



# SA RUGBY ANNUAL REPORT

2016



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# SA Rugby Sponsors in 2016

## TIER 1 SPONSORS



## ASSOCIATE SPONSORS



## OFFICIAL SUPPLIERS



## TOURNAMENT, REFEREE AND ASSOCIATE SPONSORS



Springbok and DHL Stormers lock, Pieter-Steph du Toit, here in action in the Castle Lager Rugby Championship test match against Australia, was named SA Rugby's Player of the Year for 2016.

# VISION VALUES

*“To be the leading Rugby Nation, inspiring all South Africans”*

EXCELLENCE >> INCLUSIVITY >> INNOVATION  
ETHICAL >> COLLABORATION

KEY FIGURES



**243,554**  
**FANS**  
AT LOCAL BOK TEST

**R1.2bn**

**ANNUAL INCOME**  
EXCEEDS R1bn FOR FIRST TIME

**108,941 FANS**

AT CAPE TOWN SEVENS



**43,400 FANS**  
AT CURRIE CUP FINAL

**6 NEW**  
**SPONSORS**



**8 RENEWALS**



**899 MATCHES**  
CODED ON STRATUS



**16,639 COACHES**  
**REFEREES BokSmart**  
**CERTIFIED**

**71 TRIES**  
SCORED BY THE EMIRATES LIONS  
IN VODACOM SUPER RUGBY,  
THE MOST BY ANY TEAM

**28 TRIES**  
CONCEDED BY THE DHL STORMERS  
IN VODACOM SUPER RUGBY,  
JOINT-FEWEST BY ANY TEAM

**325**  
TRIES IN 39 CURRIE CUP  
PREMIER DIVISION  
MATCHES



**173**  
TRIES IN 19 CURRIE CUP  
FIRST DIVISION  
MATCHES



**8th**  
**BOKS**  
FOR BOOKS  
LIBRARY  
OPENED

**1,110,383**  
FACEBOOK LIKES

**485,994**  
TWITTER FOLLOWERS @SPRINGBOKS

**170,000** NEW PLAYERS THROUGH  
**GET INTO RUGBY**

All figures correct on 31 December 2016

## MISSION STATEMENT

*“High performing people, processes and systems providing sustainable, well-governed, world-class innovative sporting entertainment to make South Africa the leading rugby nation”*

# PRESIDENT'S REPORT



It was with great pride and humility that I took over as President of the South African Rugby Union towards the end of October 2016, elected to succeed Oregan Hoskins who had stepped down in August after ten eventful years at the helm.

A number of notable landmarks were achieved during his presidency with the winning of the Rugby World Cup in 2007, a series victory over the British & Irish Lions, the Tri-Nations title and Sevens titles – including Commonwealth gold and an Olympic bronze medal. A number of world age group titles were also won.

He brought stability and credibility to our organisation at a turbulent time on his first election and brought consistency to the national coaching position: only three Springbok coaches were appointed during his presidency while there had been six appointments in the previous decade.

But there is no denying however that 2016 turned out to be the toughest and most disappointing year in the quarter of a century since rugby unity – both on and off the field.

The tone for our sport is always set by Springbok form and results and they were simply dreadful. Four victories from 12 matches was the worst return since rugby unity which reached a nadir with a first defeat by Italy.

It was an inglorious start for coach Allister Coetzee but there is no doubt that the playing and coaching resources at the disposal of South Africa are far better than that return indicated. Our response was a coaching review at the end of the season and a number of issues were addressed.

Those issues could not simply be laid at the door of the Springbok management. The standards of South African play in Vodacom Super Rugby – with the honourable exception of the Emirates Lions – were not what we would expect. In addition, the departure of South African players overseas has increased in pace against the background of a weakening rand: in 2015 a staggering 257 South Africans made top league appearances for teams overseas.

Part of our response was a series of coaching indabas between the national management and franchise coaches to reach an understanding on how optimally to prepare our players at all levels. We have prepared a coaching blueprint capturing a shared understanding on a South African approach to the different phases of the game as well as the minimum conditioning standards – an issue that has been repeatedly highlighted as a concern for national coaches over many years.

By contrast the Springbok Sevens team goes from strength to strength. Although a bronze medal at the Olympics may ultimately have been less than they might have hoped their consistency and standards of excellence were a beacon for all of South African rugby. It was no surprise that one of their number – Seabelo Senatla – was named as World Rugby's Sevens player of the year.

If the year was generally a tough one on the field for most of our teams – and an even tougher one off it in the commercial sphere – it ended on a high from a governance perspective, I believe.

The General Council approved a number of constitutional amendments in December that could pave the way for a root and branch overhaul of the way that rugby business is conducted.

**Key changes approved were:**

- ▶ Permitting 74% shareholdings in commercial arms of rugby unions by private equity partners
- ▶ Increasing the make-up of the independent and player representation on the Executive Council to five independents with six elected members
- ▶ Introducing new committees for franchise (Vodacom Super Rugby) and non-franchise rugby to focus and streamline decision making
- ▶ Moving responsibility for the appointment of the Springbok coach and CEO from the General Council to the Executive Council
- ▶ Removing the selection committee while retaining a selection convenor to work with national team coaches
- ▶ Reducing the presidential roles from three to two by removing the vice presidency from 2018

One of those changes was to align with the country's geopolitical boundaries by moving to nine members of SA Rugby, while retaining 14 playing unions. This was a requirement of SAS-COC and the National Sports Plan but has the side effect advantage of unlocking provincial funding for development projects.

During the year the Executive Council also

welcomed its first female member, Ilhaam Groenewald, as another indicator that we are a sport that needs and wants to move with the times. In addition, Vivian Lottering, the president of the Valke, was elected as a new member following the election of François Davids, an Exco member, as the deputy president.

Everything we do at SA Rugby is measured through the lens of transformation. Arguably the most deflating moment of the year was the announcement by the Sports Minister in April of his decision to withhold the right to bid for

*The General Council approved a number of constitutional amendments in December that could pave the way for a root and branch overhaul of the way that rugby business is conducted.*

global mega-events following our failure to reach agreed targets as part of our Strategic Transformation Plan.

There was an immediate impact on the sentiment of corporate South Africa towards rugby as well as vastly complicating our desire to bring the multi-billion rand Rugby World Cup to our shores in 2023.

The message is a stark one but cannot be avoided: unless we succeed with our transformation plan, more disappointment and years such as 2016 lie ahead.

**Mark Alexander**  
President  
South African Rugby Union

ABOVE: SA Rugby President, Mr Mark Alexander.

OPPOSITE RIGHT: The Emirates Lions played attractive rugby to get to the final of the Vodacom Super Rugby.

OPPOSITE FAR RIGHT: Ilhaam Groenewald, seated next to Springbok Sevens captain, Philip Snyman, became the first female member of the Executive Council.

# CEO'S REPORT



The global economic outlook and the strain being felt by corporate South Africa weighed heavily on rugby in 2016 as the mother body and its constituent members felt the pain being suffered generally in what is euphemistically called a “challenging trading environment”.

The competition for the discretionary rand has never been more intense. The proliferation of leisure activities – anything from wine festivals to mountain bike races by way of a visit to the mall – asks more and more questions of what we as a sport offer our supporters.

Our job as SA Rugby is twofold: we have to support the playing of the game at a grassroots level as a leisure activity as well as run a billion-rand business in a highly competitive entertainment environment. The demands are complementary but stretch and contest for resources both at national level and at provincial level.

And when the Springboks and the majority of Vodacom Super Rugby teams are under-performing the compounding effect is far beyond what would be rational in a ‘normal’ business.

Results generally were on the negative side – both on and off the field – and much of the year was spent in managing the associated conse-

quences of an under-performing national team and commercial programme.

It also fell to the administration to be heavily involved in the running of the Border and Eastern Province unions, both of which were in administration in 2016. The work consumed much time and resource from SA Rugby, which could have been usefully deployed elsewhere during the year.

The appointment of the Springbok coach dominated conversations in the first quarter of the year and although the work was done quickly and smoothly, our governance structure – which requires sign off of the appointment by a general meeting – and a request from Allister Coetzee’s club to delay the announcement meant that the appointment was an open secret long before it was publicly confirmed.

A new management team was chosen – including a number from the old team and the

balance from within the existing structures – and was immediately faced with an Irish team that was to go on and complete a hat-trick of wins over the SANZAAR founder members.

The retirement of senior players and the departure of more players overseas against the background of a weakening rand complicated the problems for Allister and his team. New members were added to the management for the Castle Lager Outgoing Tour but the expected uptick in results did not materialise at the end of an immensely disappointing Springbok campaign.

Eleven new caps were created during the course of the year while another six youngsters made a non-cap appearance in a draw against the Barbarians at Wembley in November. It was a year of the changing of the guard and perhaps it is instructive that eight of the winners in the 11 categories of the Player of the Year awards were 25 years or younger.

The sponsorship market was a battlefield in 2016 as all parties felt the broader economic squeeze. The late decision in 2015 of our main team sponsor to withdraw, further prejudiced our efforts to secure a replacement. That challenge was then compounded by the announce-

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ment in April by the sports minister, that he was suspending the rights of five sports to bid for mega-events on the grounds that they had not achieved their transformation targets. One of those sports was rugby.

The ANC Youth League followed up the announcement by declaring that it would march on the offices of all five sports and they duly arrived at SARU House. They were met by a delegation from leadership and were later invited to a cordial meeting. The promised marches on the other federations did not materialise.

Such protests did not improve market sentiment and the nett effect was that we were unable to reach our budgeted income for the year. The organisation went on a series of budget revisions to mitigate the impact and arrive at year end with the potential loss considerably ameliorated.

*Our job as SA Rugby is twofold: we have to support the playing of the game at a grassroots level as a leisure activity as well as run a billion-rand business in a highly competitive entertainment environment.*

OPPOSITE PAGE: SA Rugby CEO, Jurie Roux.

ABOVE: Coach Allister Coetzee congratulates Elton Jantjies during the series victory over Ireland. Lionel Mapoe looks on.



The support of Blue Label Telecoms on a short-term basis as the sponsor of the national team was appreciated while we were delighted to welcome a number of other new partners to the rugby family on a longer term basis: OUTsurance (referees), Emirates Airline (HSBC Cape Town Sevens partner), Bidvest car rental (supplier), as well as two new Currie Cup sponsors, Nashua and DirectAxis.

Delivering sponsors rights is a critical part of the arrangement and we took a major step in securing those for the broader family of rugby sponsors by extending our agreement with MyPlayers – the official organisation of the professional rugby players of South Africa. The players transfer their collective commercial rights to a Trust which then commercialises those rights. SA Rugby had entered into an agreement to purchase those rights from MyPlayers on behalf of national partners some time ago. In 2016 we extended that arrangement by purchasing the provincial rights on behalf of our members so they, in turn, could fulfil their commitments to their commercial partners.

It meant it was a tough baptismal year for a number of new general managers to join SA Rugby. Tsholo Kubheka (commercial), Abubakar Saban (CFO) and Vanessa Doble (company secretary and head of a new legal department) all joined in mid-year, while Charles Wessels was placed as acting GM of the Rugby Department following the sudden departure of Rassie Erasmus to a coaching role with Munster in Ireland.

Kubheka re-joined SA Rugby from Virgin Active SA, where he was sales director for 126 health clubs across the country. Saban worked for BP – in the risk and assurance department – before setting up in consultancy. Doble practised as an attorney in a private law firm before founding a consultancy based in Cape Town.

All three brought fresh ideas and energy. The changes also transformed the demographic profile of the senior management team, which has moved from 66% white to 75% black in the space of 18 months.

The changes in departmental leads also allowed us to restructure some departments to make them better fit the business needs. The legal services, which had been spread across

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three departments, were pulled together into one while there was a realignment in Commercial and Corporate Affairs.

The marketing functions that had been part of Commercial's remit were placed into a new Communications department along with those of Corporate Affairs to allow one department to control both the media and marketing messages for closer alignment. Meanwhile, it freed the Commercial department to concentrate solely on developing and deepening our relationships with our partners.

Further alliances were forged with Proudly South Africa – whose pledge we signed – and the South African Rugby Legends Association (SARLA), which does much good work on rugby development. We now support and partner them in the delivery of schools programmes culminating in the Iqhawe Week for under-15 players, which was hosted by the Golden Lions in 2016.

After such a difficult season it was gratifying to end the year on a high. The HSBC World Rugby Sevens Series event in Cape Town was a triumph. The event was sold out over the two days – attracting 108 000 supporters – and delivered a marvellous occasion for players and supporters alike.

It underlined once again the power of rugby to engage, entertain and unite.

**Jurie Roux**  
Chief Executive Officer  
South African Rugby Union

No 1 in 2016: The HSBC Cape Town Sevens tournament and the Blitzboks were top performers.

# INTEGRATED REPORT

## PREAMBLE:

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

## GOVERNANCE

The relevant provisions set out in Section 8 of the SARU Constitution provide as follows:

- 8.1 SARU's business and activities are overseen by the general meeting, which has the ultimate authority in respect of, and responsibility for, its affairs.
- 8.3 Subject to the constitution, all of SARU's affairs shall be governed by the executive council, which may exercise all such powers and perform all such functions which are not required by the constitution to be performed by the general meeting. The general meeting retains the authority to exercise such powers and perform such functions if the executive council is, for whatever reason, unwilling or unable to do so.
- 8.4 The executive council shall determine a policy framework for, and oversee SARU's governance and exercise the powers and perform the functions necessary to achieve and promote SARU's main and ancillary objects.
- 8.7 The provisions in the Act and the rules of the common law which govern the powers and functions of members of the board of directors of a public company, the relationship between such directors and such company, whether fiduciary or otherwise, as well as the personal liability, criminal or delictual, of such members flowing from fraudulent or negligent acts or omissions in relation to such members' aforesaid powers and functions, apply *mutatis mutandis*, and to the extent that it is consistent with SARU's status, to the members of the executive council as if SARU were a public company.
- 8.8 The principles and the best practice recommendations set out in the Code of Governance Principles for South Africa - 2009 King III, as augmented and amended from time to time, shall apply as a guideline to the governance of SARU.





# GOVERNANCE STRUCTURES



The Executive Council of SA Rugby is (back left to right): Vivian Lottering, Pat Kuhn, Louis von Zeuner, Abubakar Saban (CFO), Boet Fick, Monde Tabata. Front: Vanessa Doble (Company Secretary), Jurie Roux (CEO), Mark Alexander (President), Francois Davids, James Stoffberg, Ilhaam Groenewald.

