



# BOXING SOUTH AFRICA ANNUAL REPORT 2013/14



BOXING SOUTH AFRICA  
ANNUAL REPORT



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Our vision is to be a leading sport code in  
South Africa and a world class boxing authority!

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PART A:  
GENERAL INFORMATION

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## PUBLIC ENTITY'S GENERAL INFORMATION

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REGISTERED NAME:	Boxing South Africa
REGISTRATION NUMBER (if applicable):	Not Applicable
PHYSICAL ADDRESS:	Cnr. New Road & 6th Road International Business Gateway, Teljoy House Midrand
POSTAL ADDRESS:	PO Box 1347 Southdale 2135
TELEPHONE NUMBER/S:	027 11 318 8434
FAX NUMBER:	027 11 318 9394
EMAIL ADDRESS:	mail@boxingsa.co.za
WEBSITE ADDRESS:	www.boxingsa.co.za
EXTERNAL AUDITORS:	Auditor General South Africa
PHYSICAL ADDRESS:	300 Middel Street, New Muckleneuk, Pretoria, SA
BANKERS:	ABSA Bank
PHYSICAL ADDRESS:	7th Floor Barclays Towers West 15 Troye Street Johannesburg

## LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
MEC	Member of Executive Council
SABA	South African Boxing Act
SABR	South African Boxing Regulations
BBBEE	Broad Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
PFMA	Public Finance Management Act
TR	Treasury Regulations
MTEF	Medium Term Expenditure Framework
SMME	Small Medium and Micro Enterprises
SCM	Supply Chain Management
PBL	Premier Boxing League
SANABO	South African National Amateur Boxing Organization
CATHSSETA	Culture Arts Tourism Hospitality and Sport Sector Education Training Authority
SRSA	Sport and Recreation South Africa
SAIDS	South African Institute for Drug Free Sport
SASCOC	South African Sport Confederation and Olympic Committee

EA	Executive Authority
IA	Internal Audit
RM	Risk Management
AC	Audit Committee
AA	Accounting Authority (Board)

## FOREWORD BY THE CHAIRPERSON

It gives me great joy that we report as charged with directing this entity as expected and in accordance with the South African Boxing Act, Act 11 of 2001 and the Public Finance Management Act, Act No. 1 of 1999. The Board took the baton in 2011 whilst the entity was faced by so many challenges. But as time went by we realized we had advanced to a point where we can confidently declare that a lot has been done in the past few years.

When we assumed office our mandate was very specific in relation to uplifting the status of boxing in South Africa to higher heights. In this 2013/2014 annual report we take stock of how far we have travelled in meeting the targets as set out in our 2012-2017 Strategic Plan.

We are also delighted that together with the Honourable Minister; Fikile Mbalula, the entity and its stake holders went to a National Boxing Indaba, in September 2013. Key and strategic resolutions taken in the indaba focused on reviewing the legislative mandate of the entity, sustainable systems to improve the entities' revenue position, broadcasting and the welfare of Boxing SA licences, with a particular focus on the "Boxer".

Part of the purpose of the indaba was to draw in the public and private sector in the sport of boxing. We welcome the SABC's commitment as a public broadcaster to work together with us (Boxing SA) on the broadcasting of boxing. Our relations with international sanctioning Bodies remain intact particularly as boxers like Simphiwe Vetyeka, Hekkie Budler, Thabiso Mchunu, Zolani Tete and Chris van Heerden, continue to fly the South African flag high in the ring by defending and/or winning amongst others international titles.

We continue to strive to improve the life of the boxer in and out of the ring; hence our relationship with CATHSSETA continues to grow in the sector of empowering boxers with life skills.

These relationships continue to echo our mandate as outlined in our strategic plan and its vision as we strive to concretise an enabling environment for all our stake holders.

With all the above said we must also admit that as the Board we have had challenges that have hampered the administration of Boxing SA. The Board faced a number of resignations including the unfortunate passing away of Ms. Nontsasa Lebaka, an occurrence that rendered the Board to be dysfunctional. However, with the assistance of the Department of Sport and Recreation, we continued to work in order not to leave a vacuum. These efforts went a long way to stabilise the entity.

The Minister is due to appoint a new Board as our term of office ends in May. I am confident that the newly appointed Board will have a solid foundation as a result of the work that has already been done by the outgoing board. The focus will be the implementation of the resolutions of the National Boxing Indaba and focus on an administration plan for the day to day running of the entity. I am quite confident that the future is very clear for Boxing in South Africa and we will continue to make that a reality.

I would like to take this opportunity to thank the Honourable Minister and his department for the ever available support we receive as an entity, the Board members that remained when the going got tough, our stake holders who at times give us hard time, but the support at times is appreciated, the public broadcaster and other state entities that continue to support us. I would not be doing justice if I were to leave out our small team of staff members that are continuously dedicated to work and move boxing forward.

I thank you.

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Muditambi Ravele  
Chairperson  
Boxing South Africa  
(Date)

## CHIEF EXECUTIVE OFFICER'S OVERVIEW

During the period under review the entity had two CEO's namely Mr Moffat Qithi from 1st April 2013 to 20th September 2013. Mr Loyiso Mtya in an Acting capacity from the 20th September 2013 to 31st March 2014. In addition to the change in administrative leadership the Board later became dysfunctional due to a combination of resignations and the passing away of a Board member.

There were also other challenges particularly in three areas, limited financial capacity, negative attitude from stakeholders, as well as a prolonged disagreement with a stakeholder on the final deal for the broadcast of boxing activities by the SABC.

In a bid to secure a more appreciable and beneficial position for its stakeholders and boxing as a whole, Boxing SA had to conduct an aggressive self-analysis and emerge with specific resolutions that would greatly impact on its spending trends, new operational measures to curtail capacity shortcomings, as well introduce marketing and communication activities to fill in the electronic media vacuum.

Such introspection resulted in commitments to campaign for the renewal of Our Relations with Tried and Tested Stakeholders. Co-operation with Sport and Recreation South Africa was singled out as a matter of urgency. Such a relationship empowered Boxing SA in a manner that resulted in the successful holding of the National Boxing Indaba. This historic process, aptly named the "Galvanizing the future of Boxing for the Boxer", was aimed at reviving boxing and to return it to its former position as one of the leading sporting codes in the country. The processes leading up to the National Indaba started from the nine Provinces which discussed their own issues and then took resolutions to be tabled at the National Indaba. Boxing SA staff participated in activities leading up to the Indaba and also played a role during the Indaba itself.

A Chief Financial Officer has been appointed and this was intended to improve sound financial management systems and procedures aimed at tightening financial administration and control relative to the provisions of the PFMA and Treasury Regulations. The financial performance of the entity has since improved from the previous year. Most of the key financial ratios like net profit, current and return on assets have significantly improved due to an increase in revenue and decrease in

spending.

Boxing South Africa in partnership with Cathsetta conducted training for boxers on life skills during their days as boxers, as well as in life after their boxing days. Graduation ceremonies on boxing students were conducted in KwaZulu Natal and Eastern Cape Province. In addition to the above the training equipped boxers with a better understanding of boxing rules inside and outside the ring, interpretation and understanding of boxing contracts, how boxing bouts are scored, as well as the knowledge of drugs and use of banned substances were carried out in Mpumalanga and Gauteng Provinces. Such workshops included both licensed parties and potential licensees from the amateur structures and communities. The programs will continue in other Provinces.

Special emphasis was put on inclusivity in all our activities, ranging from boxers, trainers, managers, promoters, as well as boxing tournaments. The training projects included all races, gender and geographic demarcation as mandated in the 2012-2017 Strategic Plan.

The absence of television warranted an improvement on the matching, sanctioning and marketing of tournaments. This was made with a view to keeping the attention of boxing fans firmly fixed on boxing. Promoters were encouraged to put more emphasis on attractive fights while not forgetting the principles of transformation in the process.

The following are statistics on activity and licensing:

## TOURNAMENTS

For the financial year 2013/14 we staged a total number of 84 tournaments in the following categories:

Categories	Tournaments
Development	28
Provincial Tittle Fights	14
South African Title Fights	26
International Title Fights	12
World Title Fights	4

## NEW BOXERS THAT PASSED SPARRING

This year we had a total of one hundred and ten [110] new comers from all the Provinces, thirteen [13] of the new comers of boxers were Female and ninety seven [97] were males.

## LICENSING

For the financial year 2013/14 we had a total number of nine hundred and six [906] licensees in the following categories:

Categories	Males	Females
Boxers	530	30
Managers	64	0
Trainers	71	0
Seconds	87	1
Matchmakers	5	1
Ring Announcers	8	0
Ring Officials	47	5
Promoters	52	6

The overall total number of licensees we had was 863 males and 43 Females.

## HIGHLIGHTS

During the year under review BSA had the following achievements;

- BSA and SRSA held the National Boxing Indaba under the theme “Galvanizing the future of Boxing for the Boxer”. The Indaba resolved on new strategies to improve boxing and return it to its glory days.
- Pound for pound boxing great Floyd Mayweather visited South Africa and participated in boxing programs held in Dube and Emperors Palace.
- Two South African boxers, Hekkie Budler (Mini Flyweight) and Simphiwe Vetyeka (Featherweight) achieved historic recognition as unified champions for two International sanctioning bodies- a first for South African boxing.
- Thabiso Mchunu became the first South African boxer to win the North American Boxing Federation title.
- Zolani Tete’s elimination fight in Mexico won the IBF 2013 Fight of the Year Award.
- Andile Majeke awarded as the BSA Employee of the Year by the Minister of Sport and Recreation South Africa during the Green Stars Awards Ceremony in November 2013.

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Mr. Masilo Maake  
Senior Manager: Administration  
Boxing South Africa  
Date:

## 1. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the accounting framework applicable to the public entity.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2014.

Yours Faithfully

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Mr. Masilo Maake  
Senior Manager: Administration  
Boxing South Africa  
Date:

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Mr. Muditambi Ravele  
Chairperson of the Board  
Date:

## 2. STRATEGIC OVERVIEW

### 2.1. Vision

To be a leading sport code in South Africa and a world class boxing authority!

### 2.2. Mission

Our mission at BSA is the effective and efficient administration of and the regulation of professional boxing, by:

- a) Ensuring and safeguarding the health, safety and general well-being of professional boxers.
- b) Promoting, marketing and sanctioning quality boxing events and tournaments to increase the sport's popularity with athletes, supporters and sponsors.
- c) Credibly rating boxers and training licensees.
- d) Positioning Boxing South Africa as a point of reference for international sanctioning bodies in South Africa and ensuring that BSA fulfils its role as a custodian of the best interests and concerns of all South African Boxers at home and on the international front.
- e) Improving the stature of national and provincial titles.
- f) Coordinating the activities of all boxing stakeholders in the country for the purposes of unifying the sporting codes and managing their expectations with integrity.

