year's tournament and conceded 17 points per game in comparison

to leaking 23 points per fixture during last year's U20 tournament.

The team played an attacking brand of rugby. The South Africans scored the second most tries during the 2011 IRB Junior World Champs, 35, two less than overall winners of the tournament – New Zealand.

According to the official statistics from the International Rugby Board at the conclusion of the JWC, South Africa scored a try for every two minutes and 18 seconds they were in possession of the ball during the Junior World Champs. New Zealand topped this record by scoring a try in every one minute, 59 seconds. Wales who ended the tournament in seventh place were the third best team at converting possession in to tries at three minutes, 49 seconds.

South Africa had the highest overall percentage success rate (90 percent) on their own throw in and they also had the most success on opposition throw ins – 28 percent. Scrum ball retention was relatively high for all teams. South Africa retained the best possession on scrum feeds and were unsuccessful with all but two of their 55 scrum feeds.

One of the other positives Theron could take from this year's IRB World Champs for the Junior Boks was the exposure of the likes of Johan Goosen, Paul Jordaan, Totsho Mbovane and Ruan Venter – who are all still eligible for selection for 2012's SA U20 squad that will be hosted in South Africa.

SA UNDER-20 RESULTS AND SCORERS:

SOUTH AFRICA 33 SCOTLAND 0

SCORERS: South Africa – TRIES: Francois Venter (2), Arno Botha (2); CONVERSION: Johan Goosen (2); PENALTIES: Goosen (3)

SOUTH AFRICA 42 IRELAND 26

SCORERS: South Africa – TRIES: Francois Venter (2), Arno Botha, Eben Etzebeth, Wandile Mjekevu; CONVERSIONS: Johan Goosen (3); PENALTIES: Goosen (2); DROP GOAL: Goosen.

Ireland – TRIES: Andrew Conway; CONVERSIONS: James McKinney (2); PENALTIES: McKinney (2).

SOUTH AFRICA 26 ENGLAND 20

SCORERS: South Africa – TRY: Nizaam Carr; PENALTIES: Johan Goosen (5).

England – TRIES: Alex Gray, Christian Wade, Elliot Daly; CONVERSION: George Ford; PENALTIES: George Ford (3)

SOUTH AFRICA 57 IRELAND 15

SCORERS: South Africa – TRIES: Tshotsho Mbovane (3), Wandile Mjekevu (2), Cornell du Preez, Jaco Taute, Francois Venter, Arno Botha; CONVERSIONS: Johan Goosen (5), Johnny Welthagen.

Ireland – TRIES: Paddy Jackson, Eoin McKeon; CONVERSION: James McKinney; PENALTY: McKinney.

SOUTH AFRICA 104 FIJI 17

SCORERS: South Africa U20 – TRIES: Arno Botha (3), Tshotsho Mbovane (2), Jaco Taute (2), Pieter Rademan (2), Nizaam Carr, Wandile Mjekevu, Francois Venter, Francois Kleinhans, Paul Jordaan, Court-nall Skosan, Penalty Try; CONVERSIONS: Johan Goosen (12).

Fiji U20 – TRIES: Eliko Sicinilwaw, Semi Radradra; CONVERSIONS: Josateki Lalagavesi; PENALTY: Lalagavesi.

SOUTH AFRICA U20 SQUAD & TEAM MANAGEMENT:

BACKS:

Craig Barry (*Western Province*), Ulrich Beyers (*Blue Bulls*), Johan Goosen (*Free State*), Paul Jordaan (*KwaZulu-Natal*), Tshotsho Mbovane (*Western Province*), Wandile Mjekevu (*Golden Lions*), Pieter Rademan (*Free State*), Court-nall Skosan (*Blue Bulls*), Bradley Moolman (*Blue Bulls*), Francois Venter (*Blue Bulls*), Johan Welthagen (*Leopards*)

FORWARDS:

Arno Botha (*Blue Bulls*) – captain, Nizaam Carr (*Western Province*), Jean Cook (*Free State*), Cornell du Preez (*Leopards*), Eben Etzebeth (*Western Province*), John Roy Jenkinson (*Leopards*), Siyamthanda Kolisi (*Western Province*), Stephan Kotze (*Free State*), Francois Kleinhans (*KwaZulu-Natal*), Mbongeni Mbonambi (*Blue Bulls*), Nic Schonert (*KwaZulu-Natal*), Juan Schoeman (*Blue Bulls*), Michael van Vuuren (*Free State*), Ruan Venter (*Golden Lions*)

Additional players: Jaco Taute (*Lions*), Carl Wegner (*Free State*)

TEAM MANAGEMENT:

Dawie Theron (*Head coach*), Eric Sauls (*Assistant coach*), Pine Pienaar (*Assistant coach*), Willem Oliphant (*Team Manager*), Yusuf Jackson (*Media & PR Manager*), Dr Arthur Williams (*Team Doctor*), Aneurin Robyn (*Physiotherapist*), Graham Bentz (*Conditioning coach*)

HIGH PERFORMANCE REPORT 2011

BY HERMAN MASIMLA

SUMMARY

The South African Rugby Union (SARU) Junior High Performance Department is responsible for a number of projects, which constitute its junior high performance programme. These services include player tracking, provincial high performance squads, high performance workshops, national high performance squads and camps, Elite squads and an international exchange programme. These contributions through our junior high performance department once again displayed the talent available at age grade level and therefore serve as an insurance policy of a bright future for Springbok rugby and to contribute to unity and national pride through its achievements on the world stage. As a result of the restructuring process certain projects were suspended while others were delayed due to the process.

OBJECTIVES

The main objective of the Junior High Performance department is to narrow the gap between schools and Professional Rugby.

SA Rugby is striving towards a national TID and Elite player development system that will produce players to all levels of the game and in so doing give our country competitive advantage at international competitions. The Junior High Performance programme aims at:

- The implementation of an effective Talent ID programme
- To support the development of identified players via camps, competition, mentoring and the SARU advance support system for High Performance players.

To implement a "Top Schools Support Project" that provides targeted coaching assistance and resources support for identified elite Rugby Schools

2011 PROGRAMME COMPONENTS

YOUTH WEEK HIGH PERFORMANCE WORKSHOPS:

This programme was established as a result of a study conducted by the Sport Science Institute on the recommendation from SARU to look at the difference in weight and size between black and white players over time. During this workshop, that includes every player and coach at the various youth weeks each player and coach attending was again provided with a gym training programme and other information related to performance. In addition each player and his coach were provided with a software programme, which allows him to compare himself to the national fitness norms for his age and position. In addition to that all players and coaches each received a DVD with demonstrations of all exercises on the programme.