## 1. MEMBERS OF THE EXECUTIVE COUNCIL

NAME	POSITION	DATE OF APPOINTMENT
<b>NON-EXECUTIVE MEMBERS</b>		
Mark Alexander	President	Elected 27 October 2016
Francois Davids	Deputy President	Elected 27 October 2016
James Stoffberg	Vice President	
Nicholaas Fick	Union representative	
Pat Kuhn	Union representative	
Vivian Lottering	Union representative	Elected 27 October 2016
Tobie Titus	Union representative	
Ilhaam Groenewald	Independent Member	Elected 26 May 2016
Monde Tabata	Independent Member	Elected 26 May 2016
Louis von Zeuner	SARPA representative	
<b>EXECUTIVE MEMBERS</b>		
Jurie Roux	CEO	
Abubakar Saban	CFO	Appointed - 1 August 2016
Vanessa Doble	Company Secretary	Appointed - 1 August 2016
<b>FORMER EXCO MEMBERS</b>		
Oregan Hoskins	President	Resigned 17 August 2016
Mputumi Damane	Independent Member	Term ended 26 May 2016
Basil Haddad	CFO	Retired 31 July 2016
Dr Ismail Jakoet	Company Secretary	Retired 31 July 2016

## 2. SARU SUB-COMMITTEES

AUDIT & RISK COMMITTEE	POSITION	DATE OF APPOINTMENT
Pat Kuhn	Chairman	Appointed 9 June 2016
Louis von Zeuner	EXCO Member	Appointed 9 June 2016
Ms Edna van Harte	Independent	
Sinoxolo Jodwana	Independent	
Raymond Fenner	Independent	
<b>INVITED MEMBERS</b>		
Jurie Roux	CEO	
Abubakar Saban	CFO	Appointed 1 August 2016
Vanessa Doble	Company Secretary	Appointed 1 August 2016
Brendan Deegan	External Auditor - PWC	
Glenn Ho	Internal Auditor - KPMG	
Gareth Ferrell	Internal Auditor- KPMG	
<b>FORMER MEMBERS</b>		
Mputumi Damane	Chairman	Term ended 26 May 2016
<b>HUMAN RESOURCES &amp; REMUNERATION COMMITTEE</b>		
Monde Tabata	Chairman	
Ms Victor Christian	Independent	
Jonathan Goldberg	Independent	
Ms Nadia Mason	Independent	
<b>INVITED MEMBERS</b>		
Jurie Roux	CEO	
Abubakar Saban	CFO	
Vanessa Doble	Company Secretary	
<b>GAMES &amp; POLICIES COMMITTEE</b>		
Francois Davids	Chairman	
James Stoffberg	EXCO Member	
Randal September		
*Vivian Lottering		
Gerrit Wessels		
Lindsay Mould		
Jannie Louw		
<b>INVITED MEMBERS</b>		
Jurie Roux	CEO	
Charles Wessels	Acting GM: Rugby Department	
Tsholo Kubheka	GM: Commercial	
Vanessa Doble	Company Secretary	
Christo Ferreira	Manager: Legal	
*removed from Committee when he became an EXCO member		
<b>FINANCE COMMITTEE</b>		
Nicholaas Fick	Chairman	
Mark Alexander	Exco Member	
Monde Tabata	Exco Member	
Louis von Zeuner	Exco Member	
<b>INVITED MEMBERS</b>		
Jurie Roux	CEO	
Abubakar Saban	CFO	
Vanessa Doble	Company Secretary	
<b>NATIONAL JUDICIAL COMMITTEE</b>		
Judge Lex Mpati	Chairman	
Adv Jannie Lubbe	Independent	
Peter Ingwersen	Independent	
<b>INVITED MEMBERS</b>		
Christo Ferreira	Secretary	
Vanessa Doble	Company Secretary	



3. SARU AD HOC COMMITTEES

**HIGH PERFORMANCE COMMITTEE**

	POSITION
James Stoffberg	Chairman
Francois Davids	EXCO Member
Pat Kuhn	EXCO Member

Kevin de Klerk

**INVITED MEMBERS**

Jurie Roux	CEO
Charles Wessels	Acting GM: Rugby Department
Vanessa Doble	Company Secretary

**TRANSFORMATION COMMITTEE**

	POSITION
Tobie Titus	Chairman

Hennie Baartman  
Thelo Wakefield  
Pumlani Mkolo  
Ivan Pekeur

**INVITED MEMBERS**

Jurie Roux	CEO
Mervin Green	GM: Strategic Performance Management
Vanessa Doble	Company Secretary

**CONSTITUTIONAL COMMITTEE**

	POSITION
Mark Alexander	Chairman
Francois Davids	EXCO Member
James Stoffberg	EXCO Member

Hein Mentz

Adv Andre May

**INVITED MEMBERS**

Jurie Roux	CEO
Vanessa Doble	Company Secretary
Christo Ferreira	Manager: Legal

## COMPANY SECRETARY & CFO

Ms Vanessa Doble was appointed company secretary on 1 August 2016. Prior to her appointment, Dr Ismail Jakoet acted as the company secretary during the period 1 January 2016 – 31 July 2016. Mr Abubakar Saban was appointed CFO on 1 August 2016. Prior to his appointment, Mr Basil Haddad was the CFO during the period 1 January 2016 – 31 July 2016.

## CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as company secretary I hereby confirm that for the year ended 2016, all governance structures operated as required by the union's constitution, and that the minutes of all General Meetings, Executive Council and sub-committee meetings have been kept and are available for inspection by members.

BELOW: The spectators cheer as SA Schools take on England U19 in the International Series held in the Western Cape.



## OUR VISION

**SARU's vision is:**

To be the leading rugby nation by providing:

- » Well governed, world class, innovative sporting entertainment; and
- » Sustainability through high performing people, processes and systems

In the year under review, SARU aligned its governance model with SA's geopolitical boundaries by 31 December 2016 as per requirements for membership of SASCOC based upon:

- » *The White paper on Sport and Recreation – 8.4. Geopolitical Sports Boundaries:*
  - » Strategic Objective – To contribute to improved governance in sport through an alignment of the Provincial Sports Federations with geo-political boundaries.
  - » Statement – To achieve greater harmony in South African sport through the alignment of provincial sports boundaries with geo-political boundaries of SA.
- » *The National Sport & Recreation Plan:*
  - » Strategic Objective – To contribute to improved governance in sport through an alignment of the Provincial Sports Federations with geo-political boundaries

Through the geopolitical demarcation process, SARU now comprises 9 provincial members with Limpopo participating as a non-voting member (because of the current absence of an affiliated union). The nine members further comprise 14 constituent unions' members. Members designate two persons from their constituent unions to represent them at general meetings. As part of the Constitutional amendments, in an effort create empowered forums to address the key issues of financial sustainability and development, SARU streamlined its committee structures by collapsing the Games and Policies and High Performance Committees into two new Committees, namely Franchise

and Non Franchise committees. These committees will provide renewed focus on developing professional and semi-professional rugby respectively.

SARU has also strengthened the oversight of independent members on the executive council by increasing the number of independent members from two to four. The role of the independent members is to offer additional expert advice and guidance to the executive committee. They will chair all key subcommittees of the EXCO including the Audit and Risk Committee, HR and Remuneration Committee and Social and Ethics Committee (to be formed).

SARU also increased the participation of private equity

*SARU also increased the participation of private equity in the commercial arms of unions to a maximum of 74% to ensure continued financial sustainability in the unions. This amendment provides for the injection of private capital in rugby to bolster unions.*

in the commercial arms of unions to a maximum of 74% to ensure continued financial sustainability in the unions. This amendment provides for the injection of private capital in rugby to bolster unions.

Human capital development remains a key focus area of SARU with performance management implemented as part of the ongoing review and improvement focus initiatives in line with the adapting external and internal environment of sports.

## SARU VALUES

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

As part of the business re-engineering process, a compliance department was created to provide dedicated focus on legal compliance and governance issues. It builds on the ongoing monitoring activities in the area of fraud, bribery and corruption, and conflicts of interest. The executive

council has further motivated for the creation of a Social and Ethics Committee to inter alia, strengthen this oversight. SARU's Code of Conduct requires all employees and officials to act with honesty and integrity. A code of ethics, which aims to raise ethical awareness in conducting business, will be adopted in the new financial year.

The executive council members have certified that they did not have any material interest in any transaction of any significance with the company. A register detailing the members' interests is available for inspection at the union's registered office.



## SUSTAINABILITY FOCUS

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## EXCO SUB-COMMITTEES

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

## TERMS OF REFERENCE FOR AUDIT AND RISK COMMITTEE

### INTRODUCTION

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

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

### PURPOSE OF THE TERMS OF REFERENCE

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

### COMPOSITION OF THE COMMITTEE

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

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

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

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

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

The members of the Committee must collectively have

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

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

### ROLE

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

### RESPONSIBILITIES

The Committee has the following specific responsibilities:

#### 1. Integrated reporting

The Committee oversees integrated reporting, and in particular must:

- » Consider the factors and risks that may impact on the integrity of the integrated report;
- » Review the annual financial statements;
- » Comments in the annual financial statements on the financial statements in the integrated report, the ac-

counting practices and the effectiveness of the internal financial controls;

- » Recommend the integrated report for approval by the executive council;

#### 2. Combined assurance

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

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

#### 3. Internal audit

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

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

#### 4. Risk management

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

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

#### 5. External audit

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

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

#### 6. Ethics and Organisational Integrity

##### 6.1 The committee shall:

- (a) consider and if deemed necessary shall be entitled to make recommendations to the executive council regarding initiatives to maintain and enhance organisational integrity and this could include:

» the review of any statements on ethical standards or requirements for SARU and assisting in developing such standards and requirements,

(b) without limiting the generality of the foregoing, consider and if necessary make recommendations regarding channels for whistleblowing, a process for identifying and reporting irregularities, structures to which such reports are made and processes to act upon any matters reported.

#### 7. Conflicts of Interests

##### 7.1 The Committee shall:

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

#### AUTHORITY

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

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

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

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

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

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

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



# MEETINGS AND PROCEDURES

## FREQUENCY

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

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

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

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

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

## ATTENDANCE

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

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

The company secretary is the secretary to the Committee.

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

## AGENDA AND MINUTES

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

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

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

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

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

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

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

BELOW: Rustenburg Impala were crowned champions of the Gold Cup in 2016.



## QUORUM

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

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

## EVALUATION

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

## REMUNERATION

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

» The members and attendees may also be reimbursed all travelling, hotel and other expenses properly incurred by them in or about the performance of their activities as members or attendees, including those of travelling to and

from meetings of the Audit & Risk Committee, on such basis as the Remuneration Committee of SARU may determine from time to time.

## CONFIDENTIALITY AND GOVERNANCE

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

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

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

## APPROVAL OF THESE TERMS OF REFERENCE

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



# TERMS OF REFERENCE OF THE HUMAN RESOURCES & REMUNERATION COMMITTEE

## 1. ROLE AND COMPOSITION OF THE COMMITTEE

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

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

## COMPOSITION

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

## 2. FUNCTIONING

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

## 3. CONFIDENTIALITY AND GOVERNANCE

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

## 4. REMUNERATION

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

# TERMS OF REFERENCE FOR THE FINANCE COMMITTEE

## 1. STATUS OF THE COMMITTEE

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

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

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

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

The committee shall serve for a period of two years.

## 3. ROLE OF THE CHIEF FINANCIAL OFFICER

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

## 4. RESPONSIBILITIES

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

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

## 4.3 Financial Policies

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

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

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

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

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

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

## 4.6 Financial Support

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

## 4.7 Delegation of Authority

The Committee will approve the authority.

## 5. AUTHORITY

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

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

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

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



ABOVE: Border won the A Section Final of the SA Rugby Women's Interprovincial competition at the BCM Stadium in East London for the fourth time in a row in 2016.

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

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

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

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

**6. MEETINGS AND PROCEDURES**

**6.1 Frequency**

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

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

**6.2 Attendance**

Committee members must attend all scheduled meetings of the Committee, including meetings

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

The Company secretary is the secretary to this Committee.

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

**7. CONFIDENTIALITY AND GOVERNANCE**

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

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

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

# TERMS OF REFERENCE FOR GAMES AND POLICIES COMMITTEE

**1. ROLES AND RESPONSIBILITIES**

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

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

**2. COMPOSITION**

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

**3. FUNCTIONING**

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

**4. CONFIDENTIALITY AND GOVERNANCE**

- » All members of the Committee, whether or not they are employees of SARU, automatically undertake to be bound in full by the Code of Conduct of SARU.
- » All employees of the Committee automatically undertake to observe full confidentiality re the content of all information which may come to their attention from time to time. No such information may be revealed to persons outside of SARU without the prior authorisation of the Chairman of the Executive Council.
- » Unless specifically authorised by the Chairman of the Executive Council, no member of the Committee may make statements to the media.

**5. REMUNERATION**

- » The members and attendees may be reimbursed all travelling, hotel and other expenses properly incurred by them in or about the performance of their activities as members or attendees, including those of travelling to and from meetings of the Committee, on such basis as the Remuneration Committee of SARU may determine from time to time.
- » An "Independent member", in the context of the Committee is any member who is not a current member of the executive council or any of the governing structures of a province of SARU

**7. COMMITTEE EFFECTIVENESS**

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

**8. REVIEW**

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

BELOW: Jaco Peyper during the 2016 Vodacom Super Rugby series.





# EXECUTIVE COUNCIL REPORT

## GENERAL MEETING

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

As per clause 13.2 of the SARU Constitution, the General Meeting approved SARU's annual budget for 2016 at the meeting held on 9 December 2016.

## EXECUTIVE COUNCIL

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

The attendance by members of the Executive Council was as follows for the period 1 January 2016 until 31 December 2016:

EXCO MEMBER	5/02	19/02 T/con	26/02 Spec. Mtg	1/03 T/con	10/03 T/con	31/03	26/05	9/06	30/06 T/con	29/07	28/09	26/10 Spec. Mtg	8/12
M. Alexander	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
F. Davids	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
J. Stoffberg	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
N. Fick	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓
P. Kuhn	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓
V. Lottering													✓
T. Titus	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓
M. Tabata	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓
I. Groenewald								✓	✓	✓	✓	✓	✓
L. v Zeuner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
J. Roux	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓
A. Saban											✓	✓	✓
V. Doble											✓	✓	✓
O. Hoskins	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
M. Damane	✓	✓	✓	✓	✓	✓							
B. Haddad	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
Dr I Jakoet	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			

## SUB COMMITTEES AND AD HOC COMMITTEES

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

### The sub-committees are:

» **Audit & Risk Committee** – had three meetings  
Attendance at meetings:

MEMBER	9 March	27 July	12 October
P. Kuhn	✓	X	✓
L. v Zeuner		✓	✓
R. Fenner	✓	X	✓
S. Jodwana	✓	X	X
Prof v. Harte	✓	✓	✓
M. Damane	✓		

» **Human Resources and Remuneration Committee** – had three meetings  
Attendance at meetings:

MEMBER	30 March	7 June (Teleconference)	9 November
M. Tabata	✓	✓	✓
V. Christian	✓	✓	✓
J. Goldberg	✓	✓	✓
N. Mason	✓	✓	✓

» **Finance Committee** – had nine meetings  
Attendance at meetings:

MEMBER	18/02	30/03	19/05	8/06	26/07	27/09	26/10	30/11	8/12
N. Fick	✓	✓	✓	✓	✓	✓	✓	✓	✓
M. Alexander	✓	✓	✓	✓	✓	✓	✓	✓	✓
M. Tabata	✓	✓	✓	✓	✓	✓	✓	✓	✓
L. v Zeuner	✓	✓	✓	✓	✓	✓	✓	✓	✓



ABOVE: Springbok backs Juan de Jongh (left) and Jesse Kriel tackle All Black captain Kieran Read in a Castle Lager Rugby Championship Test.

# AUDIT & RISK COMMITTEE

For the year 31 December 2016

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

## FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

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

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

- » Reviewed the financial statements, culminating in a recommendation to the executive council to recommend to the annual general meeting to adopt them. In the course of its review the committee:
  - » took appropriate steps to ensure that the financial statements are prepared in accordance with the applicable accounting framework in SA; and
  - » considered, and where appropriate, made recommendations on the internal financial controls; and
  - » dealt with items raised by the external auditors about the accounting policies, the auditing process or the content of the annual financial statements and internal financial controls.
- » Reviewed the external audit reports on the annual financial statements;
- » Recommended the appointment of the internal auditors;
- » Recommended the risk-based internal audit plan;
- » Reviewed the internal audit and risk management reports, and, where relevant, recommendations have being made to the Executive Council;
- » Evaluated the effectiveness of risk management, internal 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 Brendan Deegan as the designated auditor;
- » Recommended the audit fees, the engagement terms of the external auditor and the audit plan for approval to the Executive Council; and
- » Reviewed and determined the nature and extent of allowable non-audit services provided by the external auditor.

OPPOSITE: Francois Venter captained the Toyota Free State Cheetahs to the Currie Cup title in 2016.



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

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

During the year under review three meetings were held with the following focus areas:

DATE OF MEETINGS	FOCUS AREA
9 March 2016	Financial Statements
27 July 2016	Internal Audit
12 October 2016	External audit plan and engagement letter for external audit

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

### TERMS OF REFERENCE

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

### ATTENDANCE

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

### FINANCIAL STATEMENTS

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

- » Reviewed the financial statements, culminating in a recommendation to the executive council to recommend to the annual general meeting to adopt them. In the course of its review the committee:
  - » took appropriate steps to ensure that the financial statements are prepared in accordance with the applicable accounting framework in SA; and
  - » considered, and, where appropriate,

made recommendations on internal financial controls;

» dealt with items raised by the external auditors about the accounting policies, the auditing process or the content of the annual financial statements and internal financial controls.

- » Reviewed the external audit reports on the annual financial statements.

### INTERNAL AUDIT

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

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

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

### EXTERNAL AUDITOR APPOINTMENT AND INDEPENDENCE

PricewaterhouseCoopers Inc. (PWC) served as SARU's designated external auditors for the 2016 financial year.

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

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

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

The Audit and Risk Committee has recommended the re-appointment of Pricewater-



houseCoopers Inc. as auditors for the 2017 financial year.

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

### INFORMATION TECHNOLOGY

In accordance with the terms of reference, the Audit and Risk Committee reviewed the risks relating to Information Technology (IT). The Audit and Risk Committee is of the view that the Information Technology controls are improving.