### 2.3. Values

#### Professionalism

**P** Throughout the code Boxing South Africa will endeavour to promote and entrench the virtue of professionalism. In reality this means BSA, the licensees and all other stakeholders within boxing must strive to exert themselves expertly and with authoritative knowledge in their chosen areas of operation. In the context of South African boxing, there will be greater expectations for transparency and openness by all role-players.

#### Leadership

**L** We believe that there is a collective responsibility on all the stakeholders in boxing to collaborate and work together for the common good of the sport. In this regard, it is incumbent on BSA to provide the overall leadership necessary to enable collaboration and success of the sport code and for every stakeholder to exercise leadership in their respective areas of operation without encroaching on the rights of others.

#### Accountability

**A** The principle of accountability is imposed on all stakeholders in the boxing community by the Boxing Act. Based on the act it is incumbent on all of us, BSA and the licensees, to each honour their legislative mandate to carry out their responsibility, respect each other's role and to act with integrity at all times.

#### Diversity

**D** In promoting the sport we will endeavour to take the sport to every part and corner of our country and ensure that all communities and athletes have an equal opportunity to partake and excel in the game without regard to their cultural and linguistic, religious, social and economic status, and or any other form of discrimination whatsoever.

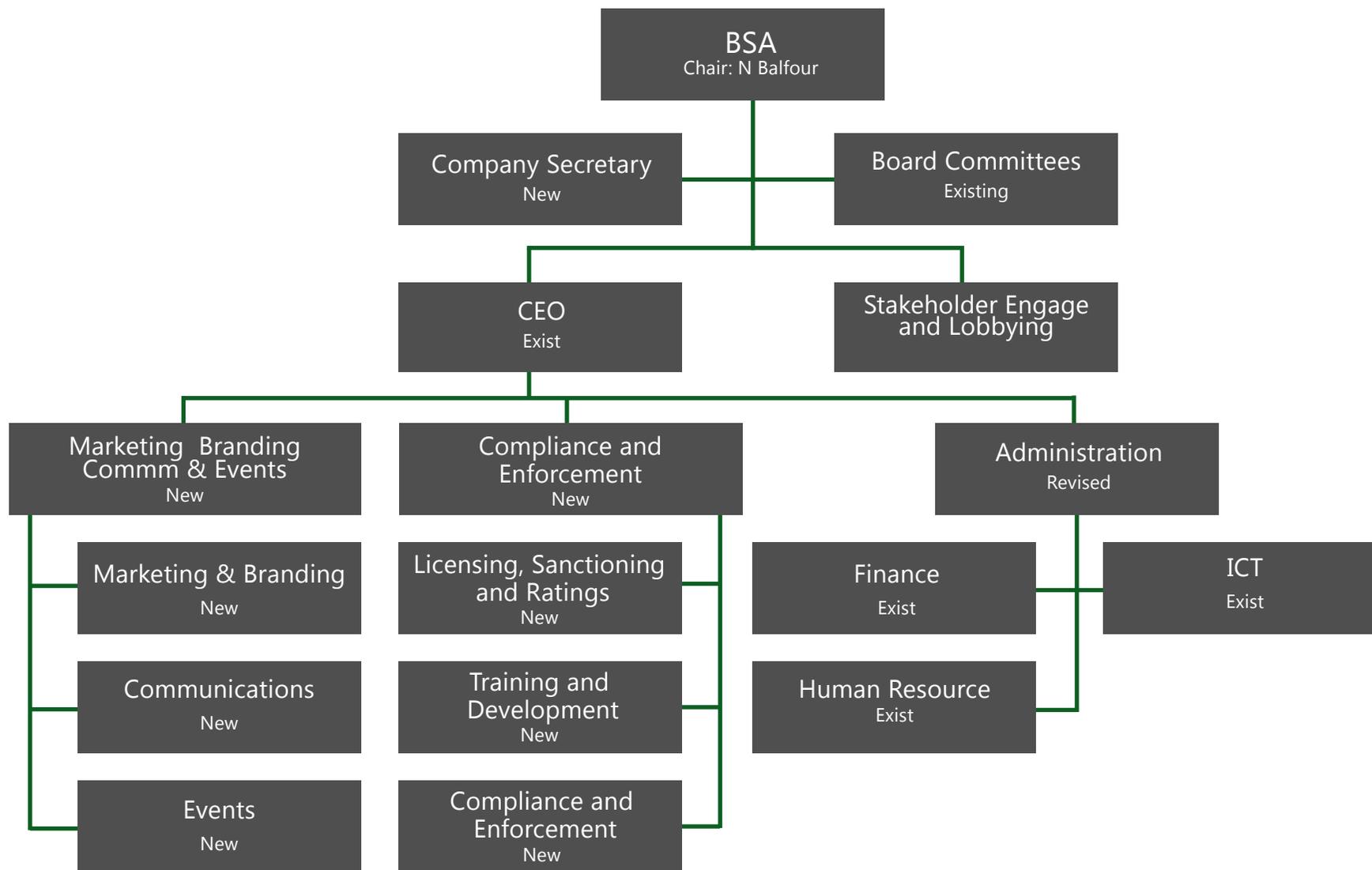
## 1. LEGISLATIVE AND OTHER MANDATES

Section 4 of the South African Boxing Act, Act No. 11 of 2001 establishes a Boxing Commission which is a juristic person known as Boxing SA. In execution of its legislative mandate and function Boxing SA is a Schedule 3A Public Entity in terms of the PFMA.

Basic values and principles governing public administration, legislative, functional and policy mandates of the public entity are found in Section 2 of the South African Boxing Act, Act No. 11 of 2001, which include inter alia:

- Giving effect to the provisions of the Constitution and in particular Sections 23, 33 and 41
- Regulate, control and exercise general supervision over professional boxing at tournaments in the republic;
- Protect and regulate the interests and organizational rights of boxers, trainers, managers, promoters, officials, and other stakeholders involved in professional boxing matters.

## 2. ORGANISATIONAL STRUCTURE



PART B:  
PERFORMANCE INFORMATION

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## 1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 47 to 50 of the Report of the Auditors Report, published as Part E: Financial Information.

## 2. SITUATIONAL ANALYSIS

The 2013/14 Annual Performance Plan was tabled without any review / changes on the 2012-2017 Strategic Plan and as such, there were no updates to be incorporated into the situational analysis regarding the performance delivery environment or the organisational environment. Future updates will reflect in the 2014/15 Annual Performance Plan.

### 2.1. Service Delivery Environment

The Performance Environment within which BSA is operating

The environment within which Boxing South Africa is a player is characterised in below:

- a) The profile of boxing as a sport has declined significantly over the years. This may be attributed to lack of sponsorship and broadcasting of tournaments on the national broadcaster, SABC.
- b) The following factors has a bearing on the status of the sport and the environment that broadly defines it;
  - i. The absence of an aggressive marketing strategy,
  - ii. The media continues to publish negative reports about Boxing SA and boxing in general.

- iii. The quality, literacy skills and image of boxers (compared to athletes in other codes e.g. rugby, soccer, cricket) and the fact that many licensees are boxing's worse critics.
- iv. The competitive environment where all the sporting codes in the country are competing for the same attention (ranging from public support, to medial profile and sponsorships) is very robust.
- v. To a very large extent the image of boxing as a professional sporting code is seriously undermined by, amongst others, the above factors.

### 2.2. Organisational environment

2.2.1 The strategic objectives published in the Boxing South Africa's Strategic Plan (2012/13 - 2016/17) remain unchanged. The Boxing SA's mandates set of in section 2 of the South African Boxing Act No.11 of 2001 inaugurate it as a professional boxing regulatory body in South Africa. Its mandates in section 2 of this Act inter alia include:

- Sections 2(b) regulate. Control and exercise general supervision over professional boxing at tournaments in the Republic;
- Section 2 (c) protect and regulate the interests and organisational rights of boxers, trainers, managers, promoters, officials and other stakeholders involved in professional boxing matters.

2.2.2 The Executive Authority, the Minister of Sport and Recreation through Department of Sport and Recreation's Accounting Officer, The Director General is charged with the performance oversight role. Boxing South Africa is comprised of the Board (this is the Accounting Authority of the Entity), the Chief Executive Officer (the BSA's Accounting Officer), and the staff. Boxing SA main clientele is the Boxer, Manager, Trainer, Promoter and Officials.

2.2.3 Boxing SA should be seen as an entity that responds to its dynamic and complex environment in ways determined and promoted by its legislative and regulatory framework. Boxing South Africa's introspection

over the past few months has resulted in changes to the organisation including:

- Where necessary, reviewed and developed policies to respond to the demands of a dynamic and fast-changing environment;
- Review of the funding and or business model for BSA;
- Introduction of the coordination of associations to ensure the equitable boxing environment exist for all stakeholders;
- Aligning the organisational structure to the Boxing Act and regulatory requirement; and
- The considerable effort to keep Boxing South Africa focused on its core mandate without losing sight of the needs of a young dynamic organisation.

2.2.4 Boxing South Africa's objectives have been aligned to its core mandates.

A key challenge for the Boxing South Africa as a regulator is the level of organisational skills and capacity both in terms of numbers, knowledge and skills given the broad spectrum of boxing activities across the country. The more the boxing activities expand and the more legislative and regulatory requirements expand the less is the capacity of the Boxing South Africa to manage, monitor and evaluate, and report on these adequately. Monitoring suffers as every staff has got to be more hands on in all activities of the entity. This state of affairs could lead to staff fatigue, stress, poor regulatory environment setting and maintenance, and poor monitoring and evaluation of the impact of the entity interventions in pursuit of its mandate and priorities of the government. Boxing SA will, therefore, have to have a well-resourced organisational structure.

2.2.5 Another challenge is the inadequacy of the Boxing South Africa financial resources which limit its ability to recruit and retain appropriate and the best staff the market can offer. Arising from our introspection we are of the view that the need has arisen for the policies of the organisation to be reviewed and aligned competitively to the market and public service employees given the growth of the need to re-establish Boxing South Africa as a regulator and the need to retain staff. Lastly, the entity need to create an environment that acknowledges and appreciates the "extra mile" contribution by staff.

## 2.3. Key policy developments and legislative changes

There have been no changes to the BSA's legislative and other mandates as reflected in the 2012-2017 Strategic Plan.

## 3. PERFORMANCE INFORMATION BY PROGRAMME/ ACTIVITY/OBJECTIVE

### 3.1. Programme1: Governance and administration

Programme 1: Governance and Administration

Purpose: To provide strategic leadership, good corporate governance and the overall administration (including finance, HR, ICT, etc.) of the boxing.