U16 HIGH PERFORMANCE PROGRAMME

The latest talent identification research in rugby shows that many of the most critical physical and technical characteristics required for performance at a top level begin to be evident from 15-16 years of age. It is therefore important that SARU invests in these players in order to confirm this physical talent, but also to ensure that this talent is fully developed. Players at this age need to be given an opportunity to mix with the best senior players and coaches. They need to understand what is required to perform at the highest level. Many of these skills cannot be taught in theory but need to be experienced. This is what the High Performance Camp is all about, allowing players to experience and learn in an appropriate environment. The National Selectors selected a total of 50 players at the 2011 Grant Khomo week. The 2011 u16 High Performance position specific training camp was held at the Paarl Gymnasium School during the September school holiday. The presence of the SA U20 Coach and Springbok sevens coaches and a number of current Springbok players during the 2011 camp added to a dynamic learning experience.

U19 and U20 HIGH PERFORMANCE PROGRAMME

The U19 High Performance programme provides synergy between the U18 and U20 programmes. An U19 regional trial was held in Kimberley after the completion of the 2011 Absa U19 Currie Cup final. For the purpose of this exercise a total of 89 players were invited to the trials. These players were divided into four regional squads. These squads were The Coastal (Sharks, Border and EP), Westerns (Western Province, Boland and SWD), Northern (Bulls, Pumas, Leopards and Valke) and Central (Free State, Lions, Griffons and Griquas). After the trials the National selectors announced the u20 HP Squad (48 players) that will assemble in Stellenbosch for preparation for the u20 Junior World Cup in South Africa in June 2012. South African rugby has over the past three years established a good relationship with the French and Argentina rugby unions High Performance sections. These agreements focus mainly on international friendlies between the countries. The u20 High Performance Squad will compete with Argentina and France in international friendlies in South Africa prior to the announcement of the SA U20 Team. It is critical for our elite player development that we measure ourselves against the top three

international countries prior to participating at the IRB Junior World Cup.

PLAYER EXCHANGE PROGRAMME

The reason SARU has decided to support this initiative is that it is in line with the objective of providing playing experience for talented players. The following clubs have agreed to be part of the exchange in 2011. Sale Sharks and London Wasps of England, Dundee RFC, Ayr RFC and Aberdeen RFC of Scotland and Tonmawr RFC of Wales. They have confirmed their participation in writing and six players are currently placed on the exchange programme. UK Sport is providing funding for the programme and SRSA have agreed to fund all flights for the SA players leaving SA to go on exchange and to partly assist players coming from the UK to SA as well.

As you are aware the SA U16 High Performance Camp took place between 26 September and 3 October 2010. The National Selectors selected the 50 players who attended the camp from the 2010 Grant Khomo Week. They then selected 19 players from the squad of 50 to form the National U16 Elite Squad. The purpose of this squad is to give recognition to the players that excelled in this process and also to recognize that SARU has a responsibility to these players. This responsibility will be in the form of assistance from SARU when required.

FOCUS AND PROSPECTS FOR 2012

DATABASE

A web-enabled database is required to monitor the development of all players in provincial and national high performance squads. The database will become the heart of the high performance system.

PROVINCIAL HIGH PERFORMANCE SQUADS:

The department is excited by the prospect of reviving the pro-

vincial high performance squad systems in 2012. We are keen to reintroduce a more effective system than the previous one. This programme would if possible be run off a comprehensive web based database. This will enable each province and SARU to effectively monitor the interventions that each player receives and their progress over time. This programme will include the appointment of conditioning coaches and provincial talent scouts

LONG TERM PARTICIPANT DEVELOPMENT BLUE PRINT FOR SARU

The South African Rugby Union

(SARU) was invited by the South African Sports Confederation and Olympic Committee (SASCOC) to participate in its Long Term Participant Development (LTPD) programme. The programme was initiated by SASCOC in order to provide all South African sports federations with a structure within which to evaluate, plan and implement their particular sport.

Long term participant development (LTPD) is a developmental model that was initially introduced in 1990 by Istvan Balyi. The model was accepted and implemented from grass root level to Olympic level by Canada and since then in a number of other

countries including the United Kingdom and now also by the SASCOC. LTPD is a 7-stage model, which has evolved over time to describe athlete development, training, competition and recovery based on developmental age.

The SARU accepted SASCOC's invitation to participate in the LTPD initiative and to ultimately have its own LTPD plan. SARU accepted the invitation by SASCOC as it sees the value in using the process to evaluate its current activities and in planning the way forward. We realise that we can learn from the experience of other federations and sports and apply some of the concepts to our own sport. We are willing to learn from others but also need to be careful to create a structure which best fits our current situation and future goals. We could easily copy the LTPD programmes of other rugby federations to save time but we need to carefully design our programme using a legitimate process to ensure buy-in from all our key stakeholders.

HIGH PERFORMANCE SUPPORT TO TOP 40 SCHOOLS PROGRAMME

- To support those rugby schools from previously disadvantaged communities to produce rugby excellence
- To implement an advanced support programme for the top 20 (HDC) schools in South Africa.
- The aim of this programme

will be to develop 40 of existing black and coloured schools into "elite" rugby high schools – to better develop a pipeline of talented young players into the U19, U21 and senior professional ranks

- Currently these schools have the talent and enthusiasm, but lack the financial and other resources to develop their players to their full potential and compete with the existing "elite" rugby schools
- Department Junior High Performance to provide High Performance support to identified schools

HOLISTIC SUPPORT PROGRAMME FOR ELITE PLAYERS

To create and implement a holistic support programme for all SARU Elite players.

The program will include a database to track the following interventions

SA Rugby nominates a number of the players from its HP squads to be part of the Elite Squad programme. Elite squad recognition qualifies a player for advanced High Performance support. The presumption in this programme is that we want to leave no stone unturned for those players who have the potential to become Springboks.

SARU/SANDEF ACADEMIES

South African Rugby Union (SARU), SA National Defence

Force (SANDEF) and Sport and Recreation South Africa (SRSA) are currently looking at the feasibility of the establishment of 5 SANDEF Academies at the following bases:

- SA Navy Saldanha
- SA Air force Hoedspruit on the Border of Kruger National Park
- Army base Oudtshoorn
- Army base Umtata
- Army School of Intelligence Kimberley

It is envisaged that a total of 30 players will be enrolled at each academy. Males and females will be considered.

It is proposed that fulltime coaches and fitness trainers will be appointed to service the academies.

The aim with the SANDEF, SARU, SRSA and (SSS) Academies is to provide the opportunity to players to develop their rugby potential, while getting opportunity for skill and career development in one of the various sectors of the National Defence Force (SA Navy, SA Army, SA Air Force and SA Health Services)

The SARU sees this programme as part of a strategic intervention aimed at giving opportunities, specifically to players from disadvantaged backgrounds. This will serve as a retention strategy to allow them to develop into better players and human beings.

Development Department – Conclusion

I sincerely hope that this brief outline makes one better understand the Development Department's workings of 2011. **SARU's Development Department's objectives for 2012:**

1. To increase the quality and quantity of coaches
2. To increase participation in schools
3. To narrow the gap between the elite schools and professional rugby, specifically for black players
4. To empower clubs and schools remotely and via the provinces - to improve focus areas.
5. To support the development focused activities of the 14 Provinces.
6. To showcase the products of the development department's efforts by performing strongly at the IRB Junior World Championship
7. To implement a meaningful management information system for all development departmental activities
8. To support CAR in its objectives and initiatives to grow and develop rugby on the African continent.