### RISK MANAGEMENT

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

The Audit and Risk Committee assisted the Executive Council to discharge its responsibilities by monitoring and assessing the role and effectiveness of the internal audit function in

the context of the risk management function, ensuring that the work undertaken by the internal auditors is aligned with the risk priorities.

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

ABOVE: Francois Louw and Siya Kolisi with a young supporter at a ticket handover for the Reach for a Dream Foundation.

*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.*

# OPERATIONS & FINANCE

## OPERATING RESULTS

South African Rugby Union reported a group operating loss before taxation of R23,3 million for the year ended 2016, which is significantly lower than the R33.3m profit achieved in the previous financial year. In its first year of trading, the group results included losses incurred by SA Super Rugby (Pty) Ltd, an entity incorporating the Southern Kings franchise participating in the Vodacom Super Rugby competition.

Support for the 14 member unions increased by 90% to R336m, principally on the back of increased broadcast income, as group revenues rose 19.9% to R1,2bn (R997m in 2015). The investment in players increased as a result of a new contracting model, injury insurance and a new collective rights agreement relating to the use of player imagery.

The renewal and replacement of sponsorships proved to be more challenging than expected with the reduction in this income category necessitating significant expenditure reductions across all activities, including the awarding of zero performance bonuses.

The costs associated with national teams declined 4% to R197 million, attributable to the payment of performance related bonuses while delivery of sponsors' rights costs fell by 24% to R125 million due to a reduction in the size of the portfolio.

Considering the tough economic environment in which we operate, compounded by a R14m impairment of receivables, the operating results underscored the resilience of SA Rugby.

## FINANCIAL POSITION

The Group's total equity position reduced by R16m to R66m at year end. Cash flow was negatively impacted by the payment of provisional taxes made against an estimated normal taxation charge of R78,7m. The structure of certain foreign broadcasting rights agreements gave rise to an increased taxable income that was expected to be recognized over the duration of the new five-year broadcasting cycle only. The bank overdraft of R98m was primarily utilised to fund the taxation expense and operational losses.

The necessary steps will be taken to ensure that the quality of our balance sheet is improved in a more challenging environment with a short-term focus on improving liquidity.

## PROSPECTS FOR 2017 AND BEYOND

2016 was a tough year for SA Rugby and 2017 will be no easier if we are to maintain our current level of support for our members and our other rugby activities.

Securing and retaining sponsorships and a continuous assessment of a most efficient cost base will be key focus areas for our management team. The necessary steps are underway to improve solvency by improving cash flow in the short term and retaining profits over the long term.

## STRUCTURE

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

Group results included the activities of SA Super Rugby (Pty) Ltd, an entity incorporating the Southern Kings.



# SOUTH AFRICAN RUGBY UNION

VOLUNTARY ASSOCIATION OF PERSONS

## CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2016

### GENERAL INFORMATION

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

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

### EXECUTIVE COUNCIL

M Alexander (President)

F Davids (Deputy President)

J Stoffberg (Vice-President)

J Roux (Chief Executive Officer)

A Saban (Chief Financial Officer)

N Fick

I Groenewald

P Kuhn

V Lottering

M Tabata

T Titus

L von Zeuner

### STATUTORY INFORMATION

#### Business address

SARU House, Tygerberg Park  
163 Uys Krige Drive, Platteklouf, 7500

#### Postal address

Cape Town  
PO Box 15929, Panorama, 7506  
Cape Town

#### Bankers

ABSA Bank Ltd  
INVESTEC Bank Ltd

#### Auditors

PricewaterhouseCoopers Inc.  
Registered Auditor

#### Level of assurance

These consolidated financial statements  
have been audited.

#### Preparer

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

#### Attorneys

De Klerk & Van Gend Inc.  
ENS Africa Inc.  
Becker & Associates Inc.  
Werksmans Attorneys Inc.

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## EXECUTIVE COUNCIL'S RESPONSIBILITIES AND APPROVAL

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

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

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

The Executive Council has reviewed the Group and Union's cash flow forecast for the year to 31 December 2017 and, in light of this review and the current financial position, it is satisfied that the Group and Union has or had access to adequate resources to continue in operational existence for the foreseeable future.

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

The consolidated and separate financial statements and additional schedules set out on pages 10 to 45, which have been prepared on the going concern basis, were approved by the Executive Council on \_\_\_\_\_ and were signed on its behalf by:

\_\_\_\_\_  
M Alexander (President)

\_\_\_\_\_  
J Roux (Chief Executive Officer)

## EXECUTIVE COUNCIL'S REPORT

The Executive Council has pleasure in submitting its report on the consolidated financial statements of South African Rugby Union for the year ended 31 December 2016.

### 1. Review of activities

#### Main business and operations

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

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

Net loss of the Group was R 15,700,400 (2015: R 16,745,194 profit), after taxation income of R 7,628,595 (2015: R 16,514,701 expense).

### 2. Going concern

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

### 3. Events after the reporting period

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

### 4. Membership control

In accordance with the geo-political demarcation requirements, amendments were made to the Constitution on 9 December 2016. The Group is controlled by 9 Provincial members made up of 14 unions. Limpopo is included as a member but has no voting power because it doesn't have a union. Each Union has the right to designate two persons to represent them at general meetings of members, and each such representative has one vote. The only other person entitled to vote at general meetings of members is the President, who, in the case of an equality of votes, shall be entitled to a second or casting vote, provided that he has used his deliberate vote. The Union's business and activities are overseen by the members in general meeting, which has the ultimate authority in respect of, and responsibility for, its affairs.

**EXECUTIVE COUNCIL'S REPORT**  
*(continued)*

**5. Subsidiaries, associates, joint operations and Trust**

The Union has the following interests:

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

A 33.3% shareholding in SANZAR Proprietary Limited which manages the Super Rugby and The Rugby Championship competitions played in the Southern Hemisphere. The remaining shares are held equally by the Australian Rugby Union and the New Zealand Rugby Union. The company is equity accounted for by the Group. All income from the broadcasting rights agreements relating to these competitions, other than the rights sold to European broadcasters, is derived directly by the Unions. The Union's share of accumulated profits of the associate, as reported in its 2016 annual financial statements was R 2,541,789 (2015: R2,289,935).

A 33.3% shareholding in SANZAR Europe S.a.r.l., a Luxembourg based company which owns and manages the sales of broadcasting rights for the Super Rugby and The Rugby Championship competitions, to Europe broadcasters. The remaining shares are held equally by the Australian Rugby Union and the New Zealand Rugby Union. The company is equity accounted for by the Group. The Union's share of accumulated profits as reported in its 2016 annual financial statements was R 884,816 (2015: R 1,880,416).

A 50% interest in SA Rugby Travel, a joint operation which creates, markets and sells official travel packages for Springbok rugby events, Rugby World Cup 2015 and 2019 and other events. The Union's share of accumulated profits to date was R 11,622,094 (2015: R 11,459,113).

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

During 2015 South African Rugby Union acquired 100% control of a Non-profit company called The Rugby Educational Foundation NPC, registered on 22 October 2015. The purpose of this company is to contribute to the economic and social development of South Africans through the provision of academic and recreational bursaries, rugby specific training and life skills programs for unemployed persons, with the purpose of enabling talented sports men and women to obtain employment.

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

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

**6. Executive council**

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

<b>Directors</b>	<b>Changes</b>
M Alexander (President)	Appointed 27 October 2016
O Hoskins (President)	Resigned 17 August 2016
F Davids (Deputy President)	Appointed 27 October 2016
J Stoffberg (Vice-President)	
J Roux (Chief Executive Officer)	
A Saban (Chief Financial Officer)	Appointed 01 August 2016
B Haddad (Chief Financial Officer)	Retired 31 July 2016
N Fick	
M Damane	Not re-appointed
I Groenewald	Appointed 26 May 2016
P Kuhn	
V Lottering	Appointed 27 October 2016
M Tabata	
T Titus	
L von Zeuner	

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

### Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the South African Rugby Union (the Union) and its subsidiaries (together the Group) as at 31 December 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

### What we have audited

The South African Rugby Union's consolidated and separate financial statements set out on pages 10 to 45 comprise:

- the consolidated and separate statements of financial position as at 31 December 2016;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### Basis for opinion

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

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

### Independence

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

### Other information

The Executive Council is responsible for the other information. The other information comprises the Executive Council's Report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

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

### Responsibilities of the Executive Council for the consolidated and separate financial statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Council.
- Conclude on the appropriateness of the Executive Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

PricewaterhouseCoopers Inc.

Director: B. Deegan

Registered Auditor

Cape Town

Date: 6 April 2017

## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	Group		Union	
		2016 R	2015 R	2016 R	2015 R
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	4	33,295,551	36,665,043	12,509,500	12,309,803
Intangible assets	5	1,341,273	1,456,667	1,341,273	1,456,667
Investments in subsidiaries	6	-	-	51	51
Investments in associates	7	3,426,605	4,170,351	-	-
Deferred tax	8	100,446,107	14,070,371	100,422,307	14,047,971
Trade and other receivables	9	19,157,929	22,607,384	19,157,929	22,607,384
		<b>157,667,465</b>	<b>78,969,816</b>	<b>133,431,060</b>	<b>50,421,876</b>
<b>Current Assets</b>					
Inventories	10	12,361,846	17,205,480	12,361,846	17,205,480
Trade and other receivables	9	189,833,846	119,387,197	217,443,919	142,725,069
Cash and cash equivalents	11	6,044,474	53,945,699	209,810	45,635,023
		<b>208,240,166</b>	<b>190,538,376</b>	<b>230,015,575</b>	<b>205,565,572</b>
<b>Total Assets</b>		<b>365,907,631</b>	<b>269,508,192</b>	<b>363,446,635</b>	<b>255,987,448</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
<b>Equity Attributable to Equity Holders of Parent</b>					
Retained income		65,595,871	81,302,106	68,579,776	75,623,809
		65,595,871	81,302,106	68,579,776	75,623,809
Non-controlling interest		787,261	781,426	-	-
		<b>66,383,132</b>	<b>82,083,532</b>	<b>68,579,776</b>	<b>75,623,809</b>
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
Retirement benefit obligation	25	21,924,000	19,099,000	21,924,000	19,099,000
Deferred income	12	33,645,605	43,964,470	33,645,605	43,964,470
		<b>55,569,605</b>	<b>63,063,470</b>	<b>55,569,605</b>	<b>63,063,470</b>
<b>Current Liabilities</b>					
Current tax payable		7,285,669	323,262	7,296,962	157,465
Trade and other payables	13	123,054,777	101,495,720	118,385,844	94,600,496
Deferred income	12	14,737,369	22,542,208	14,737,369	22,542,208
Bank overdraft	11	98,877,079	-	98,877,079	-
		<b>243,954,894</b>	<b>124,361,190</b>	<b>239,297,254</b>	<b>117,300,169</b>
<b>Total Liabilities</b>		<b>299,524,499</b>	<b>187,424,660</b>	<b>294,866,859</b>	<b>180,363,639</b>
<b>Total Equity and Liabilities</b>		<b>365,907,631</b>	<b>269,508,192</b>	<b>363,446,635</b>	<b>255,987,448</b>

The accounting policies on pages 47 to 58 and the notes on pages 59 to 78 form an integral part of the consolidated financial statements.

## STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Group		Union	
		2016 R	2015 R	2016 R	2015 R
Revenue	14	1,224,737,267	999,413,267	1,212,272,598	887,311,624
Other operating income	15	8,649,273	18,201,393	5,382,962	17,240,262
Other operating losses	17	(8,630,097)	(944,655)	(8,630,097)	(944,655)
Other operating expenses	16	(1,252,834,751)	(989,714,393)	(1,228,865,842)	(880,032,233)
<b>Operating (loss)/ profit</b>	16	<b>(28,078,308)</b>	<b>26,955,612</b>	<b>(19,840,379)</b>	<b>23,574,998</b>
Investment income	18	6,868,549	3,676,374	6,719,544	3,580,925
Finance costs	19	(1,557,323)	(399,869)	(1,556,423)	(399,869)
(Loss)/ income from equity accounted investments		(561,913)	3,027,778	-	-
<b>(Loss)/ profit before taxation</b>		<b>(23,328,995)</b>	<b>33,259,895</b>	<b>(14,677,258)</b>	<b>26,756,054</b>
Taxation	20	7,628,595	(16,514,701)	7,633,225	(16,317,794)
<b>(Loss) profit for the year</b>		<b>(15,700,400)</b>	<b>16,745,194</b>	<b>(7,044,033)</b>	<b>10,438,260</b>
<b>(Loss) profit attributable to:</b>					
Owners of the parent		(15,706,235)	16,179,233	(7,044,033)	10,438,260
Non-controlling interest		5,835	565,961	-	-
		<b>(15,700,400)</b>	<b>16,745,194</b>	<b>(7,044,033)</b>	<b>10,438,260</b>
<b>Total comprehensive (loss) income attributable to:</b>					
Owners of the parent		(15,706,235)	16,179,233	(7,044,033)	10,438,260
Non-controlling interest		5,835	565,961	-	-
		<b>(15,700,400)</b>	<b>16,745,194</b>	<b>(7,044,033)</b>	<b>10,438,260</b>

The accounting policies on pages 47 to 58 and the notes on pages 59 to 78 form an integral part of the consolidated financial statements.

## STATEMENTS OF CHANGES IN EQUITY

	R	Attributable to the Union R	Non-controlling interest R	Total equity R
<b>Group</b>				
<b>Balance at 01 January 2015</b>	<b>65,122,873</b>	<b>65,122,873</b>	<b>215,465</b>	<b>65,338,338</b>
Profit for the year	16,179,233	16,179,233	565,961	16,745,194
<b>Balance at 01 January 2016</b>	<b>81,302,106</b>	<b>81,302,106</b>	<b>781,426</b>	<b>82,083,532</b>
Loss for the year	(15,706,235)	(15,706,235)	5,835	(15,700,400)
<b>Balance at 31 December 2016</b>	<b>65,595,871</b>	<b>65,595,871</b>	<b>787,261</b>	<b>66,383,132</b>
<b>Union</b>				
<b>Balance at 01 January 2015</b>	<b>65,185,549</b>	<b>65,185,549</b>	-	<b>65,185,549</b>
Profit for the year	10,438,260	10,438,260	-	10,438,260
<b>Balance at 01 January 2016</b>	<b>75,623,809</b>	<b>75,623,809</b>	-	<b>75,623,809</b>
Loss for the year	(7,044,033)	(7,044,033)	-	(7,044,033)
<b>Balance at 31 December 2016</b>	<b>68,579,776</b>	<b>68,579,776</b>	-	<b>68,579,776</b>

The accounting policies on pages 47 to 58 and the notes on pages 59 to 78 form an integral part of the consolidated financial statements.

## STATEMENTS OF CASH FLOWS

	Notes	Group		Union	
		2016 R	2015 R	2016 R	2015 R
<b>Cash flows from operating activities</b>					
Cash (used in)/ generated from operations	21	(74,542,902)	57,884,260	(72,245,075)	51,733,413
Finance costs		(1,557,323)	(399,869)	(1,556,423)	(399,869)
Tax paid	22	(71,784,734)	(16,019,728)	(71,601,614)	(16,064,750)
<b>Net cash from operating activities</b>		<b>(147,884,959)</b>	<b>41,464,663</b>	<b>(145,403,112)</b>	<b>35,268,794</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	4	(6,091,249)	(3,727,913)	(5,939,149)	(2,051,364)
Proceeds from the sale of property, plant and equipment	4	274,211	1,086,760	265,281	(575,895)
Sale of other intangible assets	5	55,144	-	55,144	-
Interest Income		6,868,549	3,676,374	6,719,544	3,580,925
<b>Net cash from investing activities</b>		<b>1,106,655</b>	<b>1,035,221</b>	<b>1,100,820</b>	<b>953,666</b>
<b>Total cash movement for the year</b>		<b>(146,778,304)</b>	<b>42,499,884</b>	<b>(144,302,292)</b>	<b>36,222,460</b>
Cash and cash equivalents at the beginning of the year		53,945,699	11,445,815	45,635,023	9,412,563
<b>Total cash and cash equivalents at the end of the year</b>	11	<b>(92,832,605)</b>	<b>53,945,699</b>	<b>(98,667,269)</b>	<b>45,635,023</b>

The accounting policies on pages 47 to 58 and the notes on pages 59 to 78 form an integral part of the consolidated financial statements.

## ACCOUNTING POLICIES

## 1. Basis of preparation

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

## 1.1. Summary of significant accounting policies

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

These accounting policies are consistent with the previous period.

