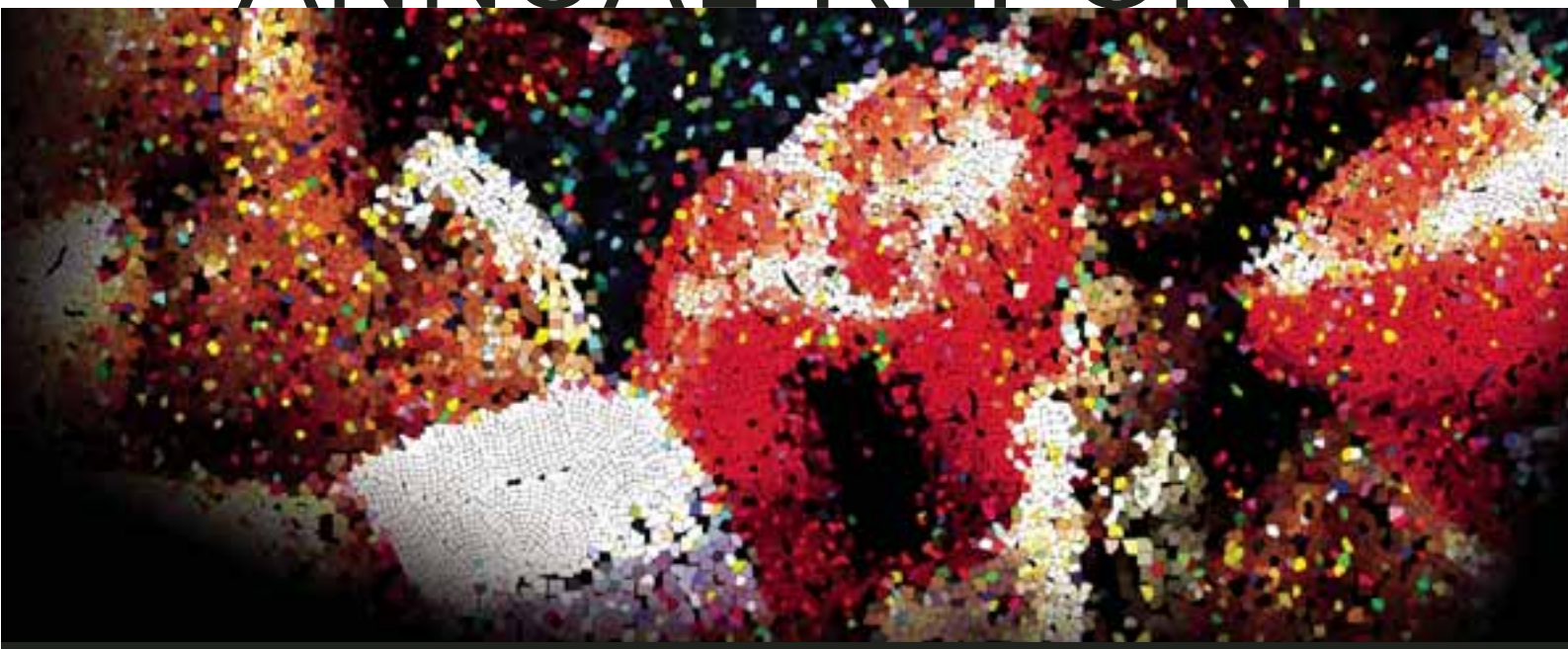
Boxing South Africa

ANNUAL REPORT



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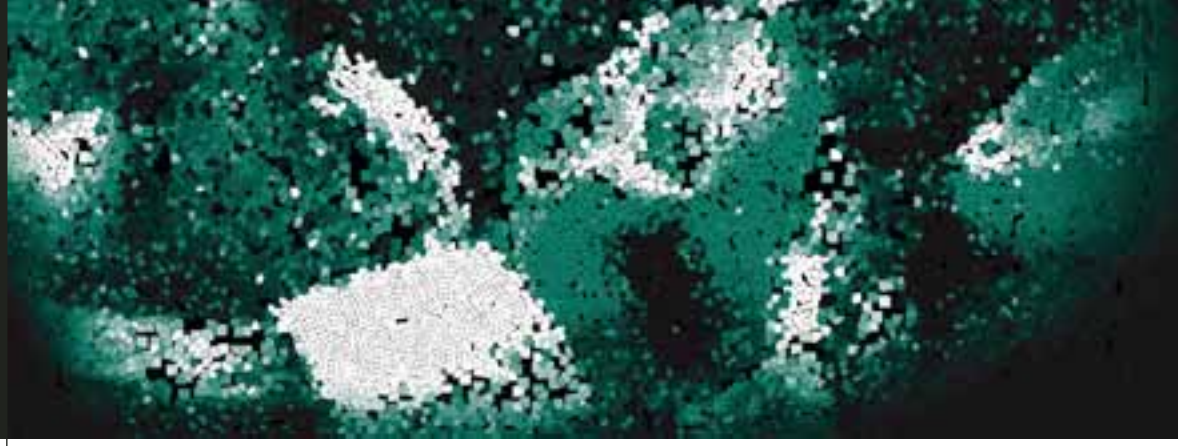

Vision & Mission

The vision and mission of Boxing South Africa is to create a regulatory framework aimed at enhancing the capacity of all stakeholders to increase the general quality, financial viability, economic sustainability, entertainment value and popularity of professional boxing in South Africa as well as enhancing its local and international status.

Boxing South Africa Board Members

31 March 2006

Mr Dali Mpofu
Chairman

Mr A Norman

Mr S Xulu

Mr S Sodo

Dr Peter Ngatane

Ms Violet Magwaca

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CHAIRMAN'S REPORT

1April 2005 to 31 March 2006

Adv Daluxolo Mpofu
Chairman

The current Board of Boxing South Africa assumed duties on 27 May 2005. The following five hand over issues were inherited from the previous Board.

- Concluding co-operation agreements with international boxing organizations
- Examining the relationship between boxing and television
- Structuring a training course for ring announcers and managers
- Developing a safety medical code
- Formulating a relationship with the Amateur body.

STRATEGIC PLANNING SESSION

The full Board and senior staff held a strategic planning session on 15 to 17 July 2005, where the vision and mission of Boxing South Africa was reviewed, and seven broad strategic objectives were formulated, for implementation during the Board's term of office.