This programme was designed to provide the leadership of Boxing SA normal administrative functions that are necessary in modern organisations. Leadership here refers to both the governance and strategy on the one hand and administrative dimension on the other hand.

Programme 1 comprises of the following sub-programmes:

- The Board
- The Office of the Chief Executive Officer and Corporate Services
- Stakeholder mobilisation and lobbying

The Board sub-program allocates funds to all the activities of the board, board committees and individual board members.

Sub- programme: Licensing, sanctioning and ratings					
Number of registered licensees					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
4	7	4	3	1	Due to resignations of some members the board meetings could not quorate.

The Office of the Chief Executive Officer and Corporate Services sub-programme allocates fund for the activities and expenditure that relates to office of the CEO and all the corporate services functions covering financial management, human resources, legal services and information technology.

Sub- programme : Office of the CEO					
Number of CEO's reports to the Board					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
4	7	4	3	1	Due to resignations of some members the board meetings could not quorate.

The Stakeholder mobilisation and lobbying sub-programme is the vehicle and means to stretch and reach out to different constituencies in both the state sector and within civil society in general as well as meaningfully rallying all the boxing role-players to play their full role in the national life of Boxing South Africa.

Sub- programme: Stakeholder mobilisation, and lobbying					
Number of mobilisation events held					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
0	0	4	8	0	Due to the Provincial and National Boxing Indaba, mobilisation was broader that just consultations with individual groupings of stake holders.

## Linking performance with budgets

In assessing the achievement of the outputs in comparison to the planned targets, the budget of the entity was restricted to only two programmes i.e. Governance/ Administration and Compliance/Enforcement due to financial resources. The following tables summarises the budget and actual figures on program one.

2013/2014			
Administration and Governance	Budget	Actual Expenditure	(Over)/Under Expenditure
<b>Total</b>	<b>6,993,000.00</b>	<b>7,939,937.12</b>	<b>(946,937.07)</b>
Description			
- Employee costs	3,962,000.00	3,778,376.27	183,623.73
- Audit committee emoluments	57,360.00	70,886.00	(13,526.00)
- Audit costs	560,000.00	380,936.00	179,064.00
- Bank charges	55,000.00	66,945.00	(11,945.00)
- Board members' emoluments	134,688.00	39,840.00	94,848.00
- Communication costs	134,364.22	192,202.98	(57,838.76)
- Computer services	210,365.10	139,928.00	70,437.10
- Consulting fees	174,720.00	303,237.00	(128,517.00)
- Legal fees	55,654.97	1,267,730.00	(1,212,075.03)
- Entertainment	20,000.00	27,788.00	(7,788.00)
- Operating lease	478,270.23	478,229.45	40.78
- Insurance	45,469.35	44,886.65	582.70
- Printing and stationery	63,949.50	93,911.81	(29,962.31)
- Repairs and maintenance	2,872.98	17,000.00	(14,127.02)
- Storage costs	20,620.45	19,381.60	1,238.85
- Training and skills development	45,501.12	12,887.70	32,613.42
- Travel & accommodation	317,379.00	309,411.37	7,967.63
- Utilities	75,512.64	67,523.00	7,989.64
- Consumables	15,154.55	38,498.39	(23,343.84)
- Postage and courier	10,450.52	26,924.56	(16,474.04)
- Other expenses	224,585.90	172,792.34	51,793.56
- Finance lease	139,581.52	197,214.00	(57,632.48)

2013/2014			
<b>Administration and Governance</b>			
<b>Total</b>			
Description			
- Capital expenses	189,500.00	193,407.00	(3,907.00)

### Plans to overcome areas of under performance

The Minister of Sport and Recreation will appoint a new Board for Boxing SA as indicated in Act 11 of 2001. This board will amongst other duties mandated by the act also focus on general mobilisation of stake holders and the public.

## Programme 2: Compliance and Enforcement

Purpose: To ensure compliance with the key aspects of boxing act, and rules regulations and enforce their application where non-compliance is observed. The programme will drive compliance with the licensing of practitioners, sanctioning of BSA events, rating of boxers as well as the coordination of training needs of all licensees to enable them to meet the requirements of the regulations.

In the current context and development of boxing in South Africa, compliance with the boxing act and its regulation is the biggest challenge facing the sport and prospects of its development going into the future. The simple truth is that the lack of focus on this aspect of the law has resulted in a situation where licensees, especially promoters has seized the opportunity and transgressed so many of the regulations.

The seriousness of this oversight can be summed up by the current status of the sport measured by profile of boxers, their financial status owing to lack of control over the factors that determine their income, what happens in many boxing gyms across the country, the image of the sport in general and its reputation. Enforcement (or lack of it) is a big part of these and countless other challenges.

The vision going forward is to make the application of the boxing act and its regulations the cornerstone of the turnaround for the governance and administration of the sport going into the future. Accordingly this programme will feature the key activities that are in line with the regulatory requirements of BSA.

### Programme 2 comprises of the following sub-programmes:

- Licensing, sanctioning and ratings
- Licensees training and development
- Regulations compliance and enforcement

The Licensing, sanctioning and ratings sub-program accommodates the activities and expenditure that relates to the potential licensing (boxers, promoters, managers and trainers) based on their fulfilment of the requirements of their respective categories. The sanctioning of all boxing events falling under the jurisdiction of BSA as well the rating of all boxers in the respective divisions they fight under.

Sub- programme: sanctioning and ratings					
Number of registered licensees					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
898	1008	905	863	42	Lack of Broadcasting of fights which translated to in activity of boxers.

The Licensees training and development sub-programme coordinates and affect the training of all the categories of licensees to ensure that they meet the standards of their professional categories.

Sub- programme: Licensing, sanctioning and ratings					
Number of events and or tournaments as per the set standards					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
77	84	85	84	1	Less number of registered licensees as compared to previous year.

Sub- programme: Stakeholder mobilisation, and lobbying					
Number of mobilisation events held					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
12	12	12	12	0	

Sub- programme: Licensees training and development					
Number of boxers trained and development on skills					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
40	40	43	39	4	Some of the boxers did not attend the classes and the by failing the exam.

The Regulations compliance and enforcement sub-programme will duly drive the activities of ensuring compliance by the respective role-players to the rules and regulations nationally.

Sub- programme: Regulations, Compliance and Enforcement					
Number of new boxing facilities visited across the country to check the level of compliance					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
0	0	0	12	0	

### Plans to overcome areas of under performance

The Entity is robustly working on the Broadcasting of Boxing by broadcasters in South Africa. This will increase the interest of people to register as licensees, which will also increase the number of staged tournaments.

### Linking performance with budgets

In assessing the achievement of the outputs in comparison to the planned targets, the budget of the entity was restricted to only two programmes i.e. Governance/ Administration and Compliance/Enforcement due to financial resources. The following tables summarises the budget and actual figures on program two.

2013/2014			
Administration and Governance	Budget	Actual Expenditure	(Over)/Under Expenditure
<b>Total</b>	<b>2,188,000.00</b>	<b>2,392,649.87</b>	<b>(204,649.87)</b>
Description			
- Employee costs	1,798,000.00	1,714,225.73	83,774.27
- Boxers belt	100,000.00	84,110.00	15,890.00
- Communication costs	35,824.78	51,246.01	(15,421.23)
- Boxers insurance	55,000.00	70,000.00	(15,000.00)
- Printing and stationery	17,050.50	25,039.19	(7,988.69)
- Training and skills development	12,124.80	271,999.60	(259,874.80)
- Travel & accommodation	84,621.00	82,496.63	2,124.37
- Consumables	4,040.57	10,264.61	(6,224.04)
- Postage and courier	2,751.51	7,326.44	(4,574.93)
- Sparring sessions	65,761.92	29,871.00	35,890.92
- Other expenses	12,824.92	46,070.66	(33,245.74)

## Programme 3: Market, Branding, Communication and Events Coordination

Purpose: To promote and market boxing to improve its public profile, increase its brand value as well as coordinate premium BSA events across the country.

The overall purpose and goal of this programme is to raise the public profile of BSA and boxing and to increase its brand value to such an extent that the general public and sponsors will compete for a space in boxing programmes and enlist their support and resources for its further development. Like the two preceding programmes, it could be said that this programme is new, certainly from the position of driving a purposeful and consolidated image and brand building from scratch.

### Programme 3 comprises of the following sub-programmes:

- Marketing and branding
- Communication
- Events Coordination

The Marketing and branding sub-program develops a marketing strategy and plan to attract sponsorship and increase the support base of boxing in the very competitive environment and to improve the overall brand position of boxing.

Sub- programme: Marketing and branding					
Lobbying television rights with at least one broadcaster					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
1	0	1	0	0	Court case still pending

Sub- programme: Marketing and branding					
Number of marketing and branding strategies developed and implemented					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
0	0	0	0	0	Lack of funding and human resource capacity

Sub- programme: Marketing and branding					
Number of sponsorships secured					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
0	0	0	0	0	Bad media publicity limits the entity from attracting sponsorship

The Communication sub-programme develops and delivers on a communication strategy with expressed purpose of putting BSA on a public pedestal by communicating its programmes nationwide on a sustained basis.

Sub- programme : Communication					
Number of community strategies to popularise BSA programmes developed and implemented					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
0	0	0	0	0	Lack of funding

The Events coordination sub-programme coordinates all the premium boxing events of under the jurisdiction of BSA and ensures that all the BSA sanctioned events are staged in a manner befitting the image and stature of BSA.

Sub- programme : events co-ordination					
Number of premium boxing events identified and promoted nationally					
Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from Planned Target to Actual Achievement for 2013/2014	Comment on Deviations
0	0	0	4		

#### Plans to overcome areas of under performance

The entity continues to source other revenue streams so as to deliver other programs as per the strategic plan.

#### Linking performance with budgets

No budget was catered for this programme due to lack of funding. The above tournaments (events) resulted from budget not in control of Boxing SA.

# PART C: GOVERNANCE

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# INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entity's is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive and the Accounting Authority of the public entity are responsible for corporate governance.

## 1. PORTFOLIO COMMITTEE

The Portfolio Committee meeting was held on the 8th of October 2013 and its purpose was to present the Annual Report relating to 2012/2013. The committee commented on the entity's non-compliance to the Public Finance Management Act.