## 1.2 Consolidation

## Basis of consolidation

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

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

## Subsidiaries

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

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

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

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

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

**ACCOUNTING POLICIES**  
*(continued)*

**1.2 Consolidation (continued)**

**Investment in associates**

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

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

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

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

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

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

**Joint arrangements**

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

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

**Joint operations**

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

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

**1.3 Significant judgements and sources of estimation uncertainty**

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

**Taxes**

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

**Trade receivables and inventories**

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

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

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

**1.4 Property, plant and equipment**

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

**ACCOUNTING POLICIES**  
*(continued)*

**1.4 Property, plant and equipment (continued)**

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

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

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

**1.5 Intangible assets**

Intangible assets are initially recognised at cost.

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

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

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

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

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

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

Item	Useful life
Trademarks	20 years

**1.6 Investment in subsidiaries**

**Company consolidated financial statements**

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

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

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

**1.7 Investments in associates**

**Company consolidated financial statements**

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

**1.8 Financial instruments**

**Classification**

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

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

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

**Initial recognition and measurement**

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

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

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

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

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

## ACCOUNTING POLICIES

(continued)

### 1.8 Financial instruments (continued)

#### Impairment of financial assets

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

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

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

Impairment losses are recognised in profit or loss.

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

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

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

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

#### Trade and other receivables

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

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

Trade and other receivables are classified as loans and receivables.

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

### 1.8 Financial instruments (continued)

#### Trade and other payables

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

#### Cash and cash equivalents

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

### 1.9 Income tax

#### Current income tax assets and liabilities

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

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

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

#### Deferred income tax assets and liabilities

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

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

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

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

## ACCOUNTING POLICIES

(continued)

### 1.9 Income tax (continued)

#### Income tax expenses

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

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

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

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

### 1.10 Leases

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

#### Operating leases – lessee

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

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

### 1.11 Inventories

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

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

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

### 1.12 Impairment of non-financial assets

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

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

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

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

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

### 1.12 Impairment of non-financial assets (continued)

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

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

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

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

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

### 1.13 Employee benefits

#### Pension Obligations

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

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

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

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

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

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

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

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

## ACCOUNTING POLICIES (continued)

### 1.13 Impairment of non-financial assets (continued)

#### Short-term employee benefits

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

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

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

#### Termination benefits

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

#### Other post-employment obligations

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

### 1.14 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

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

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

### 1.14 Provisions and contingencies (continued)

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

Contingent assets and contingent liabilities are not recognised.

### 1.15 Revenue

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

#### Sale of goods

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

#### Sponsorship income

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

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

#### Sales of broadcasting rights

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

#### Interest income

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

#### Royalty income

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

#### Test hosting fee

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

## ACCOUNTING POLICIES

(continued)

### 1.15 Revenue (continued)

#### Grants

Grants are recognised when there is reasonable assurance that:

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

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

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

### 1.16 Borrowing costs

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

### 1.17 Translation of foreign currencies

#### Functional and presentation currency

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

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

#### Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 2. New Standards and Interpretations

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

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

Standard/ Interpretation:	Effective date: Years beginning on or after
• Amendment to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	01 January 2016
• Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	01 January 2016
• Amendment to IAS 27: Equity Method in Separate Financial Statements	01 January 2016
• IFRS 14 Regulatory Deferral Accounts	01 January 2016
• Amendments to IFRS 10, 12 and IAS 28: Investment Entities. Applying the consolidation exemption	01 January 2016
• Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants	01 January 2016
• Amendment to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: Annual Improvements project	01 January 2016
• Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project	01 January 2016
• Amendment to IAS 19: Employee Benefits: Annual Improvements project	01 January 2016
• Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements	01 January 2016
• Amendment to IAS 34: Interim Financial Reporting. Annual Improvements project	01 January 2016

#### 2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 January 2017 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01 January 2018
• IFRS 16 Leases	01 January 2019
• IFRS 9 Financial Instruments	01 January 2018
• IFRS 15 Revenue from Contracts with Customers	01 January 2018
• Amendments to IAS 7: Disclosure initiative	01 January 2017
• Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	01 January 2017

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

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

**3. Risk management**

**Financial risk management**

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

**Liquidity risk**

The Group has a number of short term deposits with banks and also a number of loans granted to the Provincial Unions which result in risk from interest rate changes. The interest rates charged on these assets are linked to the prime overdraft lending rate. A 2% increase/decrease in the prime interest rate would result in a R 1,011,662 (2015: R 899,918) change in the interest.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

**Group**

At 31 December 2016	Less than 1 year
Trade and other payables	123,054,777
Bank overdraft	98,877,079

At 31 December 2015	Less than 1 year
Trade and other payables	101,495,720

**Union**

At 31 December 2016	Less than 1 year
Trade and other payables	118,385,844
Bank overdraft	98,877,079

At 31 December 2015	Less than 1 year
Trade and other payables	94,600,496

**Credit risk**

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

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

	Group - 2016 R	Group - 2015 R	Union - 2016 R	Union - 2015 R
Financial instrument				
Trade and other receivables	195,773,423	135,612,030	225,296,621	158,914,023
Cash and cash equivalents	5,886,790	52,893,022	52,126	44,582,345

**3. Risk management (continued)**

**Foreign exchange risk**

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

Management has set up a policy to manage their foreign exchange risk against their functional currency. 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 2016, if the currency had weakened/strengthened by 10% against the British Pound with all other variables held constant, post-tax (loss)/profit for the year would have been R 91,719 (2015: R 329,727) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Pound denominated trade receivables and payables.

At 31 December 2016, if the currency had weakened/strengthened by 10% against the US Dollar with all other variables held constant, post-tax (loss)/profit for the year would have been R 26,233 (2015: R 27,028) higher/lower, mainly as a result of foreign exchange gains/losses on translation of USD denominated trade receivables and payables.

At 31 December 2016, if the currency had weakened/strengthened by 10% against the Japanese Yen with all other variables held constant, post-tax (loss)/profit for the year would have been R nil (2015: R 559) higher/lower, mainly as a result of foreign exchange gains/losses on translation of JPY denominated trade receivables and payables.

At 31 December 2016, if the currency had weakened/strengthened by 10% against the Australian Dollar with all other variables held constant, post-tax (loss)/profit for the year would have been R 274 (2015: R 30,586) higher/lower, mainly as a result of foreign exchange gains/losses on translation of AUD denominated trade receivables and payables.

At 31 December 2016, if the currency had weakened/strengthened by 10% against the New Zealand Dollar with all other variables held constant, post-tax (loss)/profit for the year would have been R 1,674 (2015: R 4,665) higher/lower, mainly as a result of foreign exchange gains/losses on translation of NZD denominated trade receivables and payables.

At 31 December 2016, if the currency had weakened/strengthened by 10% against the Euro with all other variables held constant, post-tax (loss)/profit for the year would have been R 7,566 (2015: R nil) higher/lower, mainly as a result of foreign exchange gains/losses on translation of EUR denominated trade receivables and payables.

**Fair value estimation**

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

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

**4. Property, plant and equipment**

Group	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Office furniture and equipment	9,984,738	(4,940,335)	5,044,403	7,354,812	(3,122,471)	4,232,341
Motor vehicles	991,144	(632,375)	358,769	991,189	(429,072)	562,117
Computer software and equipment	9,803,902	(7,309,210)	2,494,692	8,220,315	(4,759,813)	3,460,502
Leasehold improvements	39,638,971	(14,241,284)	25,397,687	38,561,541	(10,151,458)	28,410,083
<b>Total</b>	<b>60,418,755</b>	<b>(27,123,204)</b>	<b>33,295,551</b>	<b>55,127,857</b>	<b>(18,462,814)</b>	<b>36,665,043</b>

Union	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Office furniture and equipment	8,251,217	(4,368,876)	3,882,341	5,774,739	(2,735,831)	3,038,908
Motor vehicles	991,144	(632,375)	358,769	991,189	(429,072)	562,117
Computer software and equipment	9,605,761	(7,145,580)	2,460,181	8,013,245	(4,616,507)	3,396,738
Leasehold improvements	8,646,662	(2,838,453)	5,808,209	7,569,231	(2,257,191)	5,312,040
<b>Total</b>	<b>27,494,784</b>	<b>(14,985,284)</b>	<b>12,509,500</b>	<b>22,348,404</b>	<b>(10,038,601)</b>	<b>12,309,803</b>

**Reconciliation of property, plant and equipment - Group - 2016**

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and equipment	4,232,341	3,153,496	(143,337)	(2,198,097)	5,044,403
Motor vehicles	562,117	83,419	(71,186)	(215,581)	358,769
Computer software and equipment	3,460,502	1,743,922	(173,613)	(2,536,119)	2,494,692
Leasehold improvements	28,410,083	1,110,412	(19,414)	(4,103,394)	25,397,687
	<b>36,665,043</b>	<b>6,091,249</b>	<b>(407,550)</b>	<b>(9,053,191)</b>	<b>33,295,551</b>

**Reconciliation of property, plant and equipment - Group - 2015**

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

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

**Reconciliation of property, plant and equipment - Union - 2016**

	Opening balance	Additions	Disposals	Depreciation	Total
Office furniture and equipment	3,038,908	3,001,396	(143,338)	(2,014,625)	3,882,341
Motor vehicles	562,117	83,419	(71,186)	(215,581)	358,769
Computer software and equipment	3,396,738	1,743,922	(164,684)	(2,515,795)	2,460,181
Leasehold improvements	5,312,040	1,110,412	(19,412)	(594,831)	5,808,209
	<b>12,309,803</b>	<b>5,939,149</b>	<b>(398,620)</b>	<b>(5,340,832)</b>	<b>12,509,500</b>

**Reconciliation of property, plant and equipment - Union - 2015**

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

**5. Intangible assets**

Group	2016			2015		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Trademark	2,000,000	(658,727)	1,341,273	2,000,000	(543,333)	1,456,667
Union	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Trademark	2,000,000	(658,727)	1,341,273	2,000,000	(543,333)	1,456,667

**Reconciliation of intangible assets - Group - 2016**

	Opening balance	Disposals	Amortisation	Closing balance
Trademarks	1,456,667	(55,144)	(60,250)	1,341,273

**Reconciliation of intangible assets - Group - 2015**

	Opening balance	Amortisation	Closing balance
Trademarks	1,541,667	(85,000)	1,456,667

**Reconciliation of intangible assets - Union - 2016**

	Opening balance	Disposals	Amortisation	Closing balance
Trademark	1,456,667	(55,144)	(60,250)	1,341,273

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 5. Intangible assets (continued)

#### Reconciliation of intangible assets - Union - 2015

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

### 6. Investment in subsidiaries

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

Name of entity	Carrying amount 2016	Carrying amount 2015
Springbok Supporters Club Proprietary Limited	51	51
The Rugby Educational Foundation NPC	-	-
SA Super Rugby Proprietary Limited	-	-
South African Rugby Heritage Trust	-	-
	<u>51</u>	<u>51</u>

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

### 7. Investments in associates

	Group		Union	
	2016 R	2015 R	2016 R	2015 R
SANZAR Proprietary Limited	2,541,789	2,289,935	-	-
SANZAR Europe S.a.r.l	884,816	1,880,416	-	-
	<u>3,426,605</u>	<u>4,170,351</u>	<u>-</u>	<u>-</u>

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

Included in the statement of comprehensive income is South African Rugby Union's share of loss made by the investments, described as loss from equity accounted investments of R 561,913 (2015: R 3,027,778 income).

### 7. Investments in associates (continued)

The gross results, of the Union's unlisted principal associates and of their assets and liabilities are as follows:

	Assets	Liabilities	Revenue	(Profit)/ loss	Accumulated profit
SANZAR Proprietary Limited (33.3%)	17,483,246	(11,586,817)	37,316,154	(1,301,060)	5,896,449
SANZAR Europe S.a.r.l (33.3%)	1,816,291,809	(1,787,983,912)	469,463,208	2,986,800	3,149,438
SA Rugby Travel	14,858,469	(496,912)	8,643,640	(325,961)	14,361,558
	<u>1,848,633,524</u>	<u>(1,800,067,641)</u>	<u>515,423,002</u>	<u>1,359,779</u>	<u>23,407,445</u>

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

### 8. Deferred tax

#### Deferred tax asset

	Group		Union	
	2016 R	2015 R	2016 R	2015 R
Accounts receivable	3,021,828	18,985	3,021,828	18,985
Fixed assets	(12,094)	(6,695)	(12,094)	(6,695)
Provisions	9,203,172	5,507,008	9,179,372	5,484,608
Deferred revenue	88,233,201	8,551,073	88,233,201	8,551,073
<b>Total deferred tax liability</b>	<u>100,446,107</u>	<u>14,070,371</u>	<u>100,422,307</u>	<u>14,047,971</u>

#### Reconciliation of deferred tax asset / (liability)

At beginning of year	14,070,371	14,242,082	14,047,971	14,143,550
Income statement charge	86,375,736	(171,711)	86,374,336	(95,579)
	<u>100,446,107</u>	<u>14,070,371</u>	<u>100,422,307</u>	<u>14,047,971</u>

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

	Group		Union	
	2016 R	2015 R	2016 R	2015 R
<b>9. Trade and other receivables</b>				
Trade receivables	155,323,865	24,081,041	154,130,123	24,074,446
Impairment on trade receivables	(14,389,657)	(90,406)	(14,389,657)	(90,406)
	<u>140,934,208</u>	<u>23,990,635</u>	<u>139,740,466</u>	<u>23,984,040</u>
Trade receivables from Provincial Unions	9,943,742	11,503,104	9,943,742	11,503,104
Loan receivables from Provincial Unions	26,734,681	41,404,898	26,734,681	41,404,898
Prepayments	13,218,352	13,027,838	11,305,227	6,715,025
VAT	-	6,382,551	-	6,418,430
The South African Rugby Heritage Trust	-	-	22,397,355	26,932,449
SA Rugby Travel	-	-	22,430	3,000,000
SA Super Rugby (Pty) Ltd	-	1,542,056	8,297,155	1,542,056
The Rugby Education Foundation NPC	15,175	14,175	15,175	14,175
SANZAR Travel	1,101,552	81,832	1,101,552	81,832
Accrued income	17,039,508	43,523,208	17,039,508	43,523,208
Other receivables	4,557	524,284	4,557	213,236
	<u>208,991,775</u>	<u>141,994,581</u>	<u>236,601,848</u>	<u>165,332,453</u>
Total trade and other receivables	208,991,775	141,994,581	236,601,848	165,332,453
Less: non current portion of loans to Provincial Unions	(19,157,929)	(22,607,384)	(19,157,929)	(22,607,384)
	<u>189,833,846</u>	<u>119,387,197</u>	<u>217,443,919</u>	<u>142,725,069</u>

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

Included in trade and other receivables is a loan to The South African Rugby Heritage Trust. The loan is shown net of impairment. The impairment write off during 2016 was R 7,800,000 (2015: R 6,900,000), and it relates specifically to the operating deficit of the Trust.

	Group		Union	
	2016 R	2015 R	2016 R	2015 R

**9. Trade and other receivables (continued)**
**Trade receivables not impaired**

The ageing of amounts not impaired is as follows:

Up to 3 months	123,746,760	20,934,978	122,553,017	20,928,383
more than 3 months	17,187,448	3,055,657	17,187,448	3,055,657
	<u>140,934,208</u>	<u>23,990,635</u>	<u>139,740,465</u>	<u>23,984,040</u>

**Currencies**

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

Japanese Yen	-	15,529	-	15,529
Australian Dollar	-	424,804	-	424,804
New Zealand Dollar	-	64,789	-	64,789
US Dollar	4,351,759	4,101,086	4,351,759	4,101,086
British Pound	12,675,900	4,796,655	12,675,900	4,796,655
	<u>17,027,659</u>	<u>9,402,863</u>	<u>17,027,659</u>	<u>9,402,863</u>

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

Opening balance	90,406	90,406	90,406	90,406
Provision for impairment	14,389,657	-	14,389,657	-
Unused amounts reversed	(90,406)	-	(90,406)	-
	<u>14,389,657</u>	<u>90,406</u>	<u>14,389,657</u>	<u>90,406</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 fair value of each class of receivable mentioned above. The Union does not hold any collateral as security.