How do we aim to achieve our objectives:

1. Community Rugby or "grass roots" initiatives:
 - Increasing player numbers in Junior and Senior Schools - Mass Participation Programme
 - Talent Identification programme targeting black schools
 - Creating new rugby clubs in specially targeted areas
 - Providing new and additional resources to train administrators, coaches and referees and volunteers
2. Elite Player Development Programme
3. Increase coaches and enhance the quality of coaches
4. Strategic funding for Member Unions
5. Improved amateur rugby competitions and tournaments
6. Winning IRB Junior World Championship 2012
7. Meaningful development structures and information system

Lamla Mamoti during the Women Springboks 7s media briefing and training session at Florida Park, in Cape Town





REFEREES' DEPARTMENT

BY GM ANDRE WATSON

The report is divided into various focus areas.

ACADEMY SQUAD ACTIVITIES

This squad concept was brought into being four years ago with the main aim to recruit and fast track referees from previously disadvantaged communities. The Academy Squad's head coach is Eugene Daniels who is assisted by Louis Mzomba (Western Cape) and Mandla Dakuse (Eastern Cape).

There are a total of 118 referees on the Academy squad, including the 33 new recruits recruited in the second quarter. Thus, an increase of 53 % from the same period last year. They are being looked after in terms of games being organised, coaching being done, performances measured and improved in order to be nominated for SARU Referee Panels.

SOME STATS:

- 31 opportunities created to take referees to school, heritage or specially organised tournaments;
- Before the start of a tournament an intensive fitness and law examination test is done.
- A total of 252 games arranged;
- All 252 games watched and feedback given from the referee coaches;
- 33 new Referees have been included in the squad that is 118 strong at present.

RECRUITMENT AND AWARENESS CAMPAIGN

The Recruitment and Awareness campaign was started three years ago to redress the decline in referee numbers in SA. The campaign is overseen by the General Manager and run by Imbongi Communications, who works with SARU's marketing department.

There is no doubt that the numbers are increasing, but the effect of recruitment is a long term process and should be evident more clearly in due course.

Besides the coaching being done recruitment initiatives took place at nine schools and tournaments. A success story here was where 81 new applicants signed up in Bloemfontein, which will create more referees candidates for the Free State Society.

This year a "Three Cheers" for the referee campaign was launched at school tournaments to counteract the negative publicity

attaching to our referees as this has a major impact on recruitment. Short adverts will be aired on SABC to assist the public with basic law knowledge and a referee's shadow campaign will also be launched, filming a youngster with one of our national referees on how he prepares for a fixture.

SOME STATS:

- 545 recruitment enquiries were received through the following platforms:

CONTACT METHODS

SMS	51
Website	400
Email	4
Scholars	183
Campus	50
Shopping centres	21
Sevens 2010	13

RACE BREAKDOWN

White	494
Colored	174
Black	118
TOTAL	786

GENDER BREAKDOWN

Male	678
Female	108
TOTAL	786

- Activities undertaken this year includes: Varsity Cup/Shield awareness through inflatable ball, recruitment slogans, balloons, ads in newspapers, referee booklet distributed, soundbites on Supersport by Varsity Cup captains;
- Inflatable ball at , Varsity Cup, Easter School festivals and u/18 Craven week;
- Overall growth in SA Referees to date as follows:

	BLACK	COLOURED	WHITE
Growth per race since 2007	20 %	9 %	63 %
Demographic Representation	12 %	23 %	65 %
Demographic Panel Representation	24 %	10 %	66 %
Demographic Women's Panel Representation	9 %	33 %	58 %

- Some project plans going forward are:
- Pursue the establishing of University campus referees societies under the various referees societies structures;
- Contributions to Bok e-zine – RWC referees (Jaco Peyper);

- Website upgrading
- Absa Currie Cup campaign, in studio events (shadow the ref and promotional adverts);
- Coaching and uplifting of referees in Mthatha

TRAINING AND EDUCATION OF REFEREES

SARRA appointed Eska Claasen to administrate this function and with the help of the SA Referees' Training and Education Department, the following training was undertaken:

Course	Courses Held	Attendees
IRB Match Official LEVEL1	25	463
IRB Match Official LEVEL2	9	137
IRB Match Official LEVEL3	0	0
IRB Coach Match Official LEVEL1	2	21
IRB Coach Match Official LEVEL2	1	10
SA Assistant Referee LEVEL 1	7	204
IRB Assistant Referee LEVEL 2	2	57
IRB Educator	4	21
IRB Trainer	0	0
BokSmart	78	851
TOTAL	128	1764

Courses and Camps held:

- National and Provincial Panel – Fitness tests, Exam and course on the Big 5 application for 2011;
- 100 % pass rate on the fitness
- Specialised Assistant Referee & Women's Panel – Fitness tests, Exam and course on the Big 5 application for 2011 and AR;
- Trainers, MRs & TMOs course held on evaluation of referees and TMO protocol;
- Contenders squad – Fitness tests, Exam and course on the Big 5 application for 2011;
- Assistant Referee Assessment course in May, Johannesburg.

Coaching of referees is being done throughout the season by means of one-on-one discussions, analysing the Fairplay system and by exceptional performances or incidents.

Tappe Henning is responsible for the coaching with the help of Neville Heilbron, Theuns Naude, Shaun Veldsman, Marius Franken, Philip du Toit and Johan Meuwesen for all Panel referees in SA.

- Games recorded and analysed at National and School weeks = 286
- Games seen and coached at:
 - National weeks = 128
 - School weeks = 154

SOME GOALS GOING INTO THE SECOND HALF OF 2011:

- Developing a blueprint (coaching and officiating) with the outcome of improving the standard of performances of panel referees and the coaching thereof.

PERFORMANCE REVIEW (ASSESSMENT AND SELECTION)

For every SARU fixture a reviewer is appointed. This data is generated on the "ANNO" system which grades the individuals for either promotion or demotion. Besides this various Conference calls and meetings are held. The following assessments were done:

- A total of 596 reports received on referees assessed.
 - Out of 596 a total of 110 (ANNO System) reports were done for Vodacom and Varsity Cup. After 110 reports for Vodacom and Varsity Cup; 64 reports for Absa Currie Cup Premier and First Division; 54 reports for Under-21s; 52 reports for Under-19s; 31 reports for Women's rugby.
- A further 282 games assessed at National and School weeks.



Craig Joubert and Mark Lawrence were two of our top referees in 2011, with Craig Joubert topping off the year handling the RWC final.