## 2. EXECUTIVE AUTHORITY

In accordance with the South African Boxing Act, Act No. 11 of 2001 the Minister of Sport and Recreation appointed the board in 2001. In terms of the Public Finance Management Act, Act of 1999, Boxing SA is mandated to submit quarterly reports to the Executive Authority. For the year under review 2013/2014 all four quarterly reports were timeously submitted

June 2013  
Sept 2013  
Dec 2013  
Mar 2014

## 3. THE ACCOUNTING AUTHORITY/BOARD

In line with the provisions of Public Finance Management Act, Act No. 1 of 1999, each public entity must have a board. The board becomes the Accounting Authority in terms of PFMA. The Minister of Sport and Recreation, in line with the provisions of Section 9(2) of the South African Boxing Act, Act No. 11 of 2001, appointed a seven member Board of Boxing SA on the 29 August 2011 whose responsibility is to guide and give strategic direction to the entity in line, inter alia, with the provisions of the Constitution of the Republic of South Africa Act, Act No. 108, of 1996 as amended, the South African Boxing Act, Act No. 11 of 2001 and the Boxing Regulations of 2004.

### **Amongst others, the key duties of Boxing SA are:**

- a) To compile and publish information statistics and an annual report on its activities
- b) To assist in the establishment, of Associations or a Federation of such Associations as contemplated in Section 28 of the South African Boxing Act
- c) To consider applications such as recognition of international boxing bodies, licensing of stakeholders, events sanctioning and rating of boxers.

## Composition of the Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Other Committees or Task Teams (e.g.: Audit committee / Ministerial task team)	No. of Meetings attended
Mr.Ngconde Balfour	Chairperson	29 August 2011	August 2013	Non	2
Ms. Muditambi Ravele	Board Member	29 August 2011	Active	Management committee	3
Dr. Peter Ngatane	Board Member	29 August 2011	Active	Management committee	3
Mr.Mandla Ntlanganiso	Board Member	29 August 2011	Active	Sanctions committee	3
Ms.Nontsasa Lebaka	Board Member	29 August 2011	Active	Sanctions committee	0

## Committees

Committee	No. of meetings held	No. of members	Name of members
Sanctioning Committee	84	2	Mr. Mandla Ntlanganiso Ms. Nontsasa Lebaka
Management Committee	0	2	Ms. Ntambi Ravele Dr. Peter Ngatane
Audit Committee	8	5	Ms. Phumla Mzizi (Chairperson) Mr .Zanoxolo Koyana Mr. Mxolisi Matshamba Ms. Mohelo Nkomo Mr. Phumlani Zwane
Ratings Committee	12	3	Mr. Khulile Radu Mr. Ron Jackson Mr. Ben Lekalake

### Remuneration of board members

- The remuneration of the Board paid according to Treasury Guidelines on remuneration of non-official members
- Other expenses i.e. travel and other reimbursements are paid based according to the subsistence and travel policy of the entity.

Name	Remuneration	Total
Mr.Ngconde Balfour	R 8 224	R 8 224
Ms.Muditambi Ravele	R 10 224	R 10 224
Dr. Peter Ngatane	R 9 168	R 9 168
Mr. Mandla Ntlanganiso	R 9 168	R 9 168
Ms. Nontsasa Lebaka	R 3 056	R 3 056

## 4. RISK MANAGEMENT

### Nature of risk management:

- The Public Entity has developed the risk management policy and strategy.
- The Boxing South Africa has adopted an enterprise risk management approach, which means a process effected by employees at every level of the organisation, applied in strategy setting and across the organisation, designed to identify potential events that may affect the organisation, and manage risks to be within its risk appetite, to provide reasonable assurance regarding the achievement of the organisation's objectives.
- Every employee within Boxing South Africa has a part to play in ensuring effective management of risks.

### Risk assessments:

- BSA conducts its risk assessment on an annual basis to identify new and emerging risks. This is a systematic process to quantify or qualify the level of risk exposure associated with a specific threat or event that Boxing South Africa is faced with and to decide on risk treatment strategies available to the entity. Risks are assessed on the basis of the likelihood of the risk occurring and the impact of its occurrence on the particular objective(s) (strategic or operational). The assessment is performed at the inherent risks level in the absence of controls and at the residual risks level in presence of internal controls.
- The results of the risks assessment is formally documented in the risks register. Further management actions or treatment plans are developed for key risks (significant risks) which are reviewed and monitored on a quarterly basis in the relevant structures. The risks treatment or action plans for key or significant risks are time bound and allocated to certain individuals at the high management level for implementation and reporting purposes.
- The Audit Committee advises the entity on risk management activities and monitors the effectiveness of the system of risk management on a quarterly basis.
- The entity has improved on the management of risks by embracing risks into its operations and performance. Management provides quarterly progress reports on the implementation of the risks mitigation strategies which are linked to the key performance indicators of the entity.

## 5. INTERNAL CONTROL UNIT

- Boxing South Africa affected a process of internal control within an entity to provide a reasonable assurance regarding the achievement of the objectives set for the Entity relating to operations, reporting and compliance. Although the Entity currently does not have the Internal Control Unit responsible for the internal controls, however all the processes relating to internal control are addressed by the Entity, and they are aligned to the five elements of COSO framework, which are control environment, control activities, risk assessment, information and communication and monitoring.
- The Entity has policies and procedures in place which guide all the processes within the Entity. The policies are reviewed as and when the need arises. The Department of Sport and Recreation South Africa has mandated Internal Audit and Risk Management unit to provide internal audit and risk management services for the Boxing South Africa.

## 6. INTERNAL AUDIT AND AUDIT COMMITTEES

- The Internal Audit Directorate of Department of Sport and Recreation South Africa (SRSA) has been mandated to provide internal audit services for the Boxing South Africa (BSA). The Internal Audit Directorate is an independent, objective assurance and consulting activity which adds value and improves the operations of the Entity. It helps the Entity in accomplishing its set objectives by instituting a systematic, disciplined approach in evaluating and improving the effectiveness of governance
- The Chief Audit Executive reports administratively to the Director-General and functionally to the Audit Committee. Internal Audit during the year under review had developed a three-year strategic plan and annual operation plan based on the results of the risk assessment. These plans were recommended by the Chief Executive Officer and approved by the Audit Committee. The Internal Audit Directorate reports the progress on the audits performed and progress on the approved internal audit plans to the Management and to the Audit Committee on a quarterly basis. Management ensures that comments are provided to all the findings raised by the internal audit, and action plans to address those findings are implemented.
- The Internal Audit Directorate operates within the terms of reference which were approved by the Audit Committee. The Audit Committee of the Boxing South Africa is the governance committee charged with the oversight role over the governance processes, risk management and controls, the internal and external audit functions, quality of the Entity's financial reports and performance (non-financial reports). The Audit Committee of the Entity consists of five (5) external members. These members were appointed by the Accounting Authority in December 2012. The Audit Committee has terms of reference they are operating within. The Audit Committee during the year under review has fulfilled its responsibilities as outlined in their terms of reference.
- The Audit Committee of Boxing South Africa reports to the Accounting Authority via the Chairperson of the Audit Committee on the activities and fulfilment of their roles and responsibilities as well as on the issues that need the Minister's immediate attention. The Chairperson of the Audit Committee has a standing invitation in the Board meetings of the Boxing South Africa to report on the issues of the Audit Committee.

The activities of the Audit Committee are outlined in their terms of reference approved by the Accounting Authority. The Audit Committee performs the following key activities but not limited to them:

- a. Internal Auditing
- b. External Auditing
- c. Financial statements

- d. Compliance
- e. Internal Controls
- f. Performance information
- g. Financial reporting
- h. Combined assurance

Internal Audit Directorate during the year under review has performed the following work as per the approved internal audit annual operational plan which was reported to Management and to the Audit Committee:

- a. Accounts Receivables and Accounts Payable
- b. Asset Management
- c. Governance
- d. Revenue Management
- e. Expenditure Management
- f. Finance and Operational leases
- g. Annual Financial Statement Review
- h. Annual Performance Plan and Strategic Plan review.

The table below discloses relevant information on the audit committee members

Name	Designation (in terms of the Public Entity Board structure)	If internal, position in the public entity	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Ms. Phumla Mzizi (Chairperson)	BBusSci finance, BCom Honours, BCom Honours Transport Economics	External	Non	November 2012	Active	8
Mr. Zanoxolo Koyana	BCom, Professional Accountant SA	External	Non	November 2012	Active	6
Mr. Mxolisi Matshamba	BCom (NUL Roma &Articles Accountancy, Petroleum Economics Cert, Directorship Program IODS)	External	Non	November 2012	Active	4
Ms. Mohelo Nkomo	MCom, BCom Honours, BCom	External	Non	November 2012	Active	8
Mr. Phumlani Zwane	BCom, BCom Honours, CA (SA)	External(seconded by SRSA)	Non	November 2012	Active	5

## 7. COMPLIANCE WITH LAWS AND REGULATIONS

The entity has reviewed and prioritised the non-compliance issues as raised by both internal and external auditors in the past. The action plan was established and a progress report in improving the weaknesses has been submitted to the Office of the CEO every quarter. Due to challenges on human resources, preference was given to

both PFMA and Boxing Act sections.

## 8. FRAUD AND CORRUPTION

The Entity's fraud prevention plan is currently in place and however it is still at the early stages under review to address some of its loopholes.

## 9. MINIMISING CONFLICT OF INTEREST

The entity is currently not having an effective supply chain management system i.e. there's no effective procurement department in place. Boxing SA received negative response on invitation of suppliers to register on the entity's data base. Nevertheless, the procurement of goods and services has been deployed to Finance department and different roles are being played by different Officials. Based on management assessment, no conflict of interest was identified during 2013-14 financial.

## 10. CODE OF CONDUCT

The Entity needs funding in order to enforce compliance across its stake holders.

## 11. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Entity has not experienced any alarming issues related to this but how ever there is a need to employ fulltime inspectors across the country whose job will be to amongst other things inspect the conditions in the ring and all boxing gyms.

## 12. BOARD SECRETARY

The entity has no Board secretary however all responsibilities that relate to this position are carried on in the CEO's Office by the PA to the CEO.

## 13. SOCIAL RESPONSIBILITY

The Entity Participated in a Khaya FM 67minutes Mandel marathon. 10 Boxers and Boxing SA staff members participated in a fundraising rally event. Each participant ran a distance of 6.7km.

## AUDIT COMMITTEE REPORT

### Report of the Audit Committee

The Audit Committee is pleased to present the report for the financial year ended 31 March 2014.

## Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 51(1) (a) of the Public Finance Management Act, No. 1 of 1999 (PFMA) and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

## The Effectiveness of Internal Control

In line with the PFMA, internal audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is usually achieved by means of the identification of corrective actions and suggested enhancements to the internal control processes and risk management. From the various reports of the internal auditors and the management and audit reports of the Auditor General South Africa it was noted that matters were reported indicating deficiencies in the system of internal controls in areas pertaining to financial reporting, reporting on pre-determined objectives and compliance with laws and regulations.