**10. Inventories**

Consumables: Apparel	<u>12,361,846</u>	<u>17,205,480</u>	<u>12,361,846</u>	<u>17,205,480</u>
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**NOTES TO THE CONSOLIDATED  
FINANCIAL STATEMENTS (continued)**

	Group		Union	
	2016 R	2015 R	2016 R	2015 R
<b>11. Cash and cash equivalents</b>				
For the purpose of the statement of cash flows, cash, cash equivalents and bank overdrafts include total cash assets less bank overdrafts:				
Cash	157,684	1,052,677	157,684	1,052,677
Bank and short term bank deposits	5,886,790	52,893,022	52,126	44,582,346
Bank overdraft	(98,877,079)	-	(98,877,079)	-
	<b>(92,832,605)</b>	<b>53,945,699</b>	<b>(98,667,269)</b>	<b>45,635,023</b>
Current assets	6,044,474	53,945,699	209,810	45,635,023
Current liabilities	(98,877,079)	-	(98,877,079)	-
	<b>(92,832,605)</b>	<b>53,945,699</b>	<b>(98,667,269)</b>	<b>45,635,023</b>
<b>Credit quality of cash at bank and short term deposits, excluding cash on hand</b>				
The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired, can be assessed by reference to external credit ratings or historical information about counterparty default rates:				
<b>Credit rating</b>				
ABSA (A-1)	5,886,970	52,893,022	52,126	44,582,345
<b>12. Deferred income</b>				
Deferred income comprise of the following:				
Sponsorships	-	5,334,672	-	5,334,672
Broadcasting rights	44,860,807	54,955,588	44,860,807	54,955,588
Grants	3,522,167	6,216,418	3,522,167	6,216,418
	<b>48,382,974</b>	<b>66,506,678</b>	<b>48,382,974</b>	<b>66,506,678</b>
Non-current liabilities	33,645,605	43,964,470	33,645,605	43,964,470
Current liabilities	14,737,369	22,542,208	14,737,369	22,542,208
	<b>48,382,974</b>	<b>66,506,678</b>	<b>48,382,974</b>	<b>66,506,678</b>
<b>13. Trade and other payables</b>				
Trade payables	71,595,462	42,316,673	69,770,115	37,899,761
Amounts payable to related parties	51,792	-	-	-
VAT	3,940,255	-	5,288,165	-
IRB HSBC WSS: SA Event - JV loan account	-	4,720,631	-	4,720,631
SA Rugby Travel	1,713,675	-	-	-
Accrued expenses	43,035,774	40,770,402	40,858,201	38,942,090
Other payables	2,717,819	13,688,014	2,469,363	13,038,014
	<b>123,054,777</b>	<b>101,495,720</b>	<b>118,385,844</b>	<b>94,600,496</b>

	Group		Union	
	2016 R	2015 R	2016 R	2015 R
<b>14. Revenue</b>				
Springbok Supporters Club	1,600,000	6,209,333	-	765,000
Broadcasting rights	641,819,295	330,546,689	641,819,295	330,546,689
World Rugby Sevens Series event	50,102,217	38,841,190	50,102,217	38,841,190
Sponsorships	339,939,017	348,553,381	339,939,017	348,553,381
Grants from World Rugby	83,910,265	115,719,541	83,910,265	115,719,541
South African Heritage Trust	1,279,691	1,751,334	-	-
Away test	14,254,631	-	14,254,631	-
Home tests	48,836,021	18,738,532	48,836,021	18,738,532
Merchandising royalties	6,452,926	21,724,123	6,452,926	21,724,123
Government grants	9,472,176	1,030,910	4,209,018	1,030,910
Lottery grants	749,208	842,258	749,208	842,258
Stratus software	-	550,000	-	550,000
Grants - other	22,000,000	-	22,000,000	-
SA Rugby Travel	4,321,820	114,905,976	-	10,000,000
	<b>1,224,737,267</b>	<b>999,413,267</b>	<b>1,212,272,598</b>	<b>887,311,624</b>
<b>15. Other operating income</b>				
Proceeds from hedging agreement	-	15,319,930	-	15,319,930
Other income	8,649,273	2,881,463	5,382,962	1,920,332
	<b>8,649,273</b>	<b>18,201,393</b>	<b>5,382,962</b>	<b>17,240,262</b>
<b>16. Operating profit (loss)</b>				
Operating (loss)/ profit for the year is stated after charging the following, amongst others:				
<b>Auditor's remuneration - external</b>				
Audit fees	1,550,367	1,351,475	1,425,367	1,226,475
Other services	406,630	586,215	398,230	586,215
	<b>1,956,997</b>	<b>1,937,690</b>	<b>1,823,597</b>	<b>1,812,690</b>
<b>Auditor's remuneration - internal</b>	<b>447,582</b>	<b>291,982</b>	<b>447,582</b>	<b>291,982</b>
<b>Employee costs</b>				
Salaries, wages, bonuses and other benefits	113,931,189	79,300,228	85,432,371	76,203,507
<b>Employee costs consist of:</b>				
Salaries etc	102,299,962	70,216,058	75,118,085	67,119,337
Contributions	11,273,852	9,288,023	9,956,911	9,288,023
Leave pay	357,375	(203,853)	357,375	(203,853)
	<b>113,931,189</b>	<b>79,300,228</b>	<b>85,432,371</b>	<b>76,203,507</b>

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

	Group		Union	
	2016 R	2015 R	2016 R	2015 R
<b>16. Operating profit (loss) (continued)</b>				
<b>Leases</b>				
<b>Operating lease charges</b>				
Premises	6,464,426	6,522,720	6,464,426	6,522,720
Equipment	639	18,903	639	18,903
	<b>6,465,065</b>	<b>6,541,623</b>	<b>6,465,065</b>	<b>6,541,623</b>
<b>Depreciation and amortisation</b>				
Depreciation of property, plant and equipment	9,113,441	7,654,997	5,401,082	3,964,613
<b>Other</b>				
Loss on sale of equipment	17 133,339	575,895	133,339	575,895
Legal expenses	5,116,784	3,733,432	5,205,034	3,733,432
Consulting fees	1,743,286	1,169,492	1,461,147	1,169,492
Loss on foreign exchange	17 8,496,758	368,760	8,496,758	368,760
<b>Operating expenses</b>				
Broadcasting rights and other allocations to provinces	312,999,937	165,130,310	336,499,937	165,130,310
Commercial	346,652,651	265,206,531	301,957,980	256,267,363
Communication	38,921,123	12,936,090	38,921,125	12,936,090
Strategic Performance Management	32,476,965	31,842,411	32,476,965	31,842,412
Governance	17,881,503	14,499,000	17,881,503	14,499,000
Rugby	269,856,704	249,132,621	269,856,704	249,132,621
Human Resources	10,848,096	10,191,490	10,848,096	10,191,490
Office of the CEO	17,296,368	10,474,538	17,296,368	10,474,538
Operations and finance	58,237,288	42,504,734	59,618,724	44,040,396
Referees	28,377,389	30,959,679	28,380,552	30,961,519
World Rugby Sevens Series event	27,781,681	31,020,940	27,781,681	31,020,940
SA Rugby Travel	4,158,839	102,280,495	-	-
Image rights and player insurance	87,346,207	23,535,554	87,346,207	23,535,554
	<b>1,252,834,751</b>	<b>989,714,393</b>	<b>1,228,865,842</b>	<b>880,032,233</b>

Certain departments were restructured during the year. These departmental changes resulted in the reclassification of certain expenses which impacts comparability.

**17. Other operating losses**
**Gains (losses) on disposals, scrapings and settlements**

Loss on sale of equipment

(133,339) (575,895) (133,339) (575,895)

**Foreign exchange gains (losses)**

Other

(8,496,758) (368,760) (8,496,758) (368,760)

**Total other operating gains (losses)**

**(8,630,097) (575,895) (8,630,097) (575,895)**

**18. Investment income**
**Interest income**
**From investments in financial assets:**

Bank and other cash

4,283,085 1,728,115 4,134,080 1,632,666

Provincial Unions

2,585,464 1,948,259 2,585,464 1,948,259

**Total interest income**

**6,868,549 3,676,374 6,719,544 3,580,925**

**19. Finance costs**

Bank overdraft

1,557,323 399,869 1,556,423 399,869

**20. Income tax expense**
**Major components of the Income tax (income) expense**
**Current**

Local income tax - current period

76,676,854 13,888,616 76,670,824 13,722,176

Local income tax - prior periods

2,070,287 2,500,039 2,070,287 2,500,039

**78,747,141 16,388,655 78,741,111 16,222,215**

**Deferred**

Local income tax - current period

(86,375,736) (5,297,292) (86,374,336) (5,295,192)

Local income tax - prior period

- 5,423,338 - 5,390,771

**(86,375,736) 126,046 (86,374,336) 95,579**

**(7,628,595) 16,514,701 (7,633,225) 16,317,794**

**Reconciliation of the Income tax expense**

Reconciliation between accounting profit and tax expense.

Accounting profit

(23,328,995) 33,259,895 (14,677,258) 26,756,054

Tax at the applicable tax rate of 28% (2015: 28%)

(6,532,119) 9,312,771 (4,109,632) 7,491,695

**Tax effect of adjustments on taxable income**

Non-taxable income

(3,292,936) (2,295,456) (3,292,936) (1,847,760)

Non-deductible expenses

746,494 2,783,048 2,837,244 2,783,048

Prior year under provision for current tax

2,070,287 2,500,039 2,070,287 2,500,039

Prior year under provision for deferred tax

(5,138,875) 3,366,521 (5,138,188) 5,390,772

Deferred tax asset not recognised

4,675,889 - - -

Tax on loss from equity accounted investments

(157,335) 847,778 - -

**(7,628,595) 16,514,701 (7,633,225) 16,317,794**

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

	Group		Union	
	2016 R	2015 R	2016 R	2015 R
<b>21. Cash (used in)/ generated from operations</b>				
(Loss)/ profit before taxation	(23,328,995)	33,259,895	(14,677,258)	26,756,054
<b>Adjustments for:</b>				
Depreciation and amortisation	9,113,441	7,654,997	5,401,082	3,964,613
Loss on sale of assets	133,339	575,895	133,339	575,895
Loss/ (income) from equity accounted investments	561,913	(3,027,778)	-	-
Investment revenue	(6,868,549)	(3,676,374)	(6,719,544)	(3,580,925)
Finance costs	1,557,323	399,869	1,556,423	399,869
Movements in retirement benefit assets and liabilities	2,825,000	2,512,000	2,825,000	2,512,000
Foreign exchange adjustment on FEC's	-	(1,629,182)	-	(1,629,182)
Other non-cash items	181,833	-	-	-
<b>Changes in working capital:</b>				
Inventories	4,843,634	(14,015,285)	4,843,634	(14,015,285)
Trade and other receivables	(66,997,194)	(2,088,501)	(71,269,395)	(16,538,275)
Trade and other payables	21,559,057	(16,068,265)	23,785,348	(698,340)
Deferred income	(18,123,704)	53,986,989	(18,123,704)	53,986,989
	<b>(74,542,902)</b>	<b>57,884,260</b>	<b>(72,245,075)</b>	<b>51,733,413</b>
<b>22. Tax paid</b>				
Balance at beginning of the year	(323,262)	45,665	(157,465)	-
Current tax for the year recognised in profit or loss	(78,747,141)	(16,388,655)	(78,741,111)	(16,222,215)
Balance at end of the year	7,285,669	323,262	7,296,962	157,465
	<b>(71,784,734)</b>	<b>(16,019,728)</b>	<b>(71,601,614)</b>	<b>(16,064,750)</b>
<b>23. Commitments</b>				
<b>Operating leases – as lessee (expense)</b>				
<b>Minimum lease payments due</b>				
- within one year	7,501,584	6,944,225	7,501,584	6,944,225
- in second to fifth year inclusive	34,314,544	33,147,881	34,314,544	33,147,881
- later than five years	3,479,120	13,147,368	3,479,120	13,147,368
	<b>45,295,248</b>	<b>53,239,474</b>	<b>45,295,248</b>	<b>53,239,474</b>

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

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

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

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

	Group		Union	
	2016 R	2015 R	2016 R	2015 R
<b>24. Retirement benefits - Rugby Pension Fund (continued)</b>				
<b>Principal actuarial assumptions at the reporting date:</b>				
Discount rate			10.80%	11.50%
Inflation rate			8.20%	8.90%
Salary increase rate			9.20%	9.90%
Expected return on scheme's assets			10.80%	11.50%
Pension increase allowance			6.56%	7.12%
Mortality pre-retirement: SA85-90 (Light) table.				
Mortality: post-retirement: PA(90) ultimate table rated down 2 years plus 1% improvement p.a.				
The expected return has been set equal to the discount rate as required under the revised IAS19 (AC116).				
<b>The movement in the defined benefit obligation over the year is as follows:</b>				
Beginning of the year	661,000	698,000	661,000	698,000
Current service cost	27,000	29,000	27,000	29,000
Member contributions	10,000	10,000	10,000	10,000
Interest cost	80,000	70,000	80,000	70,000
Expenses	(2,000)	(2,000)	(2,000)	(2,000)
Risk premiums	(3,000)	(2,000)	(3,000)	(2,000)
Actuarial (gain)/loss	(53,000)	(142,000)	(53,000)	(142,000)
<b>At the end of the year</b>	<b>720,000</b>	<b>661,000</b>	<b>720,000</b>	<b>661,000</b>
<b>The movement in the fair value of the scheme's assets over the year is as follows:</b>				
Beginning of the year	894,000	858,000	894,000	858,000
Expected return on the scheme's assets	104,000	83,000	104,000	83,000
Actuarial gain / (loss)	127,000	(73,000)	127,000	(73,000)
Expenses	(2,000)	(2,000)	(2,000)	(2,000)
Member contributions	10,000	10,000	10,000	10,000
Employer contributions	20,000	20,000	20,000	20,000
Risk premiums	(3,000)	(2,000)	(3,000)	(2,000)
<b>At the end of the year</b>	<b>1,150,000</b>	<b>894,000</b>	<b>1,150,000</b>	<b>894,000</b>
<b>Contributions as follows:</b>				
Member contributions	10,000	10,000	10,000	10,000
Employer contributions	20,000	20,000	20,000	20,000
Risk premiums	(3,000)	(2,000)	(3,000)	(2,000)
Expenses	(2,000)	(2,000)	(2,000)	(2,000)
	<b>25,000</b>	<b>26,000</b>	<b>25,000</b>	<b>26,000</b>

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

	Group		Union	
	2016 R	2015 R	2016 R	2015 R

**24. Retirement benefits - Rugby Pension Fund (continued)**

**The assets of The Rugby Pension Fund were invested as follows:**

Cash	3.29%	2.00%	3.29%	2.00%
Equity	43.21%	34.00%	43.21%	34.00%
Bonds	21.65%	33.00%	21.65%	33.00%
Property	9.28%	7.00%	9.28%	7.00%
International	22.29%	24.00%	22.29%	24.00%
	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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

Current service cost	27,000	29,000	27,000	29,000
Net interest on net defined benefit	(12,000)	(13,000)	(12,000)	(13,000)
	<b>15,000</b>	<b>16,000</b>	<b>15,000</b>	<b>16,000</b>

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

**Funded status**

Defined benefit obligation	(720,000)	(661,000)	(720,000)	(661,000)
Assets at fair value	1,150,000	894,000	1,150,000	894,000

**Asset recognised on the statement of financial position**

	<b>430,000</b>	<b>233,000</b>	<b>430,000</b>	<b>233,000</b>
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**25. Post employment healthcare benefits**

**Statement of Financial Position obligations for:**

Post employment healthcare benefits	<b>21,924,000</b>	<b>19,099,000</b>	<b>21,924,000</b>	<b>19,099,000</b>
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	Group		Union	
	2016 R	2015 R	2016 R	2015 R

**25. Post employment healthcare benefits (continued)**

**Post-employment healthcare benefits**

The Union participates in the Discovery Health Medical Scheme and the Sizwe Medical Fund. In terms of employment contracts, post retirement healthcare benefits are provided to certain employees who joined the Union before 1 July 2012 through continued subsidisation of a portion of the medical aid contribution of those employees, once they have retired.

A full actuarial valuation was performed for the Union as at 31 December 2014, using the projected unit credit method.