SA PRIMARY SCHOOL

Activities:

- SA Primary School Panel - National Camp (KONKA)
 - Thirty One (31) Referees attended the Camp;
 - National Law Exam was written and Fitness tests were conducted;
 - Twenty One (21) Referees met the criteria.
 - Easter festivals – Johannesburg
 - Twenty One (21) Referees to referee at the Easter Festivals for practical evaluation.
 - Primary School Panel been selected after 3 days of evaluation and refereeing.
- The Primary School Referees, also for the first time, took part in the different Union Days to prepare them for the SARU Provincial weeks:
 - Tobie van Rooyen Union Day – Griffons (Welkom)
 - # 5 Referees
 - Leopards Union Day – Rustenburg (KONKA)
 - # 6 Referees
- Visits to the following Unions were made to establish and put structures together for a Primary School Referee Society:

- **Border** – Sixty (60) New Primary School Referees attended the meeting and presentation. They are currently up and running with structures in place.
- **Griquas** – Fifteen (15) Primary School Referees attended. They have also indicated that a committee was selected with new structures in place. They will be fully functional as from next year on.
- **Border Country Districts (Umtata)** – Nineteen (19) Referees attended a well-organised meeting. Concerns were brought forward about facilities, limited funds, kit and transport. We are currently in the process of putting a support structure together to deliver kit, identifying referees etc. A follow up visit will take place end of July beginning August.

U/12 Provincial Week Newcastle:

- For the first time in the tournaments' history SARRA Referees attended this tournament. Ten Provinces took part in the tournament. A total of 15 games were refereed over three days.

U/13 Craven Week Pretoria:

- A total of nine Primary Schools Referees of SARRA attended the Craven Week. A total of 36 games over four days were refereed.

U/13 XV Week Sasolburg:

- Five Referees of the Primary School B – Panel officiated at this tournament.

OTHER ACTIVITIES

- The executive initiated a roadshow to meet the management of the various societies and address issues of concerns from both sides.
- Routine operational admin:
 - Daily Admin (e.g. 20 000 plus emails handled by the department)
 - Handling media on Refereeing issues and controversial issues
 - Dealing with IRB
 - Dealing with SANZAR.



Jaco Peyper handled the Junior Rugby World Cup in 2011.

COMMERCIAL MARKETING

BY GM ANDY MARINOS



The year was an intensely busy one on the commercial front with numerous contracts with existing commercial partners coming up for renewal and a number of new sponsors joining the SARU family. This all played out against a background of rights management related to the complexities of a very intrusive and restrictive Rugby World Cup commercial programme as well as the evolution of the World Sevens Series.

The timing of the expiry of the majority of our major sponsorships demanded an extensive renewal process, during which time the organisation was exposed to significant financial risk should renewals not be achieved at the desired levels. In the event, we were able to retain 95% of our existing sponsors for the next five years – as well as adding new ones – to produce an overall increase in the value of our commercial programme of around 35%. Given the current economic climate, this was an upbeat indicator of the strength of our brands and teams as well as indicating the benefit our commercial partners see in having an association with SARU and Springbok rugby.

Delivering that return in summary form were:

1. Securing a new headline sponsor for the Springboks at record levels
2. Retention of 95% our existing sponsor family
3. Increasing of our defined revenues by 35% (excluding broadcasting rights)
4. Completing the largest-ever collective broadcast rights deal in South African sport with SuperSport and our SANZAR partners
5. Introduction of the new Vodacom Super Rugby competition format (including national conferences for the first time)
6. Launching of a dual-branded Rugby



7. Running one of the most successful and impactful Rugby World Cup campaigns in our Unite 2011 campaign
8. Hosting the Test match against the All Blacks in Port Elizabeth
9. Adoption of a new Test match hosting model
10. Hosting an event of the new HSBC World Sevens Series at the Nelson Mandela Bay Stadium in Port Elizabeth
11. The successful delivery of the “Bokkie” retail merchandising programme that has been an unprecedented success.
12. Securing of Springbok Players Image Rights for the integration and commercialisation within our programmes.

The single greatest exposure related to the headline sponsorship of the Springbok

team. We had enjoyed a mutually beneficial relationship with SASOL since 2004. However, the acquisition of ABSA as our principle national team sponsor was, along with our broadcast rights deal, the commercial success story of 2011. The ‘fit’ with Absa is a natural one and an enhancement on what has been a very successful relationship between the two organisations for more than a quarter of a century.

Having accounted for the major items on the commercial department’s agenda, a new strategy was to establish brands other than the Springboks as distinctive and valuable in the eyes of our commercial partners. A deliberate focus was placed on establishing the brand identities of other properties, supported by a defined commercial strategy. This process was successfully implemented in 2011 and the further enhancement of

this programme will be seen between now and 2015.

Going hand-in-hand with that strategy was for our very capable and dedicated team to adopt a non-traditional approach to the commercialisation of our properties. The principle driving the approach was to find innovative and creative ways to package our rights offering and deliver unique value and experiences to our partners over the next cycle of our agreements.

The fact that 2011 was a Rugby World Cup year obviously requires mention. The tournament remains the pinnacle of the game, but it does have a significant commercial impact on participating federations. This issue is a matter of on-going debate among international unions and it is imperative that this matter is seriously addressed prior to the 2015 tournament in England.

A special atmosphere was created in the Nelson Mandela Bay Stadium as the Springboks and New Zealand met in Port Elizabeth for the first time since 1970

The review of our approach to rights offering and the question of providing value also saw us taking a critical look at our Test match hosting model. The delivery of rights to sponsors in the Test match environment remains an on-going challenge and revisiting the model would allow for the alignment of the delivery platform with the key focus areas described above. The department's desire and intention is to deliver a level of exclusivity and value to our partners that we have not been able to do in the past.