Vision and mission

The vision and mission of Boxing South Africa is to create a regulatory framework aimed at enhancing the capacity of all stakeholders to increase the general quality, financial viability, economic sustainability, entertainment value and popularity of professional boxing in South Africa as well as enhancing its local and international status.

Objectives

- Create an organized and regulated environment for professional boxing
- Design an appropriate structural arrangement for boxing
- Improve quality of tournaments
- Enhance the popularity of boxing
- Develop high performance boxers and ring officials for international stage
- Create an enabling environment for the increased welfare of licencees
- Provide for the seamless transition of boxers from amateur to professional ranks

Portfolio Committees

Portfolio Committees were established for Legal, Medical, Transformation and Development, International, and Human Resources matters. Board members and senior office staff were allocated to Portfolio committees.

TRAINING AND DEVELOPMENT

Boxing South Africa has had a very successful year of development of our licencees. The Training Portfolio Committee is headed by Board member Mr S Sodo.

Training:

- Six Boxing Managers trained at the University of Pretoria
- Corporate Governance training attended by Board members and senior office staff
- Staff training in administrative and computer skills
- Informal training in biokinetics, tax matters and ring mechanics presented to altogether 240 licencees in various centres countrywide
- Thirty representatives from SABC and Supersport attended a workshop on boxing rules and regulations

Baby Champs League

The Baby Champs boxing league is aimed at affording boxers the opportunity to participate in the sport. Boxers who had less than three professional fights, are selected to participate, competing to become champions in the Baby Champs league in every weight category. Many of our currently ranked boxers have become known through Baby Champs.

DECISIONS IMPLEMENTED

BSA belt

The Board has introduced an outright Boxing South Africa belt for South African champions. The belt was introduced in February 2006, and is awarded to first time champions. The belt is kept by the boxer.

Convention 2005 resolutions

Licencees' requests at the convention were investigated and implemented:

- Licence fees were reduced, resulting in an increase in boxers licenced.
- Agreed with SARS that the BSA office will issue IRP5 certificates.
- The three consecutive fight rule was removed from the regulations book
- Practical ring mechanics training was introduced for officials.
- Officials from various provinces are being rotated.
- The Port Elizabeth regional office has been established.

BOARD MEMBERS AND STAFF

It is with regret that we noted the illness and retirement of our Western Cape representative, Mr George Freddy. Our condolences go to the relatives of Mr Ken Ramaboa, our North West representative, who died tragically on 10 February 2006.

My gratitude goes to my fellow Board members, Dr Peter Ngatane, Ms Stompie Xulu, Ms Violet Magwaca, Mr Sakhiwe Sodo, Mr Alan Norman, and Mr Siphatho Handi, for your contribution.

Thank you to the office staff, and BSA representatives for your dedication and loyalty during the year.

Adv Dali Mpofu
Chairman
Boxing South Africa

MANAGEMENT REPORT

1APRIL 2005 TO 31 MARCH 2006

Jos Steyn and Loyiso Mtya

INTRODUCTION

The financial year focused on training of licencees, the Baby Champs league, and the implementation of the decisions taken at the annual boxing convention held in January 2005.

IMPLEMENTATION OF RESOLUTIONS TAKEN AT BOXING CONVENTION 2005

SARS agreement

It has been agreed with SARS that the BSA office will issue IRP5 certificates for employees' tax withheld from boxers. The SARS agreement determines that BSA will deduct 25% employees tax from boxers' purses that exceed R 20 000 per tournament.

The three fight rule

The Boxing regulations have been changed, removing the three fight rule. There are no restrictions to boxers who want to challenge opponents in a different weight category.

Licencing

The reduced licencing fees have been implemented. Office staff visited the regional offices to assist BSA Representatives with the application of the licencing procedures.

Ring Officials

BSA introduced a rotation of officials allocated to tournaments for all provinces. This was done to ensure objectivity and exposure for officials. A new shirt was also introduced for Ring Officials, with the BSA logo embroidered on the pocket.

Operation Reach out

Baby Champs was launched for the lower weight categories only due to the budget constraint. Baby Champs was a roaring success, exposing boxers that would not have participated, and giving them a chance to prove themselves. We have discovered some excellent talent in boxing. Baby Champs is partially sponsored by SABC,

Regional Office

The Port Elizabeth regional office has been established and a representative appointed.

FINANCIAL ADMINISTRATION

BSA, a public entity, deregistered for VAT during the financial year, after which, SARS performed a compulsory VAT audit. The SARS audit, together with some discrepancies in the accounts, that had to be corrected, delayed the finalization of the annual report.

COMPLIANCE

During the year the Administrative staff performed an audit on tournament files to ensure compliance to the Boxing Act. Licencing procedures were also reviewed to exercise proper control over cash receipts and deposits.

Representatives duties were also reviewed, and a workshop was presented by office staff. The workshop was attended by all the BSA Representatives.

TRAINING

Informal training sessions were conducted by Sportsplan for all licencees. The course covered tax matters, ring mechanics, and nutrition, and was presented to 240 licencees in all provinces.

Six Boxing Managers completed a boxing management course at the University of Pretoria. The University of Pretoria also preseted a Corporate governance course that was attended by Board members and senior office staff.

A total of 74 Ring Officials (Referees and Judges) wrote examinations and were tested on scoring and Ring Mechanics in February and March 2006. The results achieved determined whether they will be used for international, national, or local boxing matches.

Thirty representatives from SABC and Supersport attended an informal workshop at the University of Pretoria on rules and regulations on 6 October 2005.

TOURNAMENTS

A total of 85 tournaments were staged during the year, 10 of which were Baby Champs League tournaments. A breakdown of the categories of tournaments staged in the various provinces is shown in the table below.