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

Opening net liability	19,099,000	16,587,000	19,099,000	16,587,000
Expenses	2,825,000	2,512,000	2,825,000	2,512,000
	<b>21,924,000</b>	<b>19,099,000</b>	<b>21,924,000</b>	<b>19,099,000</b>

**Movements for the year**

**The movement in the defined benefit obligation over the year is as follows:**

Current service cost	1,413,000	1,294,000	1,413,000	1,294,000
Interest cost	1,741,000	1,512,000	1,741,000	1,512,000
Benefits paid	(329,000)	(294,000)	(329,000)	(294,000)
	<b>2,825,000</b>	<b>2,512,000</b>	<b>2,825,000</b>	<b>2,512,000</b>

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

	Increase	Decrease	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost due to a 1% change in healthcare cost inflation	3,151,530	4,146,750	3,151,530	4,146,750
Effect on defined benefit obligation due to healthcare cost inflation	2,836,377	3,748,662	2,836,377	3,748,662
Effect on defined benefit obligation due to a change in the discount rate	2,819,790	3,649,140	2,819,790	3,649,140
Effect on defined benefit obligation due to a 1 year change in the expected retirement age	895,698	978,633	895,698	978,633

**Key assumptions used**

Health care inflation	8.90 %	8.90 %	8.90 %	8.90 %
Discount rate	9.20 %	9.20 %	9.20 %	9.20 %

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

	Group		Union	
	2016 R	2015 R	2016 R	2015 R
<b>26. Related parties</b>				
Relationships				
Subsidiaries		Refer to note 6		
Associates		Refer to note 7		
Executive Council		Refer to Executive Council's Report		
<b>Related party balances</b>				
<b>Amounts receivable from provincial Unions</b>				
Included in trade and other receivables	9,943,742	11,503,104	9,943,742	11,503,104
<b>Amount recoverable from SA Rugby Travel</b>				
Included in trade and other receivables	-	-	22,430	3,000,000
<b>Loans receivable from provincial Unions</b>				
Included in trade and other receivables	26,734,681	41,404,898	26,734,681	41,404,898
<b>Loan receivable from The South African Rugby Heritage Trust</b>				
Included in trade and other receivables	-	-	22,397,355	26,932,449
<b>Amount receivable from SANZAR Travel</b>				
Included in trade and other receivables	1,101,552	81,832	1,101,552	81,832
<b>Amount recoverable from The Rugby Educational Foundation NPC</b>				
Included in trade and other receivables	15,175	14,175	15,175	14,175
<b>Amount recoverable from SA Super Rugby Proprietary Limited</b>				
Included in trade and other receivables	-	1,542,056	8,272,155	1,542,056

	Group		Union	
	2016 R	2015 R	2016 R	2015 R
<b>26. Related parties (continued)</b>				
<b>Related party transactions</b>				
<b>Transactions with The South African Rugby Heritage Trust</b>				
Payroll costs recharged	-	-	2,375,517	1,523,051
Rental costs recharged	-	-	1,795,689	1,755,087
Other costs recharged	-	-	733,639	871,582
	-	-	<b>4,904,845</b>	<b>4,149,720</b>
<b>Transactions with associates</b>				
Distribution of (losses)/ profits	(561,913)	3,027,778	-	-
<b>Distribution to Unions</b>				
Distribution of broadcasting rights to provinces	326,499,937	160,130,310	326,499,937	160,130,310
Distribution of home test income	10,000,000	5,000,000	10,000,000	5,000,000
	<b>336,499,937</b>	<b>165,130,310</b>	<b>336,499,937</b>	<b>165,130,310</b>
<b>Receipts from Unions</b>				
Home Test hosting fees	48,047,717	17,415,800	48,047,717	17,415,800
Stratus revenue	-	550,000	-	550,000
	<b>48,047,717</b>	<b>17,965,800</b>	<b>48,047,717</b>	<b>17,965,800</b>
<b>27. Executive Council Members Remuneration</b>				
<b>Non executive</b>				
Fees	5,300,787	4,830,055	5,300,787	4,830,055
Allowances	215,806	204,000	215,806	204,000
	<b>5,516,593</b>	<b>5,034,055</b>	<b>5,516,593</b>	<b>5,034,055</b>
<b>Executive</b>				
Salaries	5,237,957	4,643,392	5,237,957	4,643,392
Bonuses	-	2,267,455	-	2,267,455
Medical aid contributions	80,532	91,252	80,532	91,252
Pension fund contributions	766,378	689,520	766,378	689,520
	<b>6,084,867</b>	<b>7,691,619</b>	<b>6,084,867</b>	<b>7,691,619</b>
<b>28. Going concern</b>				
The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.				
<b>29. Events after the reporting period</b>				
The Executive Council is not aware of any matter or circumstance arising since the end of the financial year that will have a significant influence on the financial statements.				

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

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### **30. Comparative figures**

Certain comparative figures have been reclassified solely to improve comparability. There have been no changes to the prior year results.



# RUGBY DEPARTMENT

So much of SA Rugby's well being is dependent on the results of the national team that much good work undertaken by the department was overshadowed by a bitterly disappointing year for the national team. In the areas of Sevens, rugby safety and refereeing there were notable achievements but the fact that the Springboks won only four of 12 Tests cast a long shadow over the year.

The Springboks lost a number of prominent players to retirement after the 2015 Rugby World Cup, players such as Victor Matfield, Schalk Burger and Fourie du Preez, while injuries to key players such as Duane Vermeulen, Pat Lambie, Jan Serfontein and Handré Pollard, amongst other, did not make things easier.

The team did well to claim an incredibly hard-fought Castle Lager Incoming Series 2-1 against Ireland – after suffering an unexpected 26-20 defeat in the opening Test – but at that point no one knew that the visitors would complete a rare hat-trick by defeating all of South Africa, New Zealand and Australia in a calendar year.

The Castle Lager Rugby Championship opened with a 30-23 win over Argentina in Nelspruit, but from there it was largely down hill with seven defeats in the next eight games – the exception being a lone victory over the Wallabies in Pretoria.

The theme of a changing of the guard gathered pace through the year with 12 uncapped players selected in the squad for the Castle Lager Outgoing Tour opener against the Barbarians at Wembley. The youthful Springbok side earned a 31-31 draw at the famous venue. It was a muted occasion but turned out to be the high point of the tour.

The Springboks suffered losses to a powerful England at Twickenham, a first-ever loss to Italy in Florence and were also defeated by Wales in Cardiff. The results prompted a review of the coaching structures and team preparation.

In parallel, Allister Coetzee drove the establishment of what became a series of coaching indabas to solve what were identified as common weaknesses in the local game. The outcome was an agreed Blueprint on a unified approach to the fundamentals and shape of the game as well as conditioning.



OPPOSITE: Pat Lambie in action against New Zealand in Durban.



ABOVE: Howard Mnisi takes on England Saxons.

RIGHT: Curwin Bosch of the Junior Springboks was among the nominees for World Rugby U20 Championship Player of the Tournament.



### POWERFUL SAXONS OVERCOME BRAVE SA 'A' TEAM

To compound the disappointment the SA 'A' team endured a tough rebirth. A selection was named for the first time in 13 years – since playing Argentina in Wellington – to face a powerful England Saxons in two matches in June.

The South Africans gave good account of themselves, but the visitors from England were more experienced and this factor favoured them in the end, leading to a tough two-match series win.

The first match was lost 32-24 in Bloemfontein while in the second (in George), the experienced Saxons came from behind at halftime for a 29-26 win.

Several SA A-team players showed they had potential as future Test performers. Players such as Scarra Ntubeni, Sikhumbuzo Notshe, Francois Venter, RG Snyman, Lizo Gqoboka, Malcolm Marx and Sergeal Petersen all impressed while Venter and Marx went on to earn full Springbok colours. Snyman and Petersen were picked for the Springbok squad that faced the Barbarians.

### JUNIOR BOKS FINISH FOURTH IN MANCHESTER

Two defeats by Argentina condemned the Junior Boks to a fourth place finish at the World Rugby U20 Championship in Manchester, England.

The first defeat in a pool match – 19-13 – condemned them to a second place finish in the pool and a semi-final appearance against eventual champions, England. A 39-17 defeat saw the U20s in a rematch with Argentina in the bronze medal match with SA's trans-Atlantic rival easily coming out on top, 49-19. This match brought down the curtain on Dawie Theron's six-year term as the Junior Springbok coach, as he opted to take up a contract in Japan.

Despite the team's under-performance, the talented fullback or flyhalf Curwin Bosch was one of five players nominated for the World Rugby U20 Championship Player of the Tournament award.

### SPRINGBOK SEVENS CLINCH BRONZE AT RIO OLYMPICS

An Olympic bronze and a second-place finish in the HSBC World Rugby Sevens Series highlighted another very good season for the Springbok Sevens team. The team travelled to Rio de Janeiro in August as a top-three contender for the gold medal.

The return of rugby to the Olympic schedule provided new impetus for the sport and several



*The return of rugby to the Olympic schedule provided new impetus for the sport and several nations – including South Africa – selected 15-a-side internationals in their squads.*

nations – including South Africa – selected 15-a-side internationals in their squads. Springboks Bryan Habana, Francois Hougaard, Juan de Jongh and Ryan Kankowski were tested by coach Neil Powell during the course of the Series during which the Blitzboks won the Cape Town event and lost in the finals in Wellington (to New Zealand) and London (to Scotland).

Fiji finished the Series on 181 points, with South Africa on 171 and New Zealand a distant third on 158. Seabelo Senatla was named World Rugby's Sevens Player of the Year, taking over the crown from team mate Werner Kok. Senatla and Kwagga Smith also made the Series Dream Team.

Playing in Rio as part of Team South Africa, the Blitzboks started well by winning their first two pool matches, but they fell to Australia in the last group match. They had a rematch against the Aussies in the quarter-final round, and this time they won to face Great Britain in the last four. The close-fought 5-7 defeat was a bitter disappointment, but they bounced back, beating Japan to clinch the bronze medal.

### SPRINGBOK WOMEN'S SEVENS CELEBRATE REWARDING YEAR

The 2016 season was a rewarding one for the Bok Women's Sevens as they won the Hong Kong Women's Sevens Invitational, Roma Sevens and Rugby Africa Women's Sevens titles respectively.

The team started well by reaching the Plate Final of the Las Vegas Invitational, before making history by lifting the Hong Kong Women's Sevens Invitational Cup for the first time. This tour was followed by an invitational tournament in France.

They returned to their winning ways in Italy where they defeated France twice on the final day of the tournament to clinch the Roma Sevens title. And to the delight of Springbok Women's Sevens coach Renfred Dazel, they recorded back-to-back tournament wins at the Rugby Africa Women's Sevens in Zimbabwe, beating Kenya 22-17 in a tightly-contested final.

This was followed by a third-place finish in the Hokkaido Invitational Sevens in Japan and

ABOVE: It's the Olympics so this must be the hurdles? Rosko Specman (front) and Kwagga Smith in action.



ABOVE: A national XV-a-side camp for women was held in October.

an eighth-place finish at the HSBC Women's Sevens World Series tournament in Dubai.

On the provincial front, Border and Free State successfully defended their titles in the A and B Sections of the SA Rugby Women's Interprovincial competition at the BCM Stadium in East London, held in September.

The 2016 season also marked the return of women's 15-a-side rugby with a three day testing and training camp in October in Cape Town, which allowed SA Rugby to take stock of the women's talent on offer in the country.

An extended squad of 46 players attended this camp after they had been identified during the 2015 and 2016 local women's competitions. During the camp it was evident that the players showed a lot of improvement in terms of skill and conditioning.

Currently there are just over 7 000 registered women's players in the country, from Under-13 level up to senior. The number of Youth Training Centres was increased to eight with the opening of new facilities in SWD and Griquas. The positive impact of the YTC programme is clearly evident by the improved showing of the provincial girls' teams at the SA Rugby Youth Weeks held in Welkom and Kimberley.

#### SA SCHOOLS ACHIEVE WHITEWASH IN UNDER-19 SERIES

The SA Schools team showed immense character to secure a whitewash in the U19 International Series in Cape Town against Wales, France, Italy and England respectively. However, the SA Schools 'A' team, meanwhile, won only one of their three matches.

The SA Schools team kicked off the series with a 23-17 victory against Wales at City Park in Cape Town, and then thumped France 42-3 at Bishops before closing off their campaign with a 13-12 victory against England at Paarl Boys' High.

The SA Schools 'A' team, meanwhile, went down 23-20 against Italy, but bounced back strongly with a 53-14 victory over England, before suffering a disappointing 18-17 defeat against Wales as they failed to convert a possible match-winning try on the stroke of full time.

#### EPD2 PROGRAMME ENSURES STRONG RUNNING TALENT PIPELINE

The Second Phase Elite Player Development (EPD2) programme represents the second of four key focus areas identified by SA Rugby in our efforts to develop elite players, and in

so doing, ensure that our national teams are representative of all rugby playing communities in our country.

SA Rugby implemented an early talent identification programme and managed the selection process for the representative SA School teams. To ensure continuity in 2017, a High Performance training camp for Under-17 boys was held during the September school holidays at the Hugenote High School in Wellington and the results of the various assessments were shared with the players, their parents, their respective provincial unions and schools. A second camp is planned for March 2017.

A national selectors' workshop was held with the aim ensure a common understanding around the identification and development of elite players in South Africa. Selectors and coaches from SA Schools right up to Springbok level attended the successful workshop.

#### EPD3 ACADEMY PROGRAMME BRIDGE TO PROFESSIONAL RUGBY

SA Rugby continued to assist various academy programmes throughout the country and much of the emphasis was on strengthening the academies in Boland, SWD, EP and Border. The academy programme provides a very important pathway to bridge the gap between school and professional level.

During the 2016 year, more than 40 black or coloured players from these four academies progressed to senior professional rugby. The academy coaches were also roped into their respective provincial age group teams, leading to far better results on the field.

Furthermore, the best of EPD3 Under-19 and Under-20 players were identified with a view to achieving selection for the Junior Springboks' 2017 World Under-20 campaign. The establishment of the Rugby Education Foundation (REF) – to fund the placing of talented youngsters in a holistic academy programme – was another highlight.

#### STRATUS LEADS QUEST FOR CUTTING-EDGE PERFORMANCE ANALYSIS

The Technical Support Department continued in its mission to be at the forefront of performance analysis. Its objectives are an integrated and robust approach to innovation and research as well as creating technology programmes that drive continuously improved performance for our national teams and referees.

A number of major achievements were achieved during the year as the ground-

*The best of EPD3 Under-19 and Under-20 players were identified with a view to achieving selection for the Junior Springboks' 2017 World Under-20 campaign. The establishment of the Rugby Education Foundation (REF) – to fund the placing of talented youngsters in a holistic academy programme – was another highlight.*

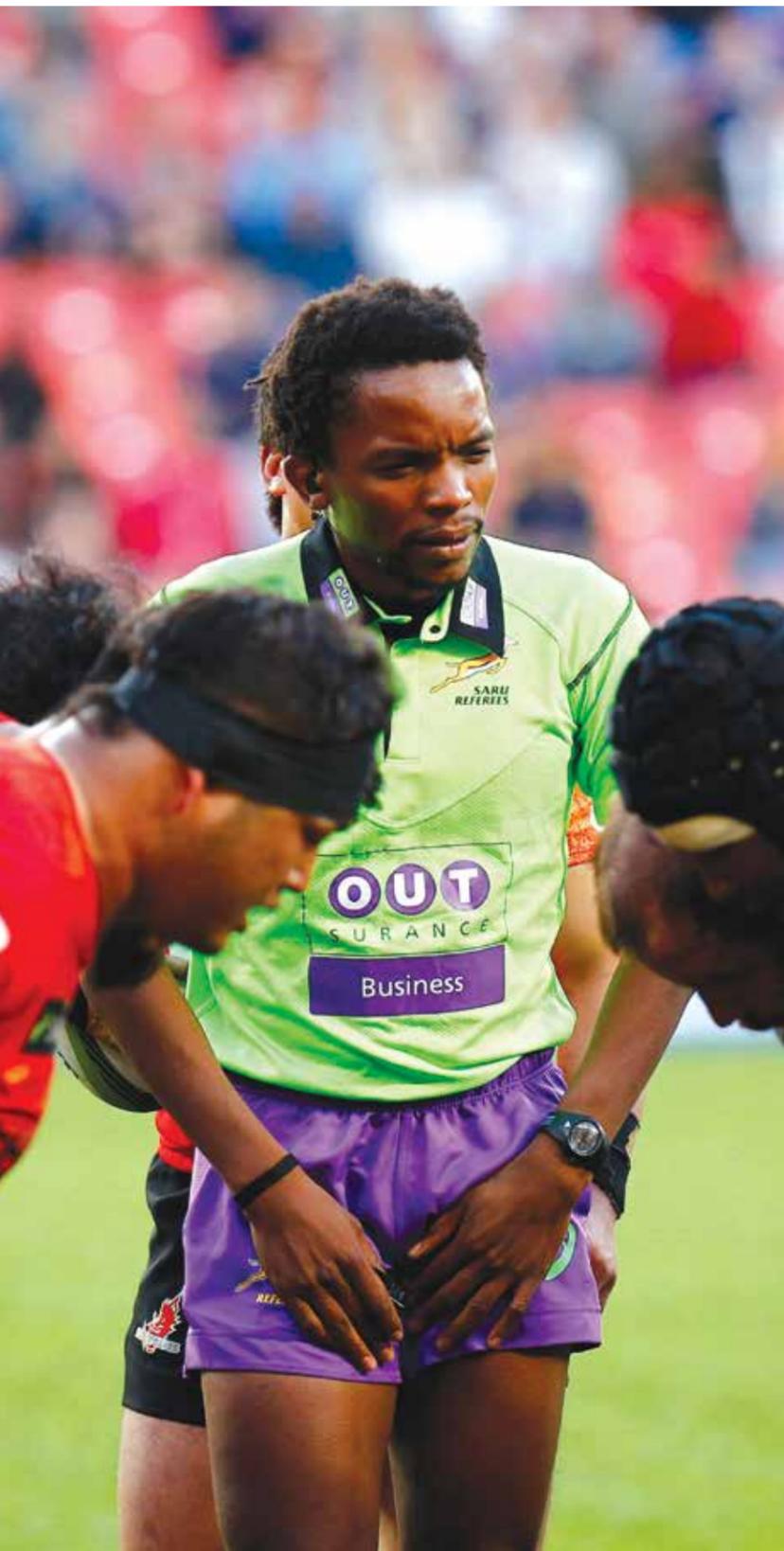
breaking Stratus system continued to be rolled out. Stratus is the official analysis system of SA Rugby. The vision is to build and implement a leading ecosystem for team sports, providing stakeholders with the information needed to perform and operate at their best.