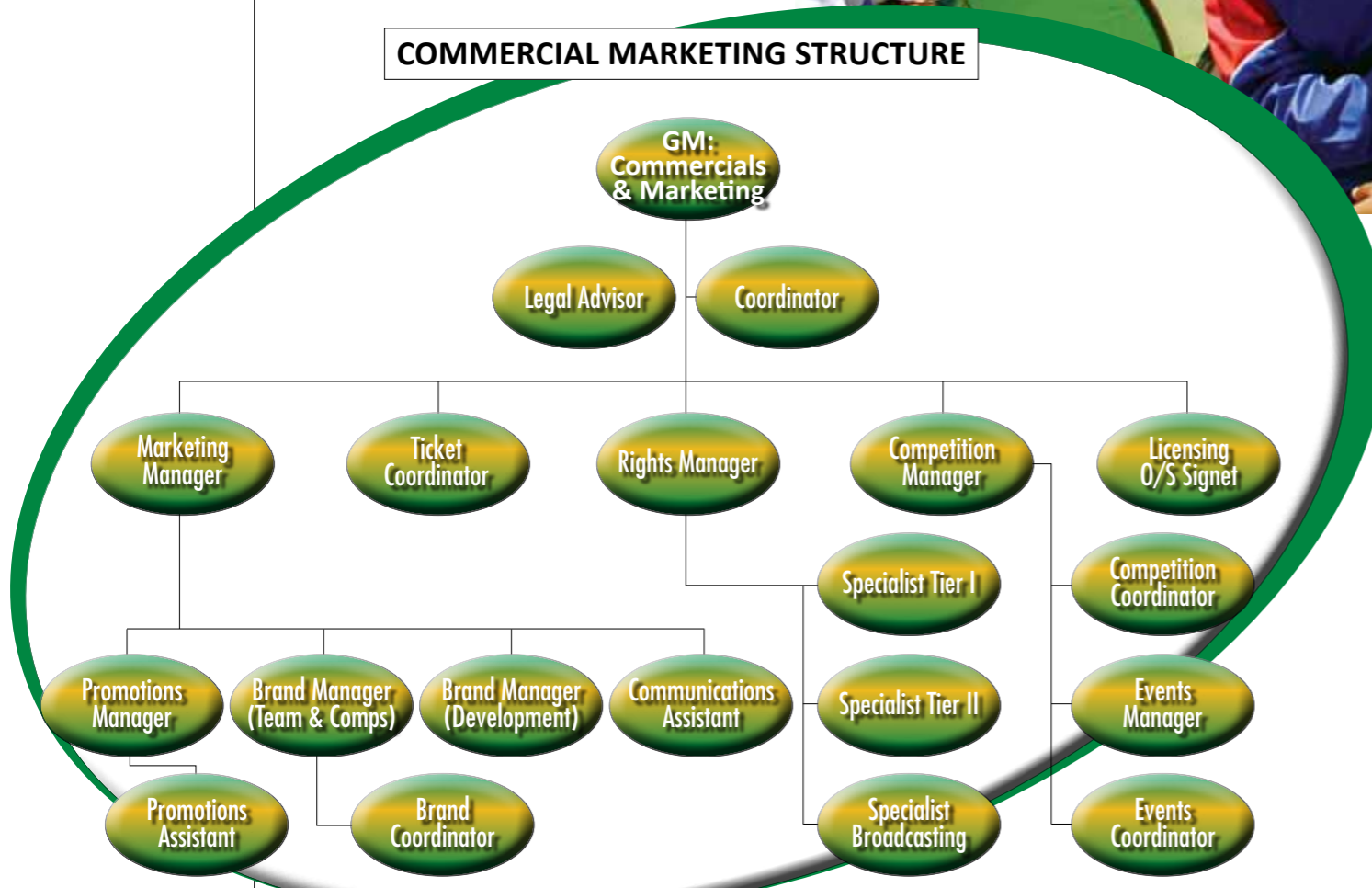
That model was tested in 2011 as a by-product of the decision to take Test match rugby back into the heart of the Eastern Cape when we hosted the Castle Tri-nations test against New Zealand at the magnificent Nelson Mandela Bay Stadium. For those of you who were fortunate to be there it was one of the most memorable Springbok test match events of recent memory.

Marketing's focus during 2011 was obviously on the Rugby World Cup. 'Unite 2011' and 'Bokday' concepts were developed and deployed through a number of channels. The former used social media and websites to rally supporters to sign up as uniting



Bokkie and the Blitzbokke were a hit wherever they went

COMMERCIAL MARKETING STRUCTURE



behind the Boks. The latter had the effect of christening as 'Bokday' any day on which the team were in action. Supporters were asked to wear green and during the tournament the number and range of supporters appearing in Springbok apparel was significant and encouraging.

The campaign culminated in a send-off of the squad on September 1. An estimated 35 000 people thronged into central Sandton to wish the team well and line the route as they walked to the Gautrain station to embark for OR Tambo International Airport. Remarkably, several hundreds if not thousands returned to the airport some weeks later to see the team return home, once more pledging their support for the Springboks.

Looking ahead to 2012 the department's challenges will be in the ability to adapt and

stay ahead of the radical advances in the new media space. The proliferation of the multimedia platforms has not only created benefits, but also increased the intensity of how we communicate, commercialise and enhance our commercial programmes with supporters, stakeholders and players.

A looming challenge is the pending legislation around alcohol advertising in sport, which if implemented will have a significant impact on our business model and on our delivery of events.

In conclusion it has been an interesting year with many new challenges. However, with the dedication of an accomplished team, good governance and sound structures within South African Rugby we have been able to start our next cycle on a very sound base.



CORPORATE AFFAIRS

BY GM ANDY COLQUHOUN

The standing of South African rugby in the eyes of the game's stakeholders continued to rise in 2011, despite a relatively modest performance on the field by national teams. Another year free of controversy and impressive off the field performance in the commercial and corporate sphere saw SARU's stock rise almost completely across the board. The organisation's annual research into perceptions towards SARU among the rugby-supporting public showed an increase in approval ratings across all 11 categories in which we measure ourselves. The media rated SARU as having improved in eight of those 11 areas and having been flat in two others while SARU's commercial sponsors were asked to benchmark rugby against six other leading South African sports federations. Gratifyingly, SARU was rated as the top performing.

RESTRUCTURING

The department's responsibility for SARU's reputation was emphasised by the restructuring process, which dominated much of the behind-the-scenes activities for all employees in 2011. The primary function of the newly renamed Corporate Affairs department was identified as being "responsible for the reputation management of the corporate entity of SARU". The role of the former communications department was broadened to include responsibility for future SARU Corporate Social Responsibility (CSR) programmes, preservation of rugby's heritage – principally in the shape of the museum – database management and corporate marketing, among other things.

The department's staffing was adjusted as a result. The roles of Community and Public Relations Manager, Museum and Heritage Manager (unfilled as yet) and departmental coordinator were created. The two existing employees responsible for database



maintenance as well as the company receptionist were also added to the Corporate Affairs complement, joining the three existing staff members.

The new structure came into effect on September 1 but the department only began to function properly in the final two months of the year, due to the impact of the Rugby World Cup on the department's operations. However, in that time progress was made. The most visible change was the

closure of the existing SARU Museum at the Sports Science Institute of South Africa in Newlands. This was necessitated in part by the expiry of the lease but the search for more user-friendly premises in a more heavily foot-trafficked area of Cape Town began in earnest before year end while the archiving and mothballing of the current contents was an essential first step to relocation.

A number of meetings were also held in relation to the roll-out of a CSR programme

in 2012 as well as the digital capturing of SARU's written records and a revision of the organisation's corporate identity (to capture the structural changes).

RUGBY WORLD CUP

Otherwise, the major event of 2011, the Rugby World Cup, dominated the calendar and the department's activities representing, as it did, the major reputational threat to the organisation. An extensive media pro-

gramme was put in place in advance of the tournament to manage media expectations while creating an environment in which Springbok management and players could operate. This included a roadshow with the national coach, regular media conferences around news events, a function for South Africa's World Cup-bound media and the creation of special arrangements for radio coverage during the tournament.