Through our analysis of audit reports and engagement with Boxing SA we can report that the system on internal control for the period under review was not adequate and effective. A matter of concern for the Audit Committee is that Boxing SA is currently not implementing all internal audit action plans agreed upon.

Though the entity had an approved risk management policy and implementation plan by the 31st of March 2014 the fraud and risk management system is not yet adequate and effective.

## Evaluation of the Financial Statements

The Audit Committee has:

- reviewed and discussed the external audit outcomes on the audited financial statements to be included in the annual report, with the Auditor General South Africa and the Accounting Officer;
- reviewed the Auditor General South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the departments compliance with legal and regulatory provisions; and
- reviewed significant adjustments resulting from the audit.

## Evaluation of reporting on pre-determined objectives

The Audit Committee has to the extent possible:

- reviewed and discussed the external audit outcomes on the reporting on pre-determined objectives to be included in the annual report, with the Auditor General South Africa and the Accounting Officer, and
- reviewed significant adjustments resulting from the audit.

## Internal audit

The Audit Committee is satisfied that the internal audit function operated effectively during the year under review. The Audit Committee also notes that the deficiencies in risk management mentioned above impact on the adequate implementation of the risk based audit approach.

## Auditor's Report

We have reviewed the implementation plan of Boxing South Africa for audit issues raised in the prior year and we are not satisfied that the matters have been adequately resolved.

The Audit Committee concurs and accepts the conclusions of the Auditor General South Africa on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.

The Audit Committee has met with Auditor General South Africa to ensure that there are no unresolved issues.

## General

The Audit Committee strongly recommends that Boxing SA must prioritise the adequate and effective implementation and frequent monitoring of the audit action plans for both internal and external audit in order to achieve the required effectiveness in governance, accountability and clean administration.

A handwritten signature in black ink, appearing to read 'SPM', is positioned above a horizontal line.

Ms P Mzizi CA (SA)  
Chairperson of the Audit Committee  
Boxing South Africa  
31 July 2014)

PART D:  
HUMAN RESOURCE MANAGEMENT

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## 1. INTRODUCTION

Boxing SA has a staff complement of fourteen (14) fulltime employees. During this financial year, we managed to secure five (5) Administrative Assistants through the Department of Sport and Recreation.

Boxing SA had recruited a Chief Financial Officer and Human Resources Manager in this financial year.

## 2. HUMAN RESOURCE OVERSIGHT STATISTICS

### Employee Costs

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
	10 245 339	5 492 602	53.00	14	392 329

Note: The personal expenditure above includes an amount of R469 299 for payment made to (7) provincial managers.

### Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	2 049 978	37	2	1 024 989
Management	1 320 202	24	3	440 067
Skilled	1 653 123	31	9	183 680
Semi-skilled (Provincial Manager)	469 299	8	7	67 043
<b>TOTAL</b>	<b>5492 602</b>	<b>100</b>	<b>21</b>	<b>261 552</b>

### Performance Rewards

Programme//activity/objective	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	0	0	0
Management	0	0	0
Skilled	0	0	0
Semi-skilled	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Training Costs

Programme/activity/objective	Training Expenditure (R'000)	No. of employees trained	Avg training cost per employee
Caseware	7 535	2	3 768
Pastel	5 352	4	1 338

## Employment and vacancies

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
	16	2	18	5	

Programme/activity/objective	2013/2014 No. of Employees	2013/2014 Approved Posts	2013/2014 No. of Employees	2013/2014 Vacancies	% of vacancies
Top Management	2	1	3	5	
Management	1	1	2	0	
Skilled	6	0	6	0	
Semi-skilled	7	0	7	0	
TOTAL	16	2	18	5	

Two appointments, namely Chief Financial Officer and Human Resource and Development Manager, were made during the year under review.

## Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	1	0	2
Management	2	1	0	3
Skilled	9	0	0	9
Semi-skilled	7	0	0	7
<b>TOTAL</b>	<b>19</b>	<b>2</b>	<b>0</b>	<b>21</b>

## Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	0	0
Dismissal	0	0
Retirement	0	0
Ill health	0	0
Expiry of contract	0	0
Other	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

## Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	0
Dismissal	0

## Equity Target and Employment Equity Status

Explanations: Provide explanations for major variances between target and current and attempts made by the public entity to address the variances.

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	0	0	0	0	0	0	0
Management	3	0	0	0	0	0	0	0
Skilled	9	0	0	0	0	0	0	0
Semi-skilled	6	0	0	0	0	0	1	0
TOTAL	20	0	0	0	0	0	1	0

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Management	1	0	0	0	0	0	0	0
Skilled	4	0	2	0	0	0	0	0
Semi-skilled	0	0	0	0	0	0	1	0
TOTAL	5	0	2	0	0	0	1	0

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	
Professional qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
TOTAL	0	0	0	0

# PART E: FINANCIAL INFORMATION

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# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON BOXING SOUTH AFRICA

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the financial statements of Boxing South Africa set out on pages 52 to 86 which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

### Accounting authority's responsibility for the financial statements

2. The Accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act, 1999 (Act no. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of Boxing South Africa as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA.

### Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

### Significant uncertainties

8. Enquiries made to management and their attorneys revealed that Boxing South Africa is a defendant in different lawsuits. The outcome of these lawsuits cannot be determined at present.

### Matters important to the users of the financial statements

9. Included in note 16, employee related cost, is an amount of R469 299 for payment made to seven provincial managers. These managers are paid through the payroll of Boxing SA, but the nature of their appointment is that of consultants.

## Irregular expenditure

10. As disclosed in note 32 to the financial statements, irregular expenditure to the amount of R924 312 was incurred in the current year as the entity failed to comply with Supply Chain Management Regulations. There was a balance R1 537 019 from the prior year which has not yet been condoned.

## Fruitless and wasteful expenditure

11. As disclosed in note 31 to the financial statements, fruitless and wasteful expenditure to the amount of R182 622 was incurred in the current year. There was a balance R1 731 646 from the prior year which has not been condoned.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

12. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

## Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2014:

- Programme 1: Administration and Governance on pages 22 to 25.
- Programme 2: Compliance and Enforcement on pages 25 to 28.

- Programme 3: Marketing, Branding, Communication and Events co-ordination on pages 28 to 30.

14. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

15. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPPI).

16. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

17. The material findings in respect of the selected programmes are as follows: Programme 1: Administration and Governance and Programme 2: Compliance and Enforcement

## Reliability of reported performance information

18. Significantly material targets are materially and pervasively misstated and not reliable when compared to supporting information and documentation.

19. This is due to lack of technical indicator descriptions and Standard Operating Procedures for accurate measurement, recording and monitoring of performance.

20. I did not raise any material findings on the usefulness and reliability of the reported performance information for Programme 3: Marketing, Branding, Communication and Events co-ordination.

## Additional matters

21. I draw attention to the following matter:

## Achievement of planned targets

22. Refer to the annual performance report on pages 21 to 30 and 25 to 27 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information for the selected programmes reported in paragraphs 18 to 19 of this report.

## Compliance with legislation

23. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

## Strategic planning and performance management

24. The strategic plan of Boxing South Africa covering the period 2012/13 to 2016/17 was not approved by both the chief executive officer and the chairperson of the board. The proof of submission to the executive authority on the specified dated could not be obtained.

## Annual financial statements, performance and annual reports

25. The accounting authority submitted financial statements for auditing that were not prepared in all material aspects in accordance with SA Standards of GRAP. Certain material misstatements identified by the AGSA with regards to Provisions, Operating Leases, Provisions for doubtful debts, Irregular expenditure and Legal fees identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

## Procurement and contract management

26. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation

16A6.1.

27. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1.

## Human resource management and compensation

28. Boxing South Africa did not have an approved Human resource plan.

29. Proper appointment processes were not in place and vetting of staff appointed during the year did not take place.

## Expenditure management

30. The accounting authority did not take effective steps to prevent irregular expenditure and fruitless and wasteful expenditure, as required by section 51(1) (b) (ii) of the Public Finance Management Act.

## Monitoring and oversight

31. During the year under review there were several resignations from the Board of Boxing South Africa which lead to the Board being not properly constituted as there was then no quorum as required by section 11 of the South African Boxing Act, 2001 (Act No. 11 of 2001).

32. The Chief Executive Officer was suspended during the financial year. The case had not been finalised at reporting date.

## Internal control

33. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the Annual performance report and the findings on non-compliance with legislation included in this report.

## Leadership

34. There was a lack of review by management of the financial statements and the annual performance report prior to submission for audit.

35. The 2013-2017 strategic plan was not approved by the Chairperson of the Board as required by Treasury Regulation 30.1.1.

## Financial and performance management

36. The non-compliance with laws and regulations could have been prevented had compliance been properly reviewed and monitored.

37. Management did not implement National Treasury's Framework for managing programme performance information (FMPPi).

38. Procedures for quarterly reporting to the executive authority and the facilitation of effective performance monitoring, evaluation and corrective action were not established, and quarterly reports were not prepared and submitted to the executive authority, as required by Treasury Regulation 29.3.1 and 30.2.1.

39. Effective, efficient and transparent systems of risk management and internal controls with respect to performance information and management were not in place as required by section 51(1)(a)(i) of the PFMA.

## Governance

40. Governance structures were not effective during the year under review, the board were not able to function as required by the South African Boxing Act, 2001 (Act No. 11 of 2001), as it could not form a quorum. The chief executive officer was suspended, pending the outcome of an investigation that was not completed at the time of this report.

*Auditor-General*

Pretoria  
31 July 2014



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

# Boxing South Africa

Financial Statements for the year ended 31 March 2014

## Accounting Authority's Responsibilities and Approval

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To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free from any omissions

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury. Annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements have been prepared in accordance with the accounting framework applicable to the public entity.