#### STRATUS SNAPSHOT FOR 2016:

- » The total number of (local and international) matches coded increased from 672 in 2015 to 899 in 2016;
- » 16 million data points were collected from the 2,408 games coded in total;
- » This resulted in 128,000 video clips compiled into 7,700 playlists.

#### STRATUS DEVELOPMENT MILESTONES:

- » Stratus Referee was used for the first time in 2016 after its construction in the previous year.
- » Stratus Recorder gave a much wider option of video available for medical staff.
- » Streaming Video – Live 'adaptive' streaming was introduced to Stratus converting video into multiple resolutions allowing players to automatically switch between resolutions depending on local internet speeds.
- » Other enhancements – A number of smaller enhancements to the Stratus system led to an enhanced operating system, while work is underway on developing a Stratus app and the migration of Stratus from a Windows-only platform to one that is cross platform (Windows / Mac / Tablet / Phone).



ABOVE: Rasta Rashivenge shares the title of World Rugby Referee of the Year.

We secured a long-term agreement with Kitman Labs, an athlete optimisation system, for usage by the national teams. Kitman provides coaches, conditioning and medical staff with objective, measurable insights to reduce injury risks and increase player availability to compete.

STATSports allowed us to use their VIPER monitoring units at no cost for the Springboks for the 2016 international season. The company provides the world's leading performance monitoring and analysis service to elite sports athletes, and we are currently in the process of securing a long-term lease agreement with them.

#### SA REFEREES CONTINUE TO IMPRESS INTERNATIONALLY

During 2016, 10 SA Rugby referees officiated in 23 Tests and in a major personal development for one of our best referees, Craig Joubert has taken up his new position as the World Rugby Referee Talent Development Coach.

The following referees made their Test debuts in the 2016 season: Rasta Rasivhenge, Jaco van Heerden, Cwengile Jadezweni and Aimee Barrett. Johan Greeff was appointed as television match official in four Tests, while Shaun Veldsman did similar duties in six Tests.

The following local referees performed duties at the 2016 Rio Olympics: Joubert, Rasivhenge, Barrett, Marius van der Westhuizen and Ben Crouse, with Rasivhenge selected to referee the Men's Final between Fiji and Great Britain.

Rashivenge had a particularly good year. He shared the World Rugby Referee of the Year award with Alhambra Nievas of Spain and deservedly won the OUTsurance Referee of the Year Award for 2016. Jadezweni performed duty at the World Rugby U20 Championship in England while AJ Jacobs performed at the SANIX World Rugby Youth Tournament in Japan.

#### MORE NOTEWORTHY STRIDES IN MEDICAL CARE

The SA Rugby Medical Department made some noteworthy strides in its aim to increase the delivery of quality medical service to the various national teams, our Vodacom Super Rugby franchises and provincial teams.

The department oversaw the training of two more World Rugby Level 2 Immediate Care in Rugby educators to bring to four the number of such educators. The department also continued with the Illness Surveillance and Prevention Project in the Premier Division of the Currie Cup. A master's student was enlisted to ensure the accuracy of the data collection and reporting.

The collected data is analysed and reported on to ensure that SA Rugby provides a safe playing environment for our players.

SA Rugby also continues to capture all the injury data from the Youth Week tournaments. This data has resulted in a number of peer review research papers being published. This information is then utilised to drive coach and referee education regarding player safety as well as assisting SA Rugby in implementing safety initiatives and strategies at the Youth Week tournaments to enhance player safety and wellbeing.

2016 was also the fifth consecutive year that SA Rugby, together with their research partners and the Vodacom Super Rugby franchise medical teams, collected data for the SANZAAR Super Rugby Injury Surveillance Study. In November a workshop was hosted by SA Rugby to provide feedback regarding the incidence and severity of injury in Vodacom Super Rugby. From this workshop a document outlining injury prevention strategies was tabled and the aim is to implement these strategies in the 2017 season.

In December an expert panel consisting of Professors Mark Sonderup, Wendy Spearman, Graeme Meintjes, Mark Blockman and Dr Leigh Gordon collaborated to produce the draft SA Rugby Infectious diseases Policy/Guideline. A member of SARPA also took part in the deliberations. The aim is to ratify the draft policy in 2017, and once that is completed, to publish and distribute the guide locally.

#### BOKSMART CONTINUES TO STRETCH FOOTPRINT AND POSITIVE INFLUENCE

By the end of 2016, a total of 16 639 coaches and referees had been certified on the fourth cycle of BokSmart Training. Adding to the previous cycles, 74 695 newcomers were introduced to the programme since its launch in 2009, while 106 964 coaches and referees have attended these courses; many of whom have attended multiple courses.

During the year, we completed filming of the fifth edition of the acclaimed BokSmart Rugby Safety DVD. In this edition, we have emphasised the establishment of an effective Emergency Action Plan (EAP) for catastrophic head, neck and spine injuries, and on what to do when something goes wrong on the rugby field. Other pivotal focus points are Concussions and Cardiac Events. A concussion initiative named Heads up: Prevent Concussion was also launched during the Coca-Cola Under-18 Craven Week.

On the injury front, there were eleven

confirmed serious and catastrophic head, neck and spine injuries and one cardiac fatality post-match; a 25-year old player who collapsed and died while out with his friends in the evening after his match.

However, it is worth noting that in the period 2012-2016, there has been an average reduction of three permanent catastrophic injuries per year in the Club rugby sector, with similar reductions in non-permanent catastrophic injuries in School rugby, when compared to the initial period of data collection prior to 2012.

Seven scientific research papers were produced in 2016 and have either been accepted for publication or have already been published. Once officially published, they are uploaded onto the BokSmart website, raising the initiative's profile in conjunction with appearances and presentations at international conferences.

Another highlight of the year was the two-week visit by prof. Caroline Finch, a world leading injury prevention and implementation researcher and epidemiologist. Apart from learning from her incredible knowledge of the subject, we also joined forces with her to produce two scientific research papers, which we published in a highly respected, international medical and scientific journal. We also sent a delegation to the fifth International Consensus Conference on Concussion in Sport, held in Berlin.

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# STRATEGIC PERFORMANCE MANAGEMENT

The Strategic Performance Management Department delivered on a number of its objectives in 2016 as set out in the Strategic Transformation Plan (STP), in what marked the second year of the programme's implementation.

While there are still several challenges ahead to reach the targets set out for 2019, transformation in South African rugby is on track.

The main objectives of the STP – a five-year plan launched in 2015, which includes annual performance targets – are to guide rugby to achieve compliance with the National Sports Plan (NSP) and the broader needs of the game.

## THE STP CONTAINS SIX DIMENSIONS:

- 1 » Demographic Representation
- 2 » Access to the Game
- 3 » Skills and Capacity Development
- 4 » Performance
- 5 » Community
- 6 » Corporate Governance

While the announcement of the first Eminent Persons Group (EPG) report in March 2015 was a serious concern for SA Rugby, the organisation continued with the implementation of the STP, while the Presidency and CEO engaged actively with the EPG Committee, Minister of Sport and the Sport Portfolio Committee to maintain a constructive working relationship.

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

OPPOSITE: Transformation targets were in place for all SA Rugby competitions.

BELOW: A demographically representative SA Schools team won all three of its matches in an international series.

In line with improving transformation in South African rugby, the Strategic Performance Management Department embarked on visits to each of the 14 provincial unions, between 7 September and 20 November 2016, to determine whether they had the capacity to transform the game and to measure how they had scored on the targets agreed to with SA Rugby. A demographically representative SA Schools team won all three of its matches in an international series. Six of the unions were rated as good, three as average and five as poor.

In terms of the STP dimensions, SA Rugby showed solid progress in Access to the Game, Skills and Capacity Development, and Social Development, while Demographic Representa-

tion, Performance and Corporate Governance remained more challenging.

Significant strides were made in Access to the Game largely due to the Get Into Rugby (GIR) and Vuka Rugby Programmes, targeted at primary and high schools respectively, as they played a vital role in spreading the game to rural areas and townships.

Participation through the GIR Programme – which is now in full operation countrywide barring the Boland, Valke and Mpumalanga rugby unions – saw almost 170 000 new players take up the sport in 413 schools, while 675 accredited coaches gained access to the game.

Another significant achievement was that 72% of the participants were black and 28% coloured, while 48% of the total participants were female with the focus being on development at grassroots level.

The Vuka Programme, hosted in conjunction with the South African Rugby Legends Association (SARLA), was launched with great success in rural areas and townships in the northern regions, where it had been absent in the past. SA Rugby also succeeded in increasing player numbers and participation for black clubs in the Gold Cup competition. The Vuka programme also won the Gauteng Premier's Service Excellence Awards, emphasising the successful implementation of the programme.

During the first year 289 schools were activated, 12 716 players recruited and 867 coaches trained.

The Skills and Capacity Development programmes, meanwhile, contributed to 3 135 coaches, 1 083 referees and 137 Clubwise administrators being trained, although the national targets for generic and African black coaches and referees were not achieved.

SA Rugby's Social Development efforts included a structured and co-ordinated plan to activate initiatives such as awareness programmes around social cohesion, HIV/AIDS and Sport against Crime. Over and above this, the GIR Programme empowered numerous teachers and volunteers to contribute toward job creation in disadvantaged communities.

On the field, SA Rugby achieved four of the five targets set out for the percentage of generic black players in international competitions, with the Springboks, Junior Springboks, Springbok Sevens and SA Under-18 teams having met the requirements.

Off the field, three of the four targets for national rugby administration were also achieved, with generic black representation at Executive

*Significant strides were made in Access to the Game largely due to the Get Into Rugby (GIR) and Vuka Rugby Programmes, targeted at primary and high schools respectively, as they played a vital role in spreading the game to rural areas and townships.*



and Board levels, and for full-time staff, as well as black African representation for full-time staff being met. The organisation, however, fell short in black African representation on Board and Executive level.

Another notable achievement is that black representation in the U16 and U18 national elite squads was at 61% and 48% respectively, while the U15 Iqhawe Week tournament comprised 90% black players.

The targets set out for the Currie Cup First Division and SA Rugby U20 Championship were also achieved, however, the demographics in Vodacom Super Rugby, the SA Rugby U19 and U21 Championships and the Currie Cup Premier Division remain a concern.

Lastly, improving the governance structures and BEE ratings within South African rugby remains a challenge. Despite SA Rugby's solid governance structure hard work lies ahead to reach the targeted BEE Level 4 rating.

Looking forward to 2017, the department's key strategic objectives are as follows:

#### ACCESS TO THE GAME

- » Sustain the number of registered participants in the primary schools recruited in 2015 and 2016 through the GIR Programme.
- » Promote and encourage participation in formal and informal leagues through the Vuka Programme, with the main focus being on rural areas and townships.

#### SKILLS AND CAPACITY DEVELOPMENT

- » Ensure a steady and sustainable supply of trained and accredited black coaches, referees, technical personnel and administrators in line with the objective to expand rugby's base.

#### DEMOGRAPHIC REPRESENTATION

- » Increase participation of generic black players in the SA Rugby U19, U20 and U21 Championships, the Currie Cup and Vodacom Super Rugby competitions.
- » Increase the number of black coaches in senior provincial teams and support staff in the National team and provincial sides.
- » Change the demographic profile of SA Rugby's General Council to be more demographically representative.
- » Include more women and people with disabilities in Board and Committee structures.

#### CORPORATE GOVERNANCE

- » Improve administration and governance at the provincial unions to ensure they are aligned with SA Rugby's governance model.

#### PERFORMANCE

- » Ensure improved provincial and national BEE scores – Level 4.





# COMMERCIAL

Commercially, 2016 was a challenging year for SA Rugby, but despite a number of trials, SA Rugby still succeeded in producing world-class events, delivering good value for our sponsor family and maintained solid relations with our partners.

To streamline operations, the department was redesigned in the early part of the year, with the marketing component effectively moving across to a new Communications Department.

The new Commercial Department now consists of a general manager and coordinator, senior account manager, two account managers, and operations staff, comprising of a senior competitions manager, and three competitions and tours specialists.

This more streamlined approach to conduct business ensured that capable, efficient and effective account management was provided

to our partners' portfolios, which in turn fosters great relationships to deliver return on investment (ROI). The department also continued to deliver world-class services and events.

#### SPONSORSHIPS

Following the decision of the Springboks' headline sponsor to not renew at the end of 2015, the department worked hard to secure a new title sponsor for our most-prized national rugby asset. It was a challenging process, in the current economic climate, and was made even harder through the fact that most major companies had already allocated their spon-

New year, new look: Blue Label Telecoms partnered with the Springboks in 2016.

sponsorship spend for 2016 by the time SA Rugby entered the market.

Nonetheless, Blue Label Telecoms was secured as Springbok sponsor. The Johannesburg Stock Exchange-listed telecommunications and technology company initially partnered the Boks for the three-Test Castle Lager Incoming Series, but that was later extended until the end of the international season.

Blue Label Telecoms' name and branding appeared on the Springboks' jersey for the season, as well as in a number of on-and off-field areas at home Tests.

And after the unbundling of the sponsorship portfolio for national teams, Steinhoff International – the integrated retailer with operations in Africa, Europe and Australasia – came on board to sponsor the Springbok Sevens, Springbok Women's Sevens and SA Rugby Sevens Academy teams.

Other new sponsors welcomed to the SA Rugby family were Outsurance (referees), Emirates Airline (HSBC Cape Town Sevens partner), Bidvest car rental (supplier), as well as two new Currie Cup sponsors, namely Nashua and DirectAxis. For many of these sponsors, their

involvement in 2016 was their first-ever in the rugby world.

Renewals were also agreed with following sponsors and suppliers: Castle Lager, Tsogo Sun, Coca-Cola, Vodacom, Springbok Atlas, Energade, Virgin Active and Cedarberg Aqua.

#### OPERATIONS

World class events were delivered, free of serious incidents and achieving high praise from participants and supporters alike.

This included the Coca-Cola Youth Week tournaments, held over three weeks in four different locations, six Test matches in six different cities, an international Under-19 series comprising of six teams, the Currie Cup and Vodacom Super Rugby (in conjunction with the provincial unions), the Gold Cup club competition, various other amateur tournaments, culminating in the massively-successful HSBC Cape Town Sevens, which was hosted for a second year in the Mother City.

The Boks kicked off their international season with the Castle Lager Incoming Series against Ireland, played at DHL Newlands in Cape Town (attendance of 42,640), Emirates Airline Park in Johannesburg (40,468) and the

Nelson Mandela Bay Stadium in Port Elizabeth (42,324), for a total attendance of 125,432 people (or 80.1% of total available capacity).

Also in June, we hosted the England Saxons in two matches against the SA 'A' team, on the Fridays preceding the first and second Bok Tests, in Bloemfontein and George, with assistance from Free State and South Western Districts.