Other initiatives were taken while in New Zealand to manage the South African public's thirst for information from the team: The major news event of the week, the naming of the Springbok team, was scheduled for 07h00 in New Zealand for live broadcast by SuperSport in South Africa and to meet newspaper deadlines to overcome the ten-hour time difference; media events in New Zealand were split into 'live' top-table media conference taking place simultaneously with a 'mixed zone' from which the content



groups. Coverage of the Springboks in the SA media during the months of September and October was worth R588m had the equivalent space been purchased as advertising. The public relations impact of the coverage was worth R1.5bn to the Springbok brand (in the SA media alone) according to the industry standard multiplier of x3.

The department and performance of the Springbok squad and management – even



At the Rugby World Cup the major news event of the week, the naming of the Springbok team, was scheduled for 07h00 in New Zealand for live broadcast by SuperSport in South Africa and to meet newspaper deadlines

was embargoed until 16h00 the following day in New Zealand to assist SA print media. SARU's Twitter platform @bokrugby was also used in conjunction with Facebook to create a conversation in the social media space.

The extensive media requirements during Rugby World Cup meant that media events took place on 35 out of the 37 days in which the team was in New Zealand; Springbok personnel were provided on 218 instances and 27 radio crossings – arranged pre-tour – were fulfilled with South African radio

in defeat in the quarterfinals - allied to the successful Unite 2011 campaign allowed the team and its personnel to emerge from the tournament with their reputation and that of the Springboks at the very least intact, if not enhanced.

SARU RELAUNCH

The department was also involved in the planning and media management of a number of 'off-diary' events, in conjunction with colleagues from marketing and corporate partners. Major sponsorship announcements were made to welcome Absa (Springbok sponsor) and BMW (associate Springbok sponsor), Unilever (associate Springbok sponsor) and Castle (Tri-Nations) either as new sponsors or sponsors of a different property. In addition there were the announcements of SARU's hosting of the Junior World Championships in 2012, the new Vodacom Super Rugby structure and Rugby Championship and winning of the right to host the SA leg of the HSBC World Sevens Series by the Eastern Province Kings Rugby Union.

The department also created and hosted what was loosely termed the 'relaunch'



Major sponsorship announcements were made to welcome Absa (Springbok sponsor) and BMW (associate Springbok sponsor), Unilever (associate Springbok sponsor) and Castle (Tri-Nations) either as new sponsors or sponsors of a different property



of SARU to key stakeholders in August. Sponsors and media were invited to a presentation hosted by the president and CEO in which the rationale, mechanics and outcomes of the organisation's restructuring were presented.

The event – supported by audio visual material – presented a more efficient and streamlined SARU to rugby stakeholders in which the message was emphasised that the organisation's governance and operational departments had been radically re-engineered.

CORPORATE SOCIAL INVESTMENT

This financial year marked for SARU a turning point in the approach to Corporate Social Investment for the organisation. CSI policy had historically centred on an annual donation to the Chris Burger/Petro Jackson Players' Fund, which continues to do excellent work in the community.

For some time, SARU had recognised the need to formalise our approach to CSI, and what criteria will be used to measure our success or failure in this space. As a result, SARU is now committed to donating and

investing 1% of gross income to engaging in socio-economic development programmes.

The focus for beneficiaries of our CSI strategy will be primarily children and youth (aged 8 to 18) with at least 75% of these beneficiaries from black, previously disadvantaged groups. Our sector focus for CSI projects will be in the fields of education and health, areas with a resonance for rugby athletes. One of the key imperatives that underpin SARU's values is sustainability and we will be partnering with beneficiaries over a three-year period.

The policy will follow a number of governance and compliance requirements. A CSI committee has been established reporting directly to the CEO which will meet six times per annum and ensure the CSI process is followed, that projects are supported legally and with good communication and marketing, and that reporting and monitoring is robust.

SARU aims to work with credible organisations in facilitating change for the youth – in education and in health, and through this process to assist in changing perceptions and interest in the sport of rugby. At the time of this report, a short-list of 10 projects had been drawn up, and will be going

through the process of final selection.

We already look forward to next year's annual report, where we will start to be able to see the impact we have made with our final projects, together with our partners in the communities within which we will invest.

COMMUNICATIONS CHANNELS

The department continued to service the daily needs of internal and external stakeholders through a variety of channels. More than 600 press releases were issued during the course of the year; letters, speeches and briefing documents were prepared for leadership and a range of print and digital publications were produced – including team media guides, match programmes, weekly Bokzine email newsletter; quarterly online supporters magazine; Annual Report; *Play Rugby* children's book (in conjunction with Pearson Education and Signet licensing) and the *SA Rugby Annual 2011*.

As well as these scheduled publications a conversation was maintained with supporters through Social Media channels. The Springbok Facebook page grew from 256,000 to 460,000 'likes' in 2011 while the increasingly popular Twitter grew from 8,000 to 39,000 followers during the course of the year. These and other electronic channels will continue to grow in importance in communications strategy as social media gains in popularity among South Africans.

Those channels – as well as more traditional mediums – will be heavily used in 2012 reporting on what will be a busy year for South African rugby and the Corporate Affairs department. The first season for the new Springbok coach will generate significant interest and commensurate media demands while the operational requirements of hosting of the Junior World Championships at the same time as a three-Test tour by England will stretch resources. The launch of a SARU CSR programme and the eventual reopening of the SARU Museum are exciting but time and resource-consuming projects. It is the department's goal that they should be successfully managed – in conjunction with the day-to-day requirements placed on Corporate Affairs – to ensure that the organisation's reputation continues to find favour with rugby's stakeholders.