The accounting authority is responsible for establishing, and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2014

Ms N Ravele (Chairperson)

Mr. Masilo Maake (Senior Manager: Administration)

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Place of signature 31 July 2014

## Statement of Financial Position as at 31 March 2014

	Note(s)	2014 R	2014 R
<b>Assets</b>			
Current Assets			
Other financial assets	3	672 530	523 834
Receivables from exchange transactions	4	659 162	303 083
Cash and cash equivalents	5	2 937 978	2 226 706
		<b>4 269 670</b>	<b>3 053 623</b>
Non-Current Assets			
Property, plant and equipment	6	246 708	152 060
Intangible assets	7	45 493	65 450
		<b>292 201</b>	<b>217 510</b>
<b>Total Assets</b>		<b>4 561 871</b>	<b>3 271 133</b>
<b>Liabilities</b>			
Current Liabilities			
Finance lease obligation	8	22 949	38 644
Payables from exchange transactions	9	2 660 549	2 225 370
Deferred income	11	252 551	170 051
Provisions	12	588 196	81 498
		<b>3 524 245</b>	<b>2 515 563</b>
Non-Current Liabilities			
Finance lease obligation	8	9 562	88 450
<b>Total Liabilities</b>		<b>3 533 807</b>	<b>2 604 013</b>
<b>Net Assets</b>		<b>1 028 064</b>	<b>667 120</b>
Accumulated surplus		1 028 064	667 120

## Statement of Financial Performance

	Note(s)	2014 R	2014 R
Revenue	13	10 426 054	8 631 507
Other income	17	139 496	385 875
General expenses	15	(4 506 256)	(5 057 563)
Employee costs	16	(5 492 602)	(4 142 375)
Depreciation, amortisation and impairments	6	(118 716)	(127 501)
		<b>447 976</b>	<b>(310 057)</b>
<b>Operating surplus (deficit)</b>			
Investment revenue	18	40 734	34 560
Fair value adjustments	19	-	3 073
Finance costs	20	(127 765)	(175 278)
		<b>360 945</b>	<b>(447 702)</b>
<b>Surplus (deficit) for the year</b>			

## Statement of Changes in Net Assets

	Accumulated Surplus R	Total Net Assets R
<b>Balance at 01 April 2012</b>	<b>1 114 822</b>	<b>1 114 822</b>
Changes in net assets		
Deficit for the year	(447 702)	(447 702)
Total changes	(447 702)	(447 702)
<b>Balance at 01 April 2013</b>	<b>667 119</b>	<b>667 119</b>
Changes in net assets		
Surplus for the year	360 945	360 945
Total changes	360 945	360 945
<b>Balance at 31 March 2014</b>	<b>1 028 064</b>	<b>1 028 064</b>

## Cash Flow Statement

	Note(s)	2014 R	2014 R
<b>Cash flows from operating activities Receipts</b>			
<b>Grants &amp; fees</b>		9 873 019	8 628 437
Interest income		40 734	34 560
Other receipts		109 263	-
		<b>10 023 016</b>	<b>8 662 997</b>
<b>Payments</b>			
Employee costs		(5 362 140)	(4 140 056)
Suppliers		(3 385 153)	(3 558 254)
Finance costs		(25 134)	(13 455)
		<b>(8 772 427)</b>	<b>(7 711 765)</b>
<b>Net cash flows from operating activities</b>	21	<b>1 250 589</b>	<b>951 232</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	6	(193 407)	(46 282)
Purchase of other intangible assets	7	-	(13 506)
Proceeds from sale of other intangible assets	7	-	916
Net movement in financial assets		(148 696)	(138 596)
Proceeds from insurance claim		-	6 423
<b>Net cash flows from investing activities</b>		<b>(342 103)</b>	<b>(191 045)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(197 214)	(184 962)
Net increase/(decrease) in cash and cash equivalents	5	711 272	575 225
Cash and cash equivalents at the beginning of the year		2 226 706	1 651 481
<b>Cash and cash equivalents at the end of the year</b>		<b>2 937 978</b>	<b>2 226 706</b>

## Statement of Comparison of Budget and Actual Amounts

	R	Approved budget R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
<b>Statement of Financial Performance Revenue</b>						
<b>Revenue from exchange transactions</b>						
Sanctioning fees	-	1 620 216	<b>1 620 216</b>	1 712 512	<b>92 296</b>	24 a
Interest received (tournament)	-	-	-	29 201	<b>29 201</b>	24 b
License fees	-	451 746	<b>451 746</b>	656 244	<b>204 498</b>	24 c
Other income	-	20 750	<b>20 750</b>	139 496	<b>118 746</b>	24 d
Interest received - investment	-	36 288	<b>36 288</b>	40 734	<b>4 446</b>	24 e
<b>Total revenue from exchange transactions</b>	-	<b>2 129 000</b>	<b>2 129 000</b>	<b>2 578 187</b>	<b>449 187</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Government grants & subsidies	-	7 052 000	<b>7 052 000</b>	8 028 097	<b>976 097</b>	24 f
<b>Total revenue</b>	-	<b>9 181 000</b>	<b>9 181 000</b>	<b>10 606 284</b>	<b>1 425 284</b>	
<b>Expenditure</b>						
Personnel	-	(5 760 000)	<b>(5 760 000)</b>	(5 492 602)	<b>267 398</b>	
Depreciation and amortisation	-	-	-	(86 557)	<b>(86 557)</b>	24 g
Impairment loss/ Reversal of impairments	-	-	-	(32 159)	<b>(32 159)</b>	24 g
Finance costs	-	(102 631)	<b>(102 631)</b>	(127 765)	<b>(25 134)</b>	24 g
Repairs and maintenance	-	(2 873)	<b>(2 873)</b>	(17 000)	<b>(14 127)</b>	24 h
General Expenses	-	(3 089 045)	<b>(3 089 045)</b>	(4 489 256)	<b>(1 400 211)</b>	24 i
<b>Total expenditure</b>	-	<b>(8 954 549)</b>	<b>(8 954 549)</b>	<b>(10 245 339)</b>	<b>(1 290 790)</b>	
<b>Surplus before taxation</b>	-	<b>226 451</b>	<b>226 451</b>	<b>360 945</b>	<b>134 494</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	-	<b>226 451</b>	<b>226 451</b>	<b>360 945</b>	<b>134 494</b>	

## Statement of Comparison of Budget and Actual Amounts

	R	Approved budget R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
<b>Statement of Financial Position Assets</b>						
<b>Non-Current Assets</b>						
Property, plant and equipment	-	(226 451)	<b>(226 451)</b>	(226 451)	( 2 2 6	24 j
<b>Total Assets</b>	-	<b>(226 451)</b>	<b>(226 451)</b>	<b>(226 451)</b>	<b>451)</b>	
					<b>(226 451)</b>	
<b>Liabilities</b>						
<b>Non-Current Liabilities</b>						
Total liabilities	-	(226 451)	<b>(226 451)</b>	(226 451)	<b>(226 451)</b>	
<b>Total Liabilities</b>	-	<b>(226 451)</b>	<b>(226 451)</b>	<b>(226 451)</b>	<b>(226 451)</b>	
<b>Net Assets</b>	-	-	-	-	-	

# Accounting Policies

## 1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

GRAP 3 states that, in the absence of a Standard of GRAP dealing with a particular transaction or event, the pronouncements of the following standard setters should be used, in descending order, to develop an appropriate accounting policy:

- International Public Sector Accounting Standards Board (IPSASB).
- International Accounting Standards Board (IASB), including the Framework for the Preparation and Presentation of Financial Statements.
- Accounting Practices Board (APB).
- Accounting Practices Committee (APC) of the South African Institute of Chartered Accountants (SAICA).

The hierarchy is applied to the extent that the requirements are not in conflict with the Standards of GRAP or the Framework for the Preparation and Presentation of Financial Statements.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates

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

#### Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Boxing SA the current bid price.

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 disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Boxing SA for similar financial instruments.

#### Impairment testing

Boxing SA reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are included in note 12 - Provisions.

#### Allowance for doubtful debts

The provision for doubtful debts is provided for tournaments and other receivables older than one year based on management's assumptions.

## Change in estimate

Change in estimate is accounted prospectively in the period of change, if the change affect that period only or in both period of the change and future periods. Summary of these changes is included in note 32 of the notes to the financial statements.

### 1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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

- it is probable that future economic benefits or service potential associated with the item will flow to the Boxing SA and
- the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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.

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

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

<b>Item</b>	<b>Average useful life</b>
Furniture and fixtures	8 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment	4 years
Promotion equipment	4 years
Scales	5 years

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

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit 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.

## 1.3 Intangible assets

An asset is identified as an intangible asset if it either:

- is separable, i.e. is capable of being separated or divided from Boxing SA and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the Boxing SA or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Boxing SA; and
- the cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. 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 or service potential.

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 at each reporting date.

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.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Computer software	3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

## 1.4 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially

favourable to Boxing SA.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to Boxing SA.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by Boxing SA the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired,

, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- Boxing SA designates at fair value at initial recognition; or
- are held for trading.

### Initial recognition

Boxing SA recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Boxing SA recognises financial assets using trade date accounting.

### Initial measurement of financial assets and financial liabilities

Boxing SA measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Boxing SA measures a financial asset and financial liability initially at its fair value.

Boxing SA first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the Boxing SA analyses a concessionary loan into its component parts and accounts for each component separately.

Boxing SA accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

### Subsequent measurement of financial assets and financial liabilities

Boxing SA measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.

All financial assets measured at amortised cost are subject to an impairment review. Impairment and uncollectibility of financial assets

Boxing SA assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

## Derecognition Financial Assets

Boxing SA derecognises financial assets using trade date accounting. Boxing SA derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- Boxing SA transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- Boxing SA, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another

party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Boxing SA :

- derecognise the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If Boxing SA transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts,

on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

## Financial liabilities

Boxing SA removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

### Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit. Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when Boxing SA currently has a

legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, Boxing SA does not offset the transferred asset and the associated liability.

## 1.5 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. When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the Boxing SA's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

### 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 asset or liability.

## 1.6 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

## 1.7 Employee benefits

Employee benefits are all forms of consideration given by Boxing SA in service rendered by employees. Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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 entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which Boxing SA pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contribution by Boxing SA is equivalent to 50% of total contribution made to the fund. The defined contribution plan is recognised

in statement of surplus and deficit for the year in which the contribution was made.

## 1.8 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from Boxing SA, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

Provisions are recognised when the Boxing SA has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

## 1.9 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than

increases relating to contributions from owners.

An exchange transaction is one in which Boxing SA receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

## 1.10 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where Boxing SA receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

## Government grants

**Government grants are recognised as revenue when:**

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Boxing SA,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

Boxing SA assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds.

Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only

recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier. When government remit grants on a re-imbusement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

## Other grants and donations

### **Other grants and donations are recognised as revenue when:**

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Boxing SA;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

## 1.11 Cash and cash equivalent

Cash and cash equivalent are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalent comprise cash on hand and deposit held.

## 1.12 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

## 1.13 Prior period errors

In accordance with GRAP 3, Boxing SA shall correct material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

- Restating the comparative amounts for the prior period(s) presented in which the error occurred, or
- if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets for the earliest prior period presented.

A prior period error shall be corrected by retrospective statement except to the extent that it is impracticable to determine either the period - specific effect or the cumulative effect of the error.