The Castle Lager Rugby Championship followed with Tests against Argentina at the Mbombela Stadium in Nelspruit (27,357), Australia at Loftus Versfeld in Pretoria (38,170) and New Zealand at Growthpoint Kings Park in Durban (capacity crowd of 52,595). The total was 118,122 or 81.6% of total available capacity.

A new model was used for the Coca-Cola Youth Weeks, where tournaments were combined in different venues.

The Coca-Cola Under-18 Craven Week and Academy Week were held concurrently at Kearsney College outside Durban, while the Coca-Cola Under-16 Grant Khomo and Under-13 Craven Weeks were held at Paarl Gymnasium.

The LSEN Week was at Affies in Pretoria and the Girls' Weeks were held in Welkom (Under-16) and Kimberley (Under-18). This model was

further refined for 2017, when the two National Girls' Weeks will be jointly held in Welkom.

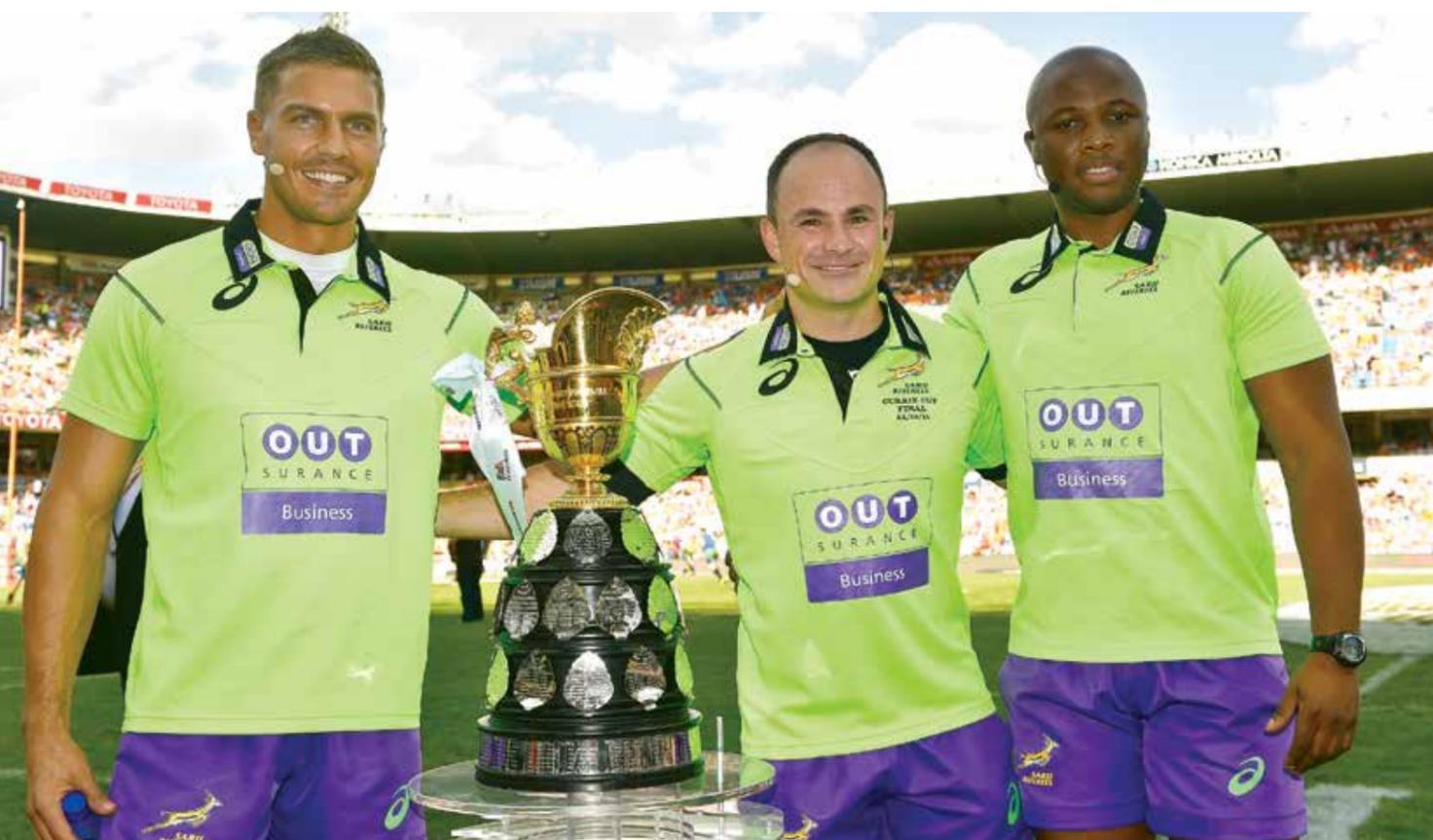
The Youth Weeks were followed by a highly-successful International Under-19 tournament, where the SA Schools and SA Schools 'A' sides faced England, Wales, France and Italy. This series was held at City Park Stadium and Bishops in Cape Town, as well as Paarl Boys' High, and was fully televised on SuperSport.

The Gold Cup was played from 10 September to 29 October, culminating in a superb final at Impala Rugby Club in Rustenburg, where more than 5,000 people watched Rustenburg Impala beat False Bay.

*The Gold Cup was played from 10 September to 29 October, culminating in a superb final at Impala Rugby Club in Rustenburg, where more than 5,000 people watched Rustenburg Impala beat False Bay.*

BELOW: Outsurance came on board as sponsor of match officials.

OPPOSITE: Gold Cup winners Rustenburg Impala.



The annual Amateur Provincial Competitions (APC) of the Central, North and South were held simultaneously in August in Kimberley, Johannesburg and George. This model will also be streamlined in 2017.

The Interprovincial Sevens tournament for men and women was professionally delivered in Nelspruit for a second year, while the U17 Interprovincial Sevens for school boys was held in Durban.

The season ended on a high note from a local point of view with the Currie Cup Final and the HSBC Cape Town Sevens.

Towards the end of October, the Currie Cup final, at Toyota Stadium in Bloemfontein between the Toyota Free State Cheetahs and Vodacom Blue Bulls, was sold out – the first time ever this stadium in the Free State was filled to capacity since it had been upgraded for the 2010 Football World Cup.

And on 10 and 11 December, Cape Town was abuzz for the second tournament on the HSBC World Rugby Sevens Series. With Emirates on board as new partner and a long-term hosting agreement in place with the City of Cape Town, a total of 108,941 supporters flocked through the gates of the Cape Town Stadium and were treated to almost a try per minute during two days of action-packed rugby.

The first day saw 53,946 people go through the turnstiles, while 54,995 were in the ground to see the Blitzboks fall short by losing to England in the Cup final. Tickets sold out in record time earlier in the year, with the tournament growing in popularity.

The event was highly rated by World Rugby and the participants, taking into consideration hotels, food, service, travel schedules, training venues, gymnasiums, change rooms at the stadium, food and water at the tournament, warm-up areas, liaison officers and general tournament experience.

The focus in 2016 was mostly on the successful growth of these tournaments and to ensure they were all aligned to one standard. To have SuperSport on-board in broadcasting most of the rugby assisted us in this regard. Our sponsors also saw great commercial value in these tournaments.

All smiles at the HSBC Cape Town Sevens.



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# COMMUNICATIONS |

The new department of Communications came into being in mid-year to ensure that the messages from SA Rugby to all stakeholders sprang from a common source. It was created by combining the functions of marketing with the old Corporate Affairs department to create a new 12-person communications hub. The heritage functions of the Corporate Affairs department were also included in Communications with a complement of three.

The outcome was that media and stakeholder communication was combined with marketing and brand functions to ensure not only that messaging was unified in one centre but that the work of both could be sure to be amplified by leveraging from the other.

The benefits were immediate. A new branding departure was undertaken for the Springboks to re-position the team and the sport in the wake of the negativity of 2015 – despite the team's third place finish at the Rugby World Cup.

A 'movement' hashtagged #LoveRugby was developed and quickly gained traction. The

OPPOSITE:  
#LOVERUGBY - a  
simple message to  
South Africa in 2016.





*The team's first assembly – hitchhiking from Cape Town airport to Stellenbosch by way of city and rugby landmarks – was captured on video and received immediate traction.*



message was integrated across digital channels, field markings and playing apparel in addition to team messaging, traditional marketing and team activities. The concept was very well supported by the Springbok management and players – with Allister Coetzee incorporating the movement into his plans – producing a number of notable successes.

The team's first assembly – hitchhiking from Cape Town airport to Stellenbosch by way of city and rugby landmarks – was captured on video and received immediate traction. A television commercial to 'land' the concept was produced and extensively flighted by our partner SuperSport and other public engagement activities took place.

The team appeared at early morning street corners in Johannesburg, Port Elizabeth and Nelspruit to variously hand out coffee and match tickets to those who "toot if you #LoveRugby". Another video which went 'viral' was a tongue-in-cheek message of good wishes to the South African Olympic team. Together the #LoveRugby video content produced 1.5m views. The hashtag trended 17 times in five months in South Africa and the @Springboks Twitter following grew by 15% in the course of the year to almost 500 000.

Behind the froth and the fun was a serious message. The movement was conceived as an antidote to the negativity of 2015 by putting aside conversations around results, selection and politics with a simple message: that all of us are 'in' rugby because we started out loving the game; let's get back to that emotion.

Maintaining the love was not straightforward in a year in which team results and the public conversation around rugby remained downbeat. On-going questions around transformation – despite significant strides made in that direction – dogged the organisation almost as much as results. The affairs of the Eastern Province Rugby Union and its commercial arm were also a constant concern while media speculation around the president's relationship with the Executive Council also flavoured public commentary on the game until Mr Hoskins decided to step down after more than ten years in the role.

In addition to handling media inquiries around such issues, normal operations continued on the media front with more than 700 media releases issued on the affairs of the various national teams, competitions, rugby initiatives and corporate activities. A number of speeches, briefings and forewords for publica-



tions were written and presentations prepared for various departments and leadership.

The theme of consolidation for the year was continued as work begun in 2015 on 'cleaning up' the logo family of SA Rugby was completed. The changes were so small as to be un-noticeable to the casual observer. However, for the record, the leaping springbok was made sleeker and simpler, comprising only three colours – gold, black and white. The white 'keyline' that surrounded some versions of the logo was dropped as was a tan side stripe and anatomically inaccurate tan snout. Team designations were also centred beneath the logo.

The department's portfolio of government and stakeholder relations was again well managed with cordial relations maintained with key stakeholders. SA Rugby appeared before the Parliamentary Portfolio Committee on two occasions and although the organisation received the usual rigorous interrogation of its activities, there was also praise for rugby's approach to key issues as well as its manner of engagement.

The organisation's corporate social responsi-

bility (CSR) involvement with the Chris Burger/Petro Jackson Players' Fund continued as it has for many years. SA Rugby provides financial and human resource backing to the Fund's vital work of caring for the +/-120 players catastrophically injured playing the game.

SA Rugby additionally continued to roll out libraries in disadvantaged communities with new facilities opened at Walmer Primary School in Port Elizabeth and Sukumani Primary School in Matsulu in rural Mpumalanga. The events coincided with Test matches in the regions and each launch was attended by Springbok representatives. The work brought to eight the number of libraries opened by SA Rugby since the programme's launch in 2013.

Appeals for support from rugby clubs and civic society were answered where possible with donations of obsolete stock to a number of beneficiary organisations: Sifundzekhaya High School, Drie-Koppies Mpumalanga; Paarl School of Skills, Paarl Western Cape; Ventersdorp Rugby, Ventersdorp, North West; Groendal Primary, Western Cape; Masingatha Rugby Club, King

ABOVE: Springboks Steven Kitshoff, Sikhumbuzo Notshe and Pieter-Steph du Toit read to learners at the opening of a Boks for Books library in Port Elizabeth.



Williams Town, Eastern Cape; KwaLanga Rugby Club, Western Cape; Blackboks Rugby Club, Worcester, Western Cape; Youth for Change, Township programme, Western Cape.

Many of these activities were reflected in SA Rugby's burgeoning portfolio of digital channels. The Springboks' Facebook community grew to more than 1.1m while Twitter continued to bound on in growth although the rising popularity of Instagram was reflected in its growth rate of 45% to 152 000 followers. The Junior Boks (6 368) and Bok Women (3 398) grew by 28% and 30%

respectively but the success of the Springbok Sevens team saw their Twitter handle outshine all others with growth of 63% to 28 578.

Those channels are now central to brand and marketing strategies – offering affordable access to committed rugby communities – and were notably used in a campaign to support the activities of the referees' department and their sponsor partner, OUTsurance. A 'weekly whistle' competition on Facebook served the dual purpose of educating supporters on the Laws while giving our partner excellent return on investment. The 28

episodes returned a media value of almost R1,5m.

The Currie Cup campaign – Where Legends Rise – also featured heavily online and team campaigns supporting the activities of the Springbok Sevens and Junior Springboks also had a heavy online presence.

Last, but far from least, the department's role in the HSBC World Rugby Sevens Series Cape Town event absorbs much of the final two months of the year. An integrated communications plan involving pre-event marketing as well as match-day entertainment and media opera-

tions was a significant success.

An unpredictable and engaging mix of music, dance and comedy – as well as what was thought to be the world's largest mannequin challenge (an internet craze featuring teams, individuals and celebrities frozen in position as per shop mannequins) – proved successful. Social media commentary was highly complimentary of the event as a whole; reflected in the fact that the Cape Town Sevens was among the nominees for live event of the year in the Discovery Sports Awards (winners to be announced in 2017).

ABOVE: Rugby's biggest party at the HSBC Cape Town Sevens.

*"Being busy does not always mean real work. The object of all work is production or accomplishment and to either of these ends there must be forethought, system, planning, intelligence, and honest purpose, as well as perspiration. Seeming to do is not doing."*

*- Thomas A. Edison*

# HUMAN RESOURCES

Human Resources had a bumper year in 2016 and although not as many inventions were created as Mr. Edison achieved, the department did manage to move the company forward in a number of ways by achieving a number of objectives in order to reach our desired outcomes.



Rugby remains a highly emotional and sensitive environment, presenting a number of challenges to HR, but the department remained true to its vision on what it wanted to achieve and how it wanted to improve. Those issues were no more than a speedbump on the journey.

A **skills audit** (a core objective from 2015) was undertaken during the year and proved highly successful and significant. 91% of our staff participated with the intention of determining what skills were available in the organisation to help address needs for 2017 and beyond. This information is now captured and useable and will guide HR in a number of ways.

On the **recruitment** front, 2016 was a busy year. A number of new Springbok coaching staff and management were appointed, while others were renewed. The organisation also acquired high calibre talent for senior positions in the company who met our Employment Equity targets. This included General Managers for Commercial; Finance and Operations/CFO and Head of Legal and Compliance, all according to our BBBEE responsibilities.

Another **re-engineering process** took place at the beginning of the year which included three departments: Commercial & Marketing, Corporate Affairs and Legal. The rationale for this re-engineering was based on streamlining functions of these three departments to better address the SA Rugby's key focus areas.

In case of our legal structures, where a number of legal employees were spread across in different departments, there was a need to amalgamate them into one department, reporting to the office of the CEO.

Marketing – which has resided as a function within the Commercial department – merged with Corporate Affairs into a single department, known as Communications.

An important change was the signing of our Springbok Sevens management, as 90% of contracts came to an end in October 2016. The new structure aligned the contracts to the new four-year Olympic cycle until 2021. It was also necessary to align to the Strategic Transformation Plan and deliver a more diverse team management.

The year concluded with another important achievement, the centralisation of the provincial academies into one, with its base in Riebeeck West. This aligned with the Rugby Education Fund which is part of the transformation process SA Rugby has embarked upon.

An important step in determining our objec-



tives for 2017 and beyond was the fact that they were formulated in conjunction with the executive team. **High on the list of priorities are:**

**1** Transformation and human capital development through succession planning and retention of key staff. Critical skills have been lost to other countries and entities. A succession and retention plan ensures sustainability which

will benefit SA Rugby in the long run.

**2** Efforts are to be redoubled to align and improve communications with stakeholders such as employees, management, finance department, suppliers, MyPlayers and SARPA to ensure improved governance.

**3** The department will support SA Rugby in achieving its strategic objectives with

initiatives such as living organisational values, developing human capital and innovation.

**4** HR also has a role to play in areas such as financial sustainability, compliance and leadership and governance.

It was a productive year and staff embraced departmental changes without losing out on productivity or positive results.

Springbok Sevens captain, Philip Snyman (left), coach Neil Powell and Cecil Afrika (right) present Cape Town mayor, Patricia De Lille, with a team jersey. Powell's contract was extended in 2016.

# NOTES



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