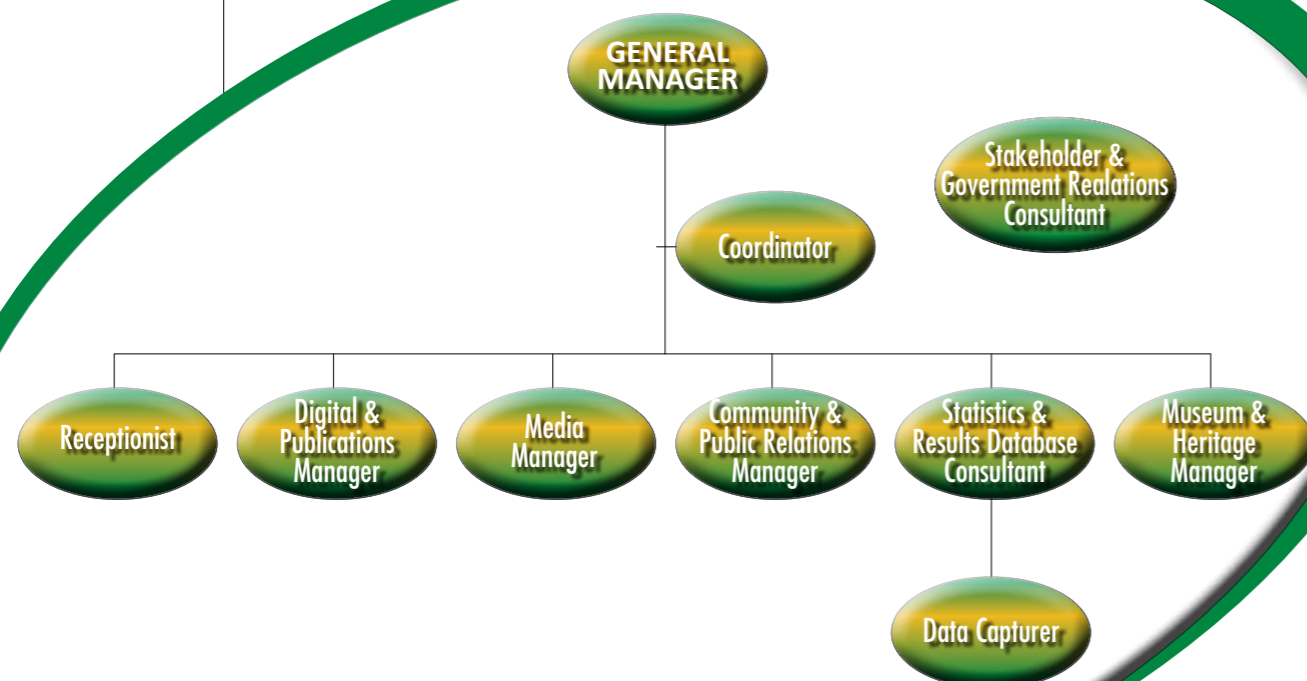


Facebook grew to 460 000 'likes'



Twitter grew to 39 000 followers

CORPORATE AFFAIRS STRUCTURES



HUMAN RESOURCES

BY GM INGRID SIBUSISIWE MANGCU



This report documents the 2011 Human Resources' activities and achievements in terms of its contribution to SARU's overall strategic goals and operational priorities.

Details on the Human Resources support provided to the rugby's core business divisions in 2011 include; transformation, employee resourcing and talent management, employee development and employee relations.

1. TRANSFORMATION

1.1 Restructuring

In 2011, Human Resources staff invested most of their time and energy on SARU's major restructuring whose main aim was to streamline the processes and functions of SARU.

The highlights were as follows:

- 78 new and changed jobs were established
- 32 jobs remained unchanged
- There were 46 promotions
- There were 2 demotions
- 1 staff member exited the organisation through a retrenchment process

1.2 Employment Equity

SARU's commitment to transformation is showing improvement in our employment numbers. Through the restructuring and other normal recruitment activities, which include interviewing, testing, background checks and selection, SARU's workforce profile is showing the following picture:

RACE	MALE	FEMALE	TOTAL
Black	15*	7	22
Coloured	25*	16	41
Indian	0	2*	2
White	32*	9	41
TOTAL	72*	34	106

*includes management team's long term contracts

We have again committed to improve these numbers and have set new targets for 2015 to have, a well-balanced staff profile which reflects the demographics of the country.

1.3 Broad-Based Black Economic Empowerment (BBBEE)

As an organisation we are committed to the BBBEE initiatives of the South African government. For the first time in 2010 we started to measure ourselves against the seven prescribed pillars to assess and improve our contribution to the national economic empowerment. In that year, our score was a Level 8. With the plans in place to improve this score within

the next 4 years, we have seen a slight improvement from Level 8 to a Level 7 contributor in 2011.

2. EMPLOYEE RESOURCING AND TALENT MANAGEMENT

2.1 Recruitment

- Human Resources received and processed 1,621 employment applications in 2011
- 72 job advertisements were posted internally (which included the Provinces) and where no suitable candidates were found, the advertisements went out to the external market using the national media and the internet.
- Cost of recruitment administration for 2011 was R385,000. This included cost of advertising, travel and accommodation costs for candidates.

2.2 Personal Development Plans

A new initiative for Line Managers to have development conversations with all their staff was introduced in 2011 to complement our Performance Management Plan process. This initiative ensures that the employee's development plans are understood by the organisation, recorded and supported so as to benefit both the individual and SARU. From these Personal Development plans, succession planning sessions will be held to identify and develop talent in the organisation.

3. EMPLOYEE DEVELOPMENT

SARU commits itself to creating a culture of learning to ensure that people flourish in their roles through learning and development.

3.1 Learning and Development

With 2011 being a busy year with the organisational restructuring and the Rugby World Cup, we did not reach our R800,000 training budget target. Human Resources mainly offered generic training, a few leadership and technical training courses. Focus in 2012 will be in this area.

3.2 Performance Management Plan (PMP)

In 2011 our performance management



Marketing manager Sarah Mundy receives the Virgin Active Sports Industry Award for 2011 for the 'Best Integrated Sports Marketing Campaign', awarded to SARU for the launch of Bokkie. Making the presentation was Linford Christie (second left) and Oscar Pistorius (far right). Bokkie creator CEO, Phil Cunningham of Sunrise Productions (left) was on hand to share the moment.

cycle changed from the usual January to November cycle. This was due to our new organisation being effective from 01 September. Our PMP cycle now runs from October to September, with December being the bonus month and January the salary review month. This process of managing performance is crucial to our organisation as it is the basis for SARU to make remuneration decisions.

4. EMPLOYEE RELATIONS

For SARU, the concept of Employee Relations focuses on continuous engagement with employees in order to ensure that the organisation relates better with its employees through structured programmes.

4.1 Intranet

In February 2011 we launched the Intranet tool whose main purpose was to act as a communication vehicle with employees. The tool proved to be useful during the restructuring period as all consultation information, appointments and announcements were posted on the web pages. The Intranet has made it easy for employees to access information without having to personally go and request information from HR.

4.2 Employee Self Service

As part of automation of our HR processes and ensuring that employees are empowered to maintain their personal HR information, an Employee Self Service application was launched in the 2nd Quarter this year as part of the strategy to improve our employee relations.