When it is impracticable to determine the period specific effects of an error on comparative information for one more prior periods presented, the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

### **In applying this standard, Boxing SA shall disclose the following:**

- the nature of the prior period error.
- for each prior period presented, to the extent of practicable, the amount of the correction for each financial statement line item affected,
- the amount of the correction at the beginning of the earliest prior period presented and
- if retrospective restatement is impracticable for a particular prior period , the circumstances that led to the existence of that condition and a description of how and when the error has been corrected

## 1.14 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred.

The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

## 1.15 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

**National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):**

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

## 1.16 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Boxing SA has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

## 1.17 Budget information

Boxing SA are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by Boxing SA shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2013/04/01 to 2014/03/31. The budget for the economic entity includes all the entities approved budgets under its control.

The financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the financial statements.

## 1.18 Prepayments and salary advances

Prepaid expenses and advances are recognised in the statement of financial position when the payments are made and derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and salary advances outstanding at the end of the year are carried in the statement of financial position at cost. 1.19 Related parties

Boxing SA operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling

the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with Boxing SA.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

## 2. New standards and interpretations

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

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

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>
• GRAP 25: Employee benefits	01 April 2013
• GRAP 1 (as revised 2012): Presentation of Financial Statements	01 April 2013
• GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2013
• GRAP 9 (as revised 2012): Revenue from Exchange Transactions	01 April 2013
• GRAP 13 (as revised 2012): Leases	01 April 2013
• GRAP 17 (as revised 2012): Property, Plant and Equipment	01 April 2013
• GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)	01 April 2013

### 2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2014 or later periods:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>
• GRAP 20: Related parties	01 April 2014
• GRAP108: Statutory Receivables	01 April 2015

## 2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2014 or later periods but are not relevant to its operations:

<b>Standard/ Interpretation:</b>	<b>Effective date: Years beginning on or after</b>
• GRAP 18: Segment Reporting	01 April 2016
• GRAP 105: Transfers of functions between entities under common control	01 April 2014
• GRAP 106: Transfers of functions between entities not under common control	01 April 2014
• GRAP 107: Mergers	01 April 2014
• IGRAP 11: Consolidation – Special purpose entities	01 April 2014
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2014
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2014
• GRAP 12 (as revised 2012): Inventories	01 April 2013
• GRAP 16 (as revised 2012): Investment Property	01 April 2013
• IGRAP16: Intangible assets website costs	01 April 2013

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## 3. Other financial assets

### Residual interest at cost

Momentum investment

The Momentum investment has been taken for the purpose of boxers' insurance claims.

Funds may be only withdrawn from this account when the funds in insurance bank account when insufficient to pay boxers' claims. Therefore, this investment is held by Boxing SA, but it is not available for the use by the economic Boxing SA.

672 530

523 834

## 4. Receivables from exchange transactions

Trade receivables

449 161

449 161

Other receivables

203 161

203 161

Prepaid expenses

6 840

6 840

**659 162****659 162**

	2014 R	2013 R
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Trade receivable relates to amounts owing by promoters for tournament held

The receivables are presented after a write-off of bad debts amounting to R 72 (current year) and R 838 660 (prior year) respectively. The provision for doubtful debts are provided for R 188 171.54 (current year) and R 166 055,80 (prior year)

Other receivables include rental deposit and staff debtors. The rental deposit amounting to R 182 253 relates to the deposit made for the Head Office. The provision for doubtful debts are provided for on staff debtors, total amount of R 44 352.02 has been provided for in the current year.

## 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 028	1 305
Bank balances	2 934 950	2 225 401
	<b>2 937 978</b>	<b>2 226 706</b>

### Cash and cash equivalents held by Boxing SA that are not available for use by Boxing SA are as follows:

Purse account	1 163 723	1 410 643
Boxers' insurance	173 456	38 548

Cash and cash equivalent held by Boxing SA that is available for use is R 1 597 771.70

## 6. Property, plant and equipment

	<b>Cost! Valuation</b>	<b>Accumulated depreciation and accumulated impairment</b>	<b>Carrying value</b>	<b>Cost! Valuation</b>	<b>Accumulated depreciation and accumulated impairment</b>	<b>Carrying value</b>
Furniture and fixtures	156 435	(109 407)	47 028	122 902	(101 035)	21 867
Office equipment	8 292	(6 905)	1 387	8 292	(6 548)	1 744
IT equipment	407 220	(275 884)	131 336	251 269	(218 665)	32 604
Promotion equipment	13 264	(13 264)	-	13 264	(13 264)	-
Scales	3 922	(11)	3 911	-	-	-
Motor vehicles - Finance lease	141 119	(120 367)	20 752	141 119	(108 565)	32 554
Office equipment - Finance lease	125 980	(83 686)	42 294	125 980	(62 689)	63 291
<b>Total</b>	<b>856 232</b>	<b>(609 524)</b>	<b>246 708</b>	<b>662 826</b>	<b>(510 766)</b>	<b>152 060</b>

### Reconciliation of property, plant and equipment - 2014

	<b>Opening balance</b>	<b>Additions</b>	<b>Write - offs</b>	<b>Depreciation</b>	<b>Total</b>
Furniture and fixtures	21 867	33 533	(1 451)	(6 921)	47 028
Office equipment	1 744	-	-	(357)	1 387
IT equipment	32 604	155 951	(30 708)	(26 511)	131 336
Scales	-	3 923	-	(12)	3 911
Motor vehicles - Finance lease	32 554	-	-	(11 802)	20 752
Office equipment - Finance lease	63 291	-	-	(20 997)	42 294
	152 060	193 407	(32 159)	(66 600)	246 708

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## Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Write - offs	Depreciation	Total
Furniture and fixtures	26 469	-	-	(4 602)	21 867
Office equipment	2 522	-	-	(778)	1 744
IT equipment	22 231	46 282	(14 072)	(21 837)	32 604
Motor vehicles - Finance lease	56 778	-	-	(24 224)	32 554
Office equipment - Finance lease	88 487	-	-	(25 196)	63 291
	196 487	46 282	(14 072)	(76 637)	152 060

## 7. Intangible assets

	Cost! Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost! Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	856 232	(609 524)	246 708	662 826	(510 766)	152 060

## Reconciliation of intangible assets - 2014

	Opening balance	Amortisation	Total
Computer software	65 450	(19 957)	45 493

## Reconciliation of intangible assets - 2013

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	26 469	-	-	(4 602)	21 867

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## 8. Finance lease obligation

### Minimum lease payments due

- within one year	82 707	139 582
- in second to fifth year inclusive	34 461	172 560
	117 168	312 142
less: future finance charges	(84 657)	(185 048)
<b>Present value of minimum lease payments</b>	<b>32 511</b>	<b>127 094</b>

### Present value of minimum lease payments due

- within one year	22 949	38 644
- in second to fifth year inclusive	9 562	88 450
	<b>32 511</b>	<b>127 094</b>

Non-current liabilities  
Current liabilities

9 562	88 450
22 949	38 644
<b>32 511</b>	<b>127 094</b>

Finance leases relate to office equipment with lease term of 5 years. The office equipment lease will be settled in August 2015.

The annual incremental is levied at 15% per annum. Boxing SA's obligations under finance leases are secured by the lessor's charges over the leased assets.

## 9. Payables from exchange transactions

Trade payables	510 718	774 395
License fees	291 356	234 852
Accrued expense	60 970	60 815
Operating lease payables	461 201	4 553
Tournament accruals	73 294	150 286
Sundry payables	135 108	17 198

	2014 R	2014 R
Liberty Provident Fund	43 718	36 312
External audit fees	-	14 904
Insurance received in advance	1 067 132	811 523
Board Members' Honorarium	17 052	26 609
Pay As You Earn	-	93 923
	<b>2 660 549</b>	<b>225 370</b>

Trade payables relates to amounts owing to promoters for tournaments held.

Insurance received in advance relates to insurance funds accumulated during the current and prior period for the purpose of Boxers and public liability insurance.

A full disclosure on operating lease liability is included under note 10 of the annual financial statements.

## 10. Operating lease liability

### Minimum lease payments

- within one year

- in second to fifth year inclusive

	-	-
	1 177 986	1 177 986
	1 118 434	1 118 434
	<b>2 296 420</b>	<b>2 296 420</b>

A minimum lease payments within one year include R 461 201 which was not paid before year end.

## 11. Deferred income

### Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Unspent conditional grant

	252 551	170 051
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The deferred income relates to the unspent portion of grant received from Department of Sports, Recreation, Arts and Culture Of Eastern Cape.

## 12. Provisions

### Reconciliation of provisions - 2014

	Opening Balance	Additions during the year	Total
Legal claims	-	500 000	500 000
Leave pay	81 498	6 698	88 196
	<b>81 498</b>	<b>506 698</b>	<b>588 196</b>

### Reconciliation of provisions - 2013

	Opening Balance	Utilised during the year	Total
Leave pay	141 119	(108 565)	32 554
Chairman's discretionary fund	125 980	(62 689)	63 291
	<b>662 826</b>	<b>(510 766)</b>	<b>152 060</b>

No provision has been raised for the plaintiff legal expenses due to the fact that no reliable estimate could be made on reporting date. Therefore, it has been included as a contingent liability.