PROVINCE	DEVELOPMENT	SA TITLES	WORLD TITLES	TOTAL
Eastern Cape	9	11	4	24
Gauteng	12	13	5	30
Kwa Zulu Natal	2	1	1	4
Limpopo	3	2	-	5
Mpumalanga	-	2	4	6
north West	1	2	-	3
Western Cape	5	1	2	8
Free State	3	-	-	3
Port elizabeth	-	2	-	2
TOTAL	**35**	**34**	**16**	**85**

List of South African and International champions
as at 31 March 2006

CHAMPIONS

HEAVYWEIGHT
Osborne Machimane

JUNIOR HEAVYWEIGHT
Vacant

LIGHT HEAVYWEIGHT
Soon Botes

SUPER MIDDLEWEIGHT
Andre Thysse

MIDDLEWEIGHT
Mpush Makambi

JUNIOR MIDDLEWEIGHT
Vincent Vuma

WELTERWEIGHT
Joseph Makaringe

JUNIOR WELTERWEIGHT
Samuel Malinga

LIGHTWEIGHT
Irvin Buhlalu

JUNIOR LIGHTWEIGHT
Ali Funeka
Cassius Baloyi IBO

FEATHERWEIGHT
Malcolm Klassen
Vuyani Bungu IBO

JUNIOR FEATHERWEIGHT
Zolani Marali
Thomas Mashaba IBO

BANTAMWEIGHT
Simphiwe Vetyeka
Silence Mabuza IBO

JUNIOR BANTAMWEIGHT
Simon Ramoni

FLYWEIGHT
Akhona Aliva

JUNIOR FLYWEIGHT
Movhuzo Nedzanani

MINI FLYWEIGHT
Nkosinathi Joyi

BOXING AWARDS

The Annual Boxing Awards ceremony was held at Emperors Palace on 27 January 2006 and the recipients were as follows:

Boxer of the Year
Isaac Hlatswayo

Fight of the Year
Cassius Baloyi vs Isaac Hlatswayo

Prospect of the Year
Kgotso Motau

Most Promising Promoter of the Year
Anthon Gilmore

Most Promising Ring Official of the Year
Sylvia Maphangula

Lifetime Achievement Award
Les Andreasen

Special Award: Boxer
Takalani Ndlovu

Ring Official of the Year
Siphiwe Mbini

Promoter of the Year
Branco Sport Promotions

Supporter of the Year
Khuselo and Joy Greyvenstein

Media Award
Bongani Magasela and Mesuli Zifo

Chairman's Special award
Loyiso Mtya

CONVENTION RESOLUTIONS

The following resolutions were taken at the Boxing Convention held on 28 and 29 January 2006 at Emperors Palace:

1. BSA will play a general facilitation role with regard to services for licencees such as bringing licencees in contact with SARS and medical aid and financial advice companies.
2. BSA will implement the agreed transfer system of boxers.
3. BSAs reiterates that the role of the Commission is that of oversight.
4. BSA will strive to enter into formal agreements with the first tier world bodies that it recognizes.
5. The Boxing Regulations will be amended to incorporate the changes agreed upon at the Convention and BSA will endeavour to settle the issue whether professional boxing will be governed by an Act or a constitution. The 3 consecutive fight rule to be removed from the regulations.
6. Consideration should be given to female boxing being governed by its own governing body.
7. BSA will enter into a co-operation agreement with the amateur body.
8. BSA will seek membership of the Commonwealth Boxing Council.
9. BSA will review current licencee fees and procedures including the request that the licencing period be applicable from January to January each year.
10. BSA will ensure consistency of admission policy at tournaments.
11. The folly of the notion that there should be a geographical spread of tournaments.
12. Barriers to entry and a graduated system using licencing will be considered.
13. The fees paid to boxers when tournaments are cancelled will be reviewed.
14. The minimum purse of boxers will be reviewed.
15. Consideration will be given to introducing a practical dimension to training for ring officials.
16. Status of inspectors at tournaments to be reviewed.
17. Service Providers in the Provinces are to be known as BSA representatives.
18. Clarity will be given to managers as to who employs whom.
19. BSA will implement a reach out programme to boxers at the amateur level.
20. BSA will implement the rotation of officials subject to funds being available.
21. A more realistic ratio of promoters to boxers will be considered.
22. More emphasis will be placed on the sanctioning and matchmaking functions to improve the quality of tournaments.
23. The issue of boxing being considered as local content will be pursued with ICASA.
24. The convention paid tribute to Phillip Ndou for his contribution to boxing.
25. BSA will endeavour to obtain SETA certification for courses at the Academy.
26. There was general acceptance of the Development Model proposed by BSA.
27. BSA will continue to encourage its promoters to prioritise Black Economic Empowerment.
28. Consideration will be given to opening a satellite office in Port Elizabeth.
29. Consideration will be given to reducing the number of divisions.

LOOKING AHEAD

The challenges facing Boxing South Africa in the next financial year are:

- Filling the staff vacancies including the appointment of a CEO
- Securing sponsorship to fund development programmes
- Improving the standard of officials through training
- Efficient financial administration

Loyiso Mtya
Public Relations Officer
Boxing South Africa

BOXING SOUTH AFRICA

ANNUAL FINANCIAL STATEMENTS
For the year ended 31 March 2006

The reports and statements set out below comprise the annual financial statements presented to the board:

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REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF BOXING SOUTH AFRICA FOR THE YEAR ENDED 31 MARCH 2006

AUDITOR-GENERAL

1. AUDIT ASSIGNMENT

The financial statements as set out on pages …'c9…'c9 to …'c9…'c9, for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and section 15 of the South African Boxing Act, 2001 (Act No. 11 of 2001). These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. SCOPE

The audit was conducted in accordance with the International Standards on Auditing read with General Notice 544 of 2006, issued in Government Gazette no. 28723 of 10 April 2006 and General Notice 808 of 2006, issued in Government Gazette no. 28954 of 23 June 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

3. BASIS OF ACCOUNTING

The entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as described in accounting note 1 to the financial statements.

4. QUALIFICATION

4.1 Financial maladministration

In terms of section 55(1) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), the accounting authority for a public entity must keep full and proper records of the financial affairs of the entity.

Based on the work performed during the audit it became apparent that the financial records were not maintained as required by the set legislation. This is based on the following:

- Financial records initially submitted for audit were materially inaccurate and incomplete.
- Original supporting documentation for many transactions accounted for was not available on request.
- The processing of accounting data was at certain stages behind for periods exceeding three months.
- Financial statements were only re-submitted on 22 September 2006.

In this regard also refer to paragraph 4.2 of this report.

The above clearly necessitates the immediate intervention of both the accounting and executive authorities.

4.2 Limitation of scope - accounting records

Suppliers with a total debit balance of R265 828 were identified in the suppliers account. This amount was netted off against a total supplier's credit balance of R937 484, resulting in a final supplier's credit balance of R671 657. The above relates to boxing tournaments. The receivables and payables were adjusted in the financial statements, however no adjusting journals were passed in the accounting records. It was also noted that none of the year end journals to prepare the financial statements were passed in the accounting records of Boxing SA.

Furthermore, numerous journals amounting to R13 689 978 were processed for 2005/06 financial year. A substantial number of these journals were either not appropriately authorised or did not have any supporting documentation. Some journals could also not be provided for audit purposes.

The accounting system was also not backed up on a regular basis, resulting in a loss of all financial information for the 2006/07 financial year when the computers were stolen.

4.3 Expenditure (R8 717 335)

During the audit of expenditure the following shortcomings were identified:

- No / insufficient supporting documentation.
- Duplicate / incorrect entries in the general ledger.
- No audit trail for payment requisitions.
- Possible double payments.
- Insufficient supply chain management procedures and procedures not adhered to.
- Not all accruals were processed.
- Incorrect / excessive travel and subsistence expenditure.
- Insufficient / non-compliance with delegations.

As a result of the above, it was not possible to verify the accuracy, validity and completeness of the expenditure. Due to inadequate supporting documentation and internal controls it was also not possible to perform alternative procedures.

4.4 Trade and other payables (R2 816 943)

The following serious shortcomings were noted during the audit:

- No / insufficient documentation to verify creditors and accruals.
- Expenditure not accrued for.
- Differences between creditor's balances and positive confirmations received from creditors.
- Creditor's reconciliations were not prepared.

Due to the above, I was not able to verify the completeness and validity of accounts payable of approximately R1,5 million. It was also not possible to perform alternative procedures.

4.5 Trade and other receivables (R1 408 047)

The audit of accounts receivable revealed the following shortcomings:

- Monthly reconciliations and reviews by management were not performed.
- No evidence that long outstanding debts were followed up on a regular basis could be obtained.
- Bad debt amounting to R91 678 was written off without the necessary Board approval.
- No confirmation for staff debt could be obtained from staff.
- Positive confirmations were sent to debtors, but were not received back.
- Lack of supporting documentation.
- No provision for bad debts for the 2005-06 financial year.
- Amounts incorrectly / not disclosed as prepayments.

Due to the above, I was not able to verify the completeness and validity of accounts receivable and prepayments. It was also not possible to perform alternative procedures.

4.6 Value Adding Tax (VAT)

The VAT due reflected in the financial statements is understated as it does not agree by R257 053 with the assessment received from the South African Revenue Service (SARS). The assessment was issued after a VAT audit was performed by SARS.

4.7 Directors emoluments

The amount disclosed in note 19 to the financial statements are materially misstated.
No evidence that Pay As You Earn (PAYE) of R7 520 relating to directors emoluments were paid over to SARS could be obtained.

4.8 Leave provision

The provision for leave of R27 441 as disclosed in note 8 to the financial statements is incorrect. The above amount includes the prior year balance of R12 242. The liability as at 31 March 2006 amounted to R15 388.

4.9 Subsequent event

An agreement, based on negotiations prior to year end, between the bank and Boxing SA was reached on 7 April 2006 by which Boxing SA should pay 60 percent of the capital portion of the overdraft amounting to R27 884 in full and final settlement of the overdraft. The financial statements were not amended in this regard.

5. DISCLAIMER OF AUDIT OPINION

Because of the significance of the matters referred to in paragraph 4, I do not express an opinion on the financial statements.

6. EMPHASIS OF MATTER

Without further qualifying the audit opinion, attention is drawn to the following matters:

6.1 Internal control

The shortcomings in the internal control could mainly be attributed to a lack of properly skilled staff and independent reviews by management. The following serve as examples:

- Lack of control over salary advances.
- Insufficient control over leave.
- No policy for advances, and overtime.
- Various changes to policies were not approved by the Board.
- Insufficient personnel administration.
- Insufficient payroll administration.
- Insufficient documentation / recording of overtime.
- Insufficient control over receipt books.
- No reconciliations performed between cash received and deposited.
- Insufficient control over petty cash.
- Bank reconciliations not performed monthly / not reviewed, negative bank balances contrary to the PFMA and former provincial bank accounts not yet closed in the general ledger.
- Insufficient delegation by the accounting authority.
- Incorrect accounting treatment of finance leases.

- Invoices issued for sanctioning fees and public liability insurance were not reviewed.
- Insufficient control over recording / classification of license fees.
- Insufficient budget preparation, policy and monthly monitoring.

Various of the above matters were also reported on in prior years.

6.2 Internal Audit and Audit Committee

The audit committee was not fully operational in terms of Section 77 of the PFMA, for the year under review. Only one meeting was held on 22 February 2006. This resulted in the following:

- The audit committee charter was not reviewed / approved as required by Treasury Regulation 27.1.6 and did not comply with Treasury Regulation 27.1.8.
- An internal audit function as prescribed in Section 51(1)(a)(ii) of the PFMA and Treasury Regulation 27.2.2 was not fully operational for the year under review. The contract of the firm engaged to perform the function ended on 31 December 2005.
- No internal audit plan, three-year strategic rolling plan and reporting to the audit committee in terms of Treasury Regulation 27.2.7.
- No evidence that the internal audit charter was approved by the audit committee in line with good corporate governance.

6.3 Non-compliance with laws and regulations

- Non-compliance with section 12(1) of the South African Boxing Act by not appointing a Chief Executive Officer.
- Boxing SA did not fully comply with certain tax and levy commitments as required by legislation as envisaged by Section 51(1)(d) of the PFMA.
- No risk assessment and approved fraud prevention plan as required by Treasury Regulation 27.2.1.
- No approved framework of acceptable levels of materiality and significance as prescribed by Treasury Regulation 28.3.1.
- The Strategic Plan compiled was not in compliance with Treasury Regulation 30.1.3 and was not submitted to the executive authority 6 months before the start of the financial year.
- Proof of timely submission of quarterly financial reporting as required by Section 53(4) of the PFMA and Treasury Regulation 29.3.1, could not be provided. It was also noted that the budget was not approved by the Board.
- Application for sanctioning of tournaments/purse amounts were not submitted to Boxing SA 30 days prior to tournaments in compliance with Section 11(1) of the South African Boxing Act.
- Tournament sanction fee affidavits were not on file as required by Section 11(5)(a) of the South African Boxing Act.
- No approval from the Minister of Finance for finance lease transactions as required by Treasury Regulation 32.2.3
- Auditable financial statements were not submitted within two months after financial year end as required by Section 55(1) of the PFMA.

Various of the above matters were also reported on in prior years.

6.4 Staff establishment

Ministerial approval for the filling of the vacancies at Boxing SA was obtained on 1 July 2005. As at 31 March 2006 60 percent of the vacancies were not filled on a permanent basis, nor could any evidence be supplied that the vacancies were advertised.

The organisational structure of Boxing SA approved by the Minister does not include the provincial officials, which will if included, represent 47 percent of the staff establishment.

Furthermore the general manager was suspended with remuneration with effect from 19 May 2006 as disclosed in the director's report.

6.5 Fixed assets

- Sufficient confirmation could not be obtained to confirm that assets in the regions exist.
- Insufficient procedures exist for the acquisition of assets in the regions.
- Some assets were not recorded / incorrectly recorded in the fixed asset register.
- Insufficient control over asset identification existed.
- No proof could be obtained that assets were insured.
- Lack of supporting documentation and approval by finance committee for additions to assets.
- An amount of R32 043 pertaining to the storage of assets was not accrued for as at 31 March 2006 thus the risk of assets being encumbered exists.

6.6 Fruitless and wasteful expenditure

Apart from the amount disclosed in note 22 to the financial statements, an additional amount of R14 177 pertaining to legal fees and interest paid were not disclosed.

Furthermore, the finance costs amounting to R33 088 pertaining to finance leases were incorrectly disclosed as fruitless and wasteful expenditure.

6.7 Performance information

During the audit of performance information the following were brought to the attention of the entity:

- There were no procedures / policy in place including delegations, responsibility for in-year monitoring and managing performance information against set outcomes.
- The strategic plan's measurable objectives could not be traced to the budget.
- Although quarterly activity reports were submitted, they do not include measurement of performance against set outcomes.

6.8 Late finalisation of the audit report

In terms of section 55(1)(d) of the PFMA the accounting authority for a public entity must submit within five months of the end of a financial year to the relevant treasury and executive authority the annual report, financial statements and report of the auditors. Due to inaccurate and incomplete financial records the audit team withdrew from the audit in June 2006. The audit re-commenced again in September 2006 after auditable financial statements were re-submitted on 22 September 2006.

6.9 Going concern

Contracts for various sponsors amounting to R2 860 000 expired during the financial year and no evidence that the contracts were renewed could be provided.
It was also noted that the funds of one of the sponsors were not paid over to Boxing SA due to a dispute.

The projected cash flow for 2006-07 prepared by Boxing SA indicates an anticipated loss of R1 197 342 for the year. Included in the calculation are unconfirmed cash inflows of R1,4 million.

7. APPRECIATION

The assistance rendered by the staff of Boxing South Africa during the audit is appreciated.

GJ Lourens for Auditor-General
Pretoria
19 December 2006

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Board is required by the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of Boxing South Africa (BSA) as at 31 March 2006 and the results of its operations and cash flows for the period then ended, in conformity with South African Statements of Generally Accepted Accounting Practice including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice including any interpretations of such statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

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

The Board has reviewed the entity's cash flow forecast for the year to 31 March 2007 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the Board is primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The annual financial statements set out on pages 3 to 24, which have been prepared on the going concern basis, were approved by the Board of BSA as required by section 51(1) of the Public Finance Management Act, 1999 (Act No.1 of 1999) as amended, at its meeting on 12 September 2006 and were signed on its behalf by:

Chairperson of the board

DIRECTOR'S REPORT

For the year ended 31 March 2006

Adv Daluxolo Mpofu
Chairman

The directors present their report for the year ended 31 March 2006. This report forms part of the audited financial statements.

1. INTRODUCTION

Boxing South Africa's business and operations and the results thereof are clearly reflected in the attached financial statements. No material fact or circumstance affecting the financial results has occurred between the accounting date and this report.

2. REVIEW OF FINANCIAL POSITION

The deficit of R 442 635 is mainly attributable to the expenditure incurred on the Baby Champs League boxing, giving inexperienced boxers the opportunity to box.

Trade and other payables include VAT payable to SARS following a complete tax audit after compulsory VAT deregistration with effect from 1 April 2005. Provision has also been made for interest and penalties imposed by SARS. BSA is optimistic that the payment these charges could be waived by SARS.

3. EVENTS SUBSEQUENT TO 31 MARCH 2006

The General Manager has been suspended with effect from 19 May 2006.

Two of BSA's major sponsors, Vodacom and Distell, have not renewed their sponsorship agreements, leaving BSA with a tight cash flow. We have to manage expenditure to survive on the reduced income.

4. ACCOUNTING STANDARDS

The attached Financial Statements have been prepared in accordance with the Public Finance Management Act, (Act No 1 of 1999). Accounting records, controls, and reporting conform to Generally Recognised Accounting Practice. The reporting requirements of International Finance Reporting Standard are reflected in the Financial Statements.

5. DIRECTORS

The new Board assumed duties on 27 May 2005. The Chairman, Adv D Mpofu, was appointed as Group CEO of SABC in August 2006. Since SABC plays a major role as a broadcaster and sponsor of boxing, the question of conflict of interest was raised. The chairman's appointment was, however, discussed with the Minister of Sport, who condoned the appointment.

Remuneration

It is a requirement in terms of section 55 of PFMA to disclose remuneration paid and accrued to Board members as well an the General Manager and the chief Financial officer. The honorariums of Board Members are shown in the notes to the Financial statements. Remuneration paid to senior staff is as follows:

General Manager	R 511 000
Chief Financial Officer	R 227 500

Board members to 26 May 2005

Mr M. Tyamzashe(Chairman)
Mr A Jonas

Mr S Pityana
Dr P Ngatane
Mr S Handi
Ms V Magwaca

Board members from 27 May 2005
Adv D Mpofu (Chairman)
Dr P Ngatane
Mr S Sodo
Ms S Xulu
Ms V Magwaca
Mr A Norman
Mr S Handi (resigned July 2005)

Executive Director
Mr K Naidoo – General Manager

Adv D Mpofu
Chairman
Boxing South Africa

Statement of Financial Position on 31 March 2006

Figures in Rand	Note(s)	2006	2005
Assets			
Non-Current Assets			
Property, plant and equipment	2	402,426	193,088
Intangible assets	3	24,151	22,111
Other financial assets	4	1,164,075	1,466,296
		1,590,652	**1,681,495**
Current Assets			
Trade and other receivables	5	1,408,047	915,014
Cash and cash equivalents	6	2,966,641	2,191,298
		4,374,688	**3,106,312**
Total Assets		**5,965,340**	**4,787,807**
Net Assets and Liabilities			
Net Assets			
Accumulated surplus		2,554,450	3,315,616
Liabilities			
Non-Current Liabilities			
Finance lease obligation	7	236,812	53,909
Current Liabilities			
Finance lease obligation	7	94,525	74,105
Trade and other payables	10	2,816,943	1,164,031
Provisions	8	203,958	12,243
Loans payable	9	-	116,287
Bank overdraft	6	58,652	51,616
		3,174,078	**1,418,282**
Total Liabilities		**3,410,890**	**1,472,191**
Total Net Assets and Liabilities		**5,965,340**	**4,787,807**

Statement of Financial Performance

Figures in Rand	Note(s)	2006	2005
Revenue	11	8,134,014	7,932,674
Other income		141,686	67,489
Operating expenses		(8,717,335)	(6,368,891)
Operating (deficit)/surplus	**12**	**(441,635)**	**1,631,272**
Investment revenue		14,586	76,376
Fair value adjustments	13	299	(2,722)
Finance costs	14	(334,416)	(32,996)
(Deficit)/surplus for the period		**(761,166)**	**1,671,930**

Statement of Changes in Net Assets

Figures in Rand	Note(s)	Accumulated Surplus	Total Net Assets
Opening balance as previously reported		2,282,587	2,282,587
Adjustments			
Errors	24	(638,901)	(638,901)
Balance at 01 April 2004 as restated		**1,643,686**	**1,643,686**
Changes			
Surplus for the year		1,671,930	1,671,930
Total changes		1,671,930	1,671,930
Balance at 01 April 2005 as restated		**3,315,616**	**3,315,616**
Changes			
Deficit for the year		(761,166)	(761,166)
Total changes		(761,166)	(761,166)
Balance at 31 March 2006		**2,554,450**	**2,554,450**

Cash Flow Statement

Figures in Rand	Note(s)	2006	2005
Cash flows from operating activities			
Cash receipts from customers		7,797,552	7,665,176
Cash paid to suppliers and employees		(6,749,262)	(6,746,228)
Cash generated from operations	16	1,048,290	918,948
Interest income		14,586	76,376
Finance costs		(301,327)	(7,084)
Net cash from operating activities		**761,549**	**988,240**
Cash flows from investing activities			
Purchase of property, plant and equipment		(23,491)	(8,600)
Purchase of other intangible assets		(13,680)	(30,946)
Disposal of investments		302,520	78,379
Net cash from investing activities		**265,349**	**38,833**
Cash flows from financing activities			
Movement loans payable		(116,287)	116,287
Finance lease payments		(142,304)	(110,619)
Net cash from financing activities		**(258,591)**	**5,668**
Total cash movement for the period		**768,307**	**1,032,741**
Cash at the beginning of the period		2,139,682	1,106,941
Total cash at end of the period	**6**	**2,907,989**	**2,139,682**

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP	Replaced Statement of GAAP
GRAP1: Presentation of financial statements	AC101: Presentation of financial statements
GRAP2: Cash flow statements	AC118: Cash flow statements
GRAP3: Accounting policies, changes in accounting estimates and errors	AC103: Accounting policies, changes in accounting estimates and errors

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 & 3 has resulted in the following significant changes in the presentation of the financial statements:

Terminology differences:

Standard of GRAP	Replaced Statement of GAAP
Statement of financial performance	Income statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statements of changes in equity
Net assets	Equity
Surplus / Deficit for the period	Profit / Loss for the period
Accumulated surplus / deficit	Retained earnings
Contributions from owners	Share capital
Distributions to owners	Dividends
Reporting date	Balance sheet date

1.1 Significant judgments

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual 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 annual financial statements. Significant judgments include:

Allowance for doubtful debts

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables' carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Provisions

Provisions were raised and management determined an estimate based on the information available.

1.2 Property, plant and equipment

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

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

Costs include costs incurred initially to acquire 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 is carried at cost less accumulated depreciation and any impairment losses. Depreciation is provided on all property, plant and equipment to write down the cost, less residual value, on a straight line basis over their useful lives as follows:

Item	Average useful life
Furniture and fixtures	8 years
Motor vehicles	5 years
Office equipment	5 years
Computer equipment	4 years
Computer software	3 years
Promoting equipment	4 years

The residual value and the useful life of each asset are reviewed at each financial year-end. Adjustments are
made for material differences.

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 are depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit.

The surplus or deficit arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit for the year when the item is derecognised. The surplus or deficit 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 intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. The amortisation period and the amortisation method for intangible assets are reviewed every year-end. 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

1.4 Financial instruments

Initial recognition

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

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Trade and other receivables
Trade receivables are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the effective interest rate computed at initial recognition.

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

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

1.5 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.

Finance leases – lessee
Finance leases are recognised as assets and liabilities in the balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value on 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 entity's incremental borrowing rate.

The 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 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. This liability is not discounted.

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

1.6 Impairment of assets
The entity assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset.

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease. An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

1.7 Provisions and contingencies

Provisions are recognised when:

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 18.

1.8 Government grants

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

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

Government grants related to assets, including non-monetary grants at fair value, are presented in the

statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the income statement.

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

1.9 Revenue other than government grants

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Boxing South Africa and the amount can be reliably measure.

License fees are recognised on cash receipt basis which aligns with the time of accrual of these fees..
Interest is recognised on a time proportion basis which takes into account the principal investment and the effective interest rate.

1.10 Irregular, fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, requirement of any applicable legislation, including the PFMA.

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

All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

2. Property, plant and equipment

	2006			2005		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	79,346	(29,884)	49,462	76,997	(21,005)	55,992
Motor vehicles	100,650	(13,551)	87,099	-	-	-
Office equipment	414,506	(180,639)	233,867	190,709	(125,454)	65,255
Computer equipment	148,789	(124,292)	24,497	148,789	(76,948)	71,841
Promoting equipment	9,234	(1,733)	7,501	-	-	-
Total	**752,525**	**(350,099)**	**402,426**	**416,495**	**(223,407)**	**193,088**

Reconciliation of property, plant and equipment - 2006

	Opening Balance	**Additions**	**Depreciation**	**Total**
Furniture and fixtures	55,992	2,349	(8,879)	49,462
Motor vehicles	-	100,650	(13,551)	87,099
Office equipment	65,255	223,796	(55,184)	233,867
Computer equipment	71,841	-	(47,344)	24,497
Promoting equipment	-	9,234	(1,733)	7,501
	193,088	**336,029**	**(126,691)**	**402,426**

Reconciliation of property, plant and equipment - 2005

	Opening Balance	**Additions**	**Disposals**	**Transfers**	**Depreciation**	**Total**
Plant and machinery	1	-	-	(1)	-	-
Furniture and fixtures	29,722	-	-	34,925	(8,655)	55,992
Office equipment	153,329	1,500	2,475	(45,133)	(46,916)	65,255
Computer equipment	99,176	7,100	-	10,209	(44,644)	71,841
Training equipment	4,240	-	(4,240)	-	-	-
	286,468	**8,600**	**(1,765)**	**-**	**(100,215)**	**193,088**

Assets subject to finance lease - Net carrying amount

Motor vehicles	87,099	-
Office equipment	265,618	100,607
Computer equipment	16,680	50,040
	369,397	**150,647**

3. Intangible assets

	2006			**2005**		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Carrying value**
Computer software	44,627	(20,476)	24,151	30,947	(8,836)	22,111

3. Intangible assets (continued)

Reconciliation of intangible assets - 2006

	Opening Balance	Additions	Amortisation	Total
Computer software	22,111	13,680	(11,640)	24,151

Reconciliation of intangible assets - 2005

	Opening Balance	Additions	Amortisation	Total
Computer software	-	30,946	(8,835)	22,111

4. Other financial assets

Available for sale

Guardrisk Contingent Plan Policy	1,104,815	1,103,799
Guardrisk Contingent plan is an insurance policy to cover Boxing South Africa against claims resulting in injury to boxing participants or spectators. Boxing South Africa has the opportunity to participate in the underwriting profits of the program based on a favourable claims history and sound risk management practices. The overall objective is to provide an adequate cover for risk exposure and not to maximise investment returns.		
Fixed deposit	59,260	59,260
The fixed deposit has been ceded to Boxing South Africa's bankers as security for a guarantee provided to the organisation's landlord.		
Other investments	-	303,237
	1,164,075	1,466,296
Non-current assets		
Available for sale	1,164,075	1,466,296

5. Trade and other receivables

Trade receivables	1,344,662	829,369
Prepayments	48,694	56,796
Staff loans	14,691	28,849
	1,408,047	915,014

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	500	500
Bank balances	2,966,141	2,190,798
Bank overdraft	(58,652)	(51,616)
	2,907,989	2,139,682

Cash and cash equivalents (continued)

Current assets	2,966,641	2,191,298
Current liabilities	(58,652)	(51,616)
	2,907,989	**2,139,682**

7. Finance lease obligation

Minimum lease payments due		
- within one year	126,215	86,869
- in second to fifth year inclusive	277,973	60,803
	404,188	147,672
less: future finance charges	(72,851)	(19,658)
Present value of minimum lease payments	**331,337**	**128,014**

Present value of minimum lease payments due		
- within one year	94,525	74,105
- in second to fifth year inclusive	236,812	53,909
	331,337	128,014
Non-current liabilities	236,812	53,909
Current liabilities	94,525	74,105
	331,337	**128,014**

The average lease term is 4 years and the average effective borrowing rate is 13% (2005: 14%).

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets.

8. Provisions

Reconciliation of provisions - 2006

	Opening Balance	Additions	Total
Provision for leave pay	12,243	15,198	27,441
Provision for board honorarium	-	71,550	71,550
Provision for performance bonuses	-	85,167	85,167
Provision for audit committee fees	-	19,800	19,800
	12,243	191,715	203,958

9. Loans payable

These loans were payable to Board members and originated from Honorarium payable to Board members which were only paid after year end.

Notes to the Annual Financial Statements

Figures in Rand	Note(s)	2006	2005
10. Trade and other payables			
Trade payables		1,491,746	479,828
VAT		1,154,111	466,765
Accrued expenses		39,749	45,932
Operating lease payables		131,337	171,506
		2,816,943	1,164,031
11. Revenue			
Benevolent fund contributions		121,000	112,401
Government grants		1,700,000	1,400,000
License fees		305,021	543,899
Sanctioning fees		1,189,697	1,207,554
Sponsorships		4,818,296	4,668,820
		8,134,014	7,932,674
12. Operating surplus/(deficit)			
Operating lease charges			
Premises			
• Contractual amounts		328,726	345,089
Deficit on sale of property, plant and equipment		-	(1,765)
Depreciation on property, plant and equipment		138,331	109,052
Employee costs		1,782,907	1,596,507
13. Fair value adjustments			
Heading			
Trade and other receivables		6,098	3,921
Trade and other payables		(6,397)	(1,199)
		(299)	2,722
14. Finance costs			
Finance leases		33,089	25,912
Bank		6,547	7,084
Late payment of tax		294,780	-
		334,416	32,996
15. External auditors' remuneration			
Fees		554,730	204,872

16. Cash generated from (used in) operations

Surplus/(deficit) before taxation	(761,166)	1,671,930
Adjustments for:		
Depreciation and amortisation	138,331	109,052
(Surplus)/deficit on sale of assets	-	1,765
Interest received	(14,586)	(76,376)
Finance costs	334,416	32,996
Fair value adjustments	(299)	2,722
Movements in provisions	191,715	12,243
Changes in working capital:		
Trade and other receivables	(493,033)	(411,363)
Trade and other payables	1,652,912	(424,021)
	1,048,290	**918,948**

17. Commitments

Operating leases commitments

Minimum lease payments due

- within one year	419,347	359,884
- in second to fifth year inclusive	111,593	530,940
	530,940	**890,824**

Operating lease payments represent rentals payable by the entity for its office premises.

18. Contingencies

There is a dispute between Johannesburg Expo Centre (Pty) Ltd and Boxing South Africa about rental due. Provision is made for the rental due but not for legal fees in the event of the claim being defended by Boxing South Africa.

The corporation has outstanding statutory obligations. In terms of the acts applicable, penalties and interest on late payments, may be incurred. No reliable estimate could be made of possible penalties and interest on late payments.

19. Directors' emoluments

Executive directors		
K Naidoo - salary	-	157,603
K Naidoo - other	-	58,547
Non-executive directors		
S Christodolou	-	5,948
S Handi	-	12,520
T Jonas	-	12,520
J Magwaca	-	15,331
J Matlala	-	6,160
Dr P Ngatane	11,274	52,476
S Pityana	-	8,250
M Tyamzashe	-	82,178
D Mpofu	15,180	-
S Xulu	22,031	-
V Magwaca	16,914	-
S Sodo	18,324	-
A Norman	9,274	-
S Handi	6,000	-
	98,997	**411,533**

20. Risk management

Liquidity risk

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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing.
Management evaluated credit risk relating to customers on an ongoing basis.

21.Taxation

No provision has been made for taxation as Boxing South Africa is exempt from taxation in terms of Section 10 of the Income Tax Act.

22. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure

Rent paid	-	42,972
SARS - Interest	294,780	-
SARS - Penalties	233,191	-
Finance cost	33,088	25,912
	561,059	**68,884**

Rent paid

Rent was paid for an unused office premises in the Eastern Cape. The rent was paid in terms of a fixed contract which subsequently expired.

SARS interest and penalties

Penalties and interest were incurred due to contravention of the Value Added Tax Act. Boxing South Africa is in a process of consultation with the relevant authorities to settle the matter. Boxing South Africa has been deregistered for VAT and thus the expenditure is unlikely to recur.

Finance charges

Finance charges were incurred on finance leases. The incurrence of finance leases is in contravention of National Treasury regulations. However, the classification of leases as finance leases or operating leases arise as a result of the requirements of the financial reporting framework and not necessarily in terms of a financing arrangement in terms of Treasury Regulation definition. Thus the lease arrangement intention was that of operating leases within Treasury Regulations, but financial reporting resulted in a different disclosure. The finance charges would otherwise have been reported as operating lease charges.

23. Bad debts written off

Bad debts	91,698	20,012

Represents the net amount of opening balances of trade and other receivables that could not be allocated.

24. Prior period errors

Property, plant and equipment

Certain assets of Boxing South Africa were fully depreciated while still in use. This was because the useful lives of assets were not reviewed on a regular basis, with the effect that the useful lives were inappropriate. The property, plant and equipment have been reinstated to reflect net carrying values, given appropriate useful lives. Prior year figures have been restated and the effect of the restatement on 2005 figures is as follows:

	Effect on 2005
Increase/(decrease) in Property plant and equipment	23,304
(Increase)/decrease in opening balance Accumulated Surplus	(8,775)
Increase/(decrease)in Depreciation	(14,529)
	-

Finance leases

Lease contracts were reviewed to ensure that the lease contract are correctly classified and accounted for in terms of SA GAAP. The review process identified that certain finance leases were incorrectly accounted for as operating leases in the past and that operating leases were not appropriately accounted for on a straight line basis. Prior year figures have been restated and the effect of the restatement on 2005 figures is as follows:

Increase/(decrease) in Property, plant and equipment	88,949
(Increase)/decrease in opening balance Accumulated Surplus	154,124
(Increase)/decrease in Finance lease obligation	(128,014)
(Increase)/decrease in Trade and other payables	(143,397)
Increase/(decrease) in Depreciation	76,484
Increase/(decrease) in Finance charges	25,912
Increase/(decrease) in Operating expenses	(74,058)
	-

24. Prior period errors (continued)

Discounting of receivables

Receivables are required to be accounted for at amortised cost using the effective interest rate method. This requirement was not adhered to by Boxing South Africa by accounting for receivables at cost. Boxing South Africa performed an exercise of present valuing trade receivables from 2005. The effect of discounting periods prior to 2005 has not been performed as it was not possible to ascertain the amount. This would not have and impact on accumulated surplus or loss at 31 March 2006. Prior year figures have been restated and the effect of the restatement is as follows:

Increase/(decrease in Trade and other receivables	(7,136)
(Increase)/decrease in Interest received	3,215
(Increase)/decrease in Fair value adjustments	3,921
	-

Discounting of payables

Payables are required to be accounted for at amortised cost using the effective interest rate method. This requirement was not adhered to by Boxing South Africa by accounting for payables at cost. Boxing South Africa performed an exercise of present valuing trade payables from 2005. The effect of discounting periods prior to 2005 has not been performed as it was not possible to ascertain the amount. This would not have and impact on accumulated surplus or deficit at 31 March 2006. Prior year figures have been restated and the effect of the restatement on 2005 figures is as follows:

(Increase)/decrease in Trade and other payables	2,077
Increase/(decrease) in Finance cost	(877)
Increase/(decrease) in Fair value adjustments	(1,200)
	-

24. Prior period errors (continued)

Recalculation of VAT liability

The VAT liability at 31 March 2005 has been recalculated in accordance with the applicable legislation. Prior year figures have been restated and the effect of the restatement on the 2005 figures is as follows:

(Increase)/decrease in opening balance Accumulated Surplus	493,551
(Increase)/decrease in Trade and other payables (VAT)	(588,513)
(Increase)/decrease in Sponsorships	94,962
	-

Recognition of accrued income

Sponsorships accrued during 2005 were not accounted for in the 2005 financial statements. Prior year figures have been restated and the effect of the restatement is as follows:

Increase/(decrease) in Trade and other receivables	522,282
(Increase)/decrease in Trade and other receivables (VAT)	(28,000)
(Increase)/decrease in Sponsorships	(494,282)
	-

Reallocation of Computer Software

Computer software has been reclassified to comply with the requirements of SA GAAP. Prior year figures have been restated and the effect of the restatement on the 2005 figures is as follows:

Increase/(decrease) in Property, plant and equipment	(22,111)
Increase/(decrease) in Intangible assets	22,111
	-

Reallocation of Discretionary Bonus

Amounts received from Guardrisk were reallocated from Interest received to Discretionary