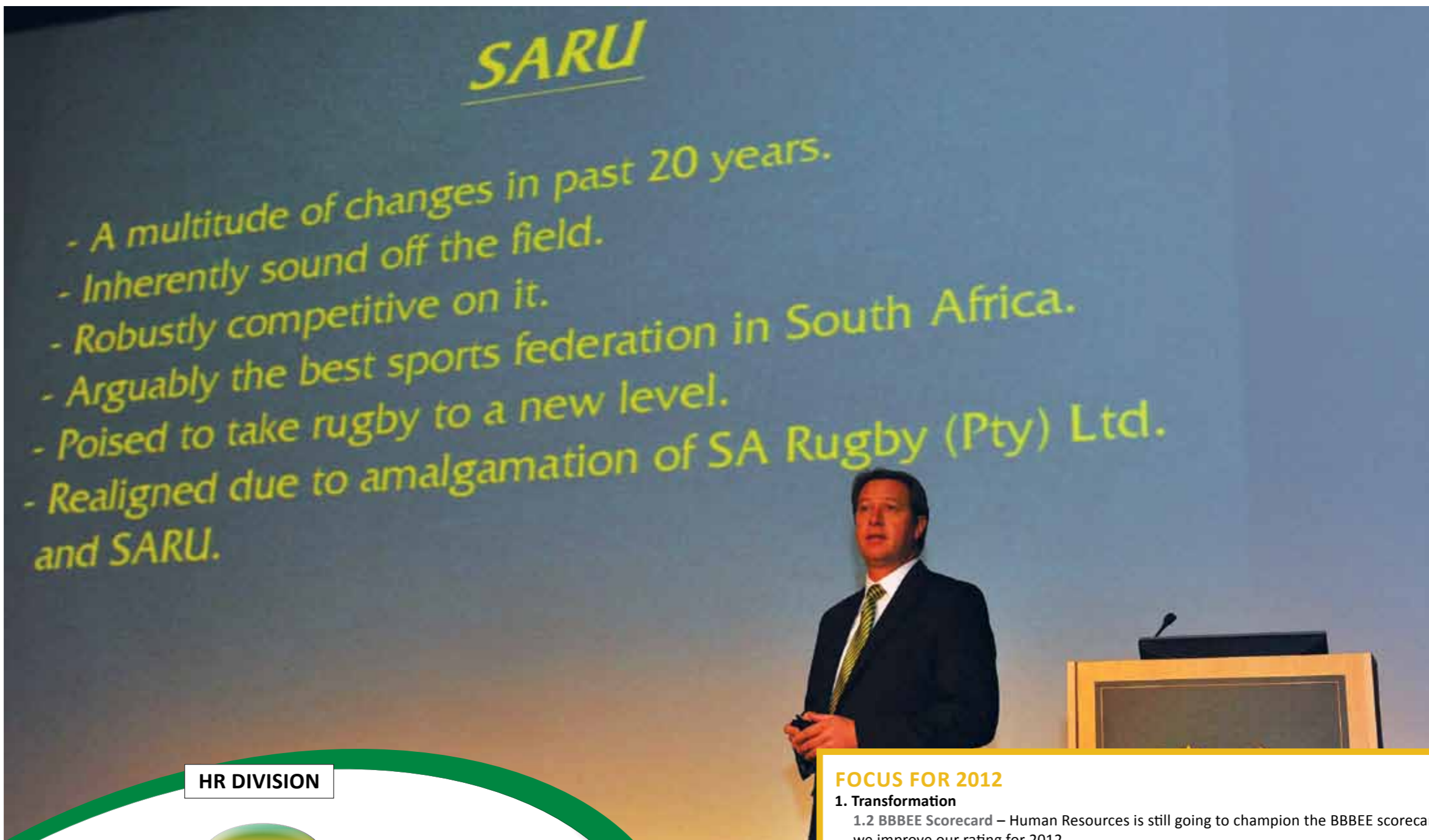
4.3 Employee Wellness

SARU is committed to the wellbeing of its employees. We offer various wellness programmes to support our employees, as well as their families through our Wellness Partner, ICAS. What has now become a yearly activity, our Wellness Days were celebrated by staff under the theme banner of "Change" in October this year. Our main objective for the Wellness Days event is to remind our employees to maintain a healthier and a well-balanced lifestyle. This year we had 13 Health Service Providers who engaged with staff through presentations and one-on-ones on health related matters, which included, amongst others, HIV testing, weight issues, podiatry and nutrition education.

4.4 End of the year Staff Party

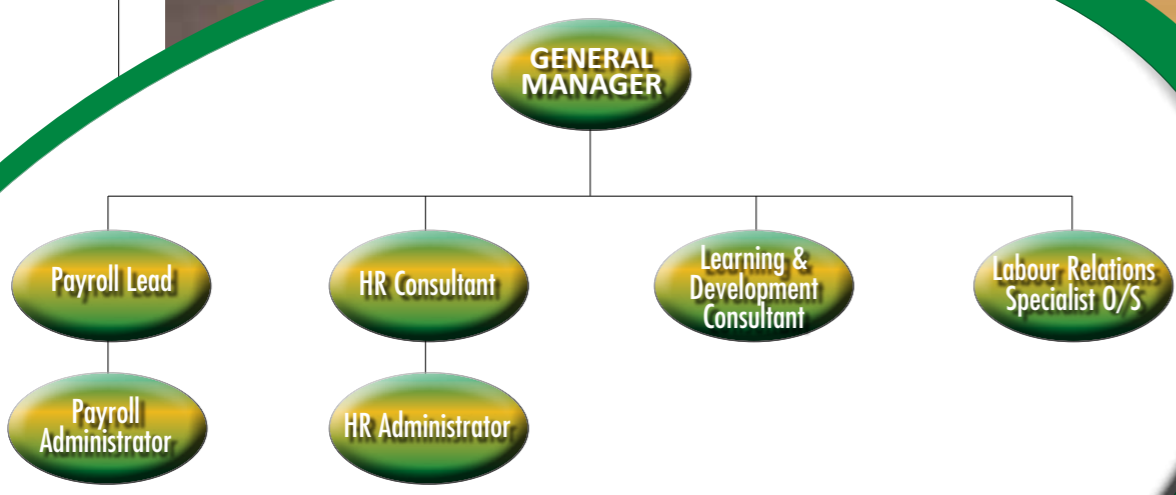
This year's staff party focused on recognizing employees for their resilience during the challenging year that we had. Employees who had been loyal to the organisation were also recognized and our Executive Council member, Mr Paul Kuhn handed gifts and years of service plaques to them. The number of recognized employees was as follows:

YEARS OF SERVICE	NO OF EMPLOYEES RECOGNISED
35	1
20	1
10	3
Total	5



- SARU**
- A multitude of changes in past 20 years.
 - Inherently sound off the field.
 - Robustly competitive on it.
 - Arguably the best sports federation in South Africa.
 - Poised to take rugby to a new level.
 - Realigned due to amalgamation of SA Rugby (Pty) Ltd. and SARU.

HR DIVISION



FOCUS FOR 2012

1. Transformation

1.2 **BBBEE Scorecard** – Human Resources is still going to champion the BBBEE scorecard to ensure that we improve our rating for 2012.

1.2 **Restructuring** – The Referees Division which was out of scope in 2011 during the companywide restructuring is planned for 2012, and HR will be supporting this division to ensure that the process is done within the ambits of the legislation.

1.3 **Living the SARU vision and values** – Workshops are planned to roll out the vision and the values of the organisation to ensure that employees understand the vision of the organisation and begin to live the SARU values.

2. Talent Management

2.1 **Personal Development Plans** which feed into the Succession Planning sessions by the General Managers will be a focus in 2012 to ensure that the organization is prepared so that a succession pool is created.

3. Employee Development

A huge focus will be on learning and development in 2012. Human Resources will ensure that development programmes are offered in order to upskill employees.

NOTES

MISSION STATEMENT:
*Providing strategic leadership
and standards of excellence
to promote, develop and
manage the business of rugby
for all South Africans*

RUGBY U

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REPORT



www.sarugby.co.za