## 13. Revenue

Sanctioning fees	1 712 512	1 575 780
Interest received - tournament	29 201	-
License fees	656 244	473 450
Government grants & subsidies	8 028 097	6 582 277
	<b>10 426 054</b>	<b>8 631 507</b>

	2014 R	2014 R
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Sanctioning fees	1 712 512	1 575 780
Interest received (tournament)	29 201	-
License fees	656 244	473 450
	<b>2 397 957</b>	<b>2 049 230</b>

**The amount included in revenue arising from non-exchange transactions is as follows:**

**Transfer revenue**

Government grants & subsidies	252 551	170 051
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## 14. Government grants and subsidies

	2014 R	2014 R
Grant income - Sport and Recreation South Africa	7 619 557	5 052 000
Grant income - Provincial	-	829 949
Grant income - Other	-	576 828
Grant income - Conditional CATHSSETA	408 540	123 500
	<b>8 028 097</b>	<b>6 582 277</b>

## 15. General expenses

Auditors remuneration	380 936	596 226
Bank charges	66 945	70 795
Board and sub-committee fees	110 726	103 800
Boxers development - Provincial	-	829 949
Boxing belts	84 110	81 510
Commission paid	7 137	5 867
Computer expenses	139 928	191 241
Consulting and professional fees	303 237	614 335
Consumables	48 763	17 450
Contributions to debt impairment provision	66 468	-
Debt impairment	72	838 660
Donations	12 130	8 000
Entertainment	27 788	26 755
Insurance	114 887	91 336
Lease rentals on operating lease	478 229	176 539
Legal expenses	1 267 730	50 595
Other	130 280	185
Postage and courier	34 251	12 331
Printing and stationery	118 951	55 880
Repairs and maintenance	17 000	2 612
Sparring sessions	29 871	59 784
Storage cost	19 382	49 489

	2014 R	2014 R
Subscriptions and membership fees	59 668	1 862
Telephone and fax	243 449	154 718
Training	284 887	153 037
Travel - local	391 908	776 561
Utilities	67 523	88 046
	<b>4 506 256</b>	<b>5 057 563</b>

## 16. Employee related costs

Basic salaries	3 896 365	2 937 514
Unemployment Insurance Fund	47 651	38 351
Skills and Development Levy	48 800	41 577
Leave pay provision charge	6 698	-
Pay As You Earn	1 191 033	894 753
Other salary related costs	50 194	29 984
Other short term costs	-	16 461
Provident fund contribution	251 861	183 735
	<b>5 492 602</b>	<b>4 142 375</b>

## 17. Other income

Transport fee	3 896 365	2 937 514
Forfeit fees	47 651	38 351
Extinction of payables	48 800	41 577
Insurance income	6 698	-
Release of provision	1 191 033	894 753
	<b>5 492 602</b>	<b>4 142 375</b>

	2014 R	2014 R
<b>18. Investment revenue</b>		
<b>Interest revenue</b>		
Momentum investment	40 734	34 560
<b>19. Fair value adjustments</b>		
Trade receivables and payables		
- Trade receivables and payables (Designated as at FV through P&L)	-	3 073
<b>20. Finance costs</b>		
Trade and other payables	25 134	13 455
Finance leases	102 631	161 823
	<b>127 765</b>	<b>175 278</b>
<b>21. Cash generated from operations</b>		
Fair value adjustments	360 945	(447 702)
Finance costs - Finance leases		
Assets written off	86 557	112 513
Movements in operating lease assets and accruals	-	(3 073)
Movements in provisions	102 631	161 823
Extinction of payables by prescription	32 159	14 988
Write-off bad debts	-	(13 507)
	506 698	(68 030)
	-	228 673
	-	838 660

	2014 R	2014 R
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(356 079)	325 656
Payables from exchange transactions	435 178	(28 718)
Deferred income	82 500	(170 051)
	<b>1 250 589</b>	<b>951 232</b>

## 22. Financial instruments disclosure

### Categories of financial instruments 2014 Financial assets

	At amortised cost	Total
Other financial assets	672 530	672 530
Trade and other receivables from exchange transactions	659 162	659 162
Cash and cash equivalents	2 937 979	2 937 979
	<b>4 269 671</b>	<b>4 269 671</b>

### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	2 660 550	2 660 550
Deferred income	252 551	252 551
Finance lease obligation	22 949	22 949
Provision	588 196	588 196
	<b>3 524 246</b>	<b>3 524 246</b>

## 23. Auditors' remuneration

Fees	40 734	34 560
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## 24. Budget differences

### Material differences between budget and actual amounts

Explanations for the material difference between budget and actual performance are provided below.

### a) Sanctioning fees

A positive variance in sanctioning fees is attributable to tournaments held by Premier Boxing League and funding received from Eastern Cape Department of Sports, Arts and Culture for development of Boxing within Eastern Cape Province.

### b) Interest received Tournaments

No budget was catered for interest on tournament receivables.

### c) License Fees

The entity received more license applications / renewal than anticipated during the budget period.

### d) Other income

A significant variance on other income results from insurance income received, penalties charged on boxers for overweight, penalties for late license renewal and other non-cash items

### e) Interest received - Investment

Momentum investment earned more interest than anticipated.

### f) Government grant and subsidies

A positive variance relates to additional grant received from Department of Sports and Recreation SA for settlement of statutory audit by Auditor-General South Africa and legal fees from legal firm.

### g) Finance costs and other non-cash items

The budget was only allocated for finance cost relating to finance lease payments. No budget was allocated for non-cash items (incl.) avoidable interest i.e. finance costs on trade and other payables.

### h) Repairs and maintenance

Electricity maintenance due to heavy storm experienced around Midrand.

### i) General expenses

**A significant variance on budgeted items is attributable to the following:**

#. The variance relates to accounting and legal services performed on behalf of Boxing SA. There was a budget overrun on accounting work and no budget was catered for on legal fees. The invoices' relating to the legal fees was settlement by Department of Sports and Recreation and the corresponding entry was recognised as additional grant.

	2014 R	2014 R
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#. Audit committee emoluments. More special meetings were held during the year than anticipated.

#. Communication costs. Abuse of cellphones and other data devices usage by employees, however, any excess on limited amount has been directly recovered from employees' salaries.

#. Training and skills development. No budget was catered for CATHSSETA training; however, the recoveries (income) are being included as income under statement of financial performance.

## j) Additions

The budget is inclusive of capital payment relating to finance leased assets (interest portion is included under statement of financial performance). An annual escalation was not budgeted for; this has resulted with significant variance as compared to the actual amount. The negative variance on additions relates to the purchase of scales, this amount was not catered for in 2013/14 budget.

# 25. Reconciliation between budget and statement of financial performance

Reconciliation between the actual amounts on a comparable basis as presented in the statement of comparison of budget and actual amounts and the amounts in the statement of financial performance for the period ended 31 March 2014.

The financial statements and budget statements are prepared for the same period, however, there's a basis difference in that

the budget is prepared on a cash basis and the financial statements on the accrual basis.

Net surplus (deficit) per the statement of financial performance	360 945	(447 702)
<b>Adjusted for:</b>		
Increase in revenue from exchange transactions	(449 187)	(2 154 942)
Increase in government grants	(976 097)	-
Saving in employee related costs	(267 398)	(991 626)
Non-cash items	118 716	951 173
Increase in finance costs	25 134	165 278
Increase in repairs and maintenance	14 127	-
Increase in general expenses	400 211	3 319 552
<b>Net surplus per approved budget</b>	<b>226 451</b>	<b>841 733</b>

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## 26. Related parties

### Relationships

Parent Department  
Fellow controlled entity

Department of Sports and Recreation South Africa  
South African Institute for Drug Free Sport

### Related party transactions

#### Grant received from related parties

Department of Sports and Recreation SA

7 643 574

5 467 450

Included in the above amount is R 307 850. The grant was utilised for the hosting of the SA Title tournament held during the National Boxing Indaba.

## 27. Key management personnel

### Position

Chief Executive Officer  
Chief Financial Officer

### Basic salary

1 292 860

621 164

**1 914 024**

### 13th cheque

101 068

34 886

**135 954**

### Total

1 393 928

656 050

**2 049 978**

### 2013

### Position

Chief Executive Officer

### Basic salary

1 292 860

### 13th cheque

101 068

### Total

1 393 928

## 28. Members' emoluments

### Audit committee fees 2014

Ms P Mzizi (Chairperson)  
Ms M Nkomo  
Mr. D Matshamba  
Mr. Z Koyana

2014  
R

2014  
R

Members' fees	Total
31 931	31 931
16 448	16 448
8 115	8 115
14 392	14 392
<b>70 886</b>	<b>70 886</b>

### 2013

Ms P Mzizi (Chairperson)  
Ms M Nkomo  
Mr. Z Koyana

Members' fees	Total
3 207	3 207
1 947	1 947
1 947	1 947
<b>7 101</b>	<b>7 101</b>

### Board emoluments 2014

Ms N Ravele (Chairperson)  
Mr. M Ntlanganiso  
Dr. MP Ngatane  
Mr. N Balfour  
Ms N. Lebaka

Members' fees	Total
10 224	10 224
9 168	9 168
9 168	9 168
8 224	8 224
3 056	3 056
<b>39 840</b>	<b>39 840</b>

### 2013

Ms N Ravele (Chairperson)  
Mr. M Ntlanganiso  
Dr. MP Ngatane  
Mr. N Balfour  
Mr. K Radu  
Ms N. Lebaka  
Mr. D Mateza

Members' fees	Committees fees	Total
11 568	12 828	24 396
11 568	1 947	13 515
8 676	7 788	16 464
15 552	-	15 552
2 892	-	2 892
2 892	3 207	6 099
2 892	5 841	8 733
<b>56 040</b>	<b>31 611</b>	<b>87 651</b>

2014  
R2014  
R

## 29. Going concern

We draw attention to the fact that at 31 March 2014, Boxing SA had accumulated surplus of R 1 028 064 and that the entity's total assets exceed its liabilities by R 1 028 064.

The 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.

## 30. Fruitless and wasteful expenditure

Opening balance	1 731 646	1 718 191
Interest on overdue AGSA account	11 665	13 455
Interest on overdue account – PIC	13 470	-
Consulting fees	100 000	-
Legal fees	57 487	-
	<b>1 914 268</b>	<b>1 731 646</b>

## 31. Irregular expenditure

Opening balance	1 537 019	1 435 252
Add: irregular expenditure - current year	924 312	101 767
	<b>2 461 331</b>	<b>1 537 019</b>

## 32. Change in estimate

### Property, plant and equipment

The residual values of furniture and fitting were reviewed and reassessed by management. The effect of this revision has decreased the depreciation charges for the current and future periods by R 242

## Motor vehicle

The useful life of motor vehicle was estimated in 2013 to be 5 years. In the current period management have revised their estimate to 7 years. The effect of this revision has decreased the depreciation for the current and future periods by R 12 421

## Office equipment

The useful life of office equipment was estimated in 2013 to be 5 years. In the current period management have revised their estimate to 6 years. The effect of this revision has decreased the depreciation for the current and future periods by R 4 200.

## IT Equipment

The useful life of IT equipment was estimated in 2013 to be 4 years. In the current period management have revised their estimate to 5 years. The effect of this revision has decreased the depreciation for the current and future periods by R 477.

## Computer software's

The useful life computer software's were revised by management during the year. The effect of this revision has decreased the amortisation for the current and future periods by R 13 045

# 33. Risk management

## Interest rate risk

Boxing SA has no significant interest bearing assets, Boxing SA's income and operating cash flows are substantially independent of changes in market interest rate.

## Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, entity treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

## Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

## 34. Contingencies

- a) Boxing SA Boxing SA is in a legal process with Branco Milenkovic. The dispute relates to the signing of a memorandum of understanding (MOU) with the South African Broadcasting Corporation (SABC), the case is not yet finalised as at 31 March 2014. The defamation case against Boxing SA and its CEO was finalised by the court, however, the entity could not estimate the legal fees claimed by the attorney of the plaintiff.
- b) There is a legal action against Boxing SA relating to unpaid rental. The entity's lawyers and management consider the likelihood of the action against Boxing SA being successful as unlikely, and the case should be resolved in the next financial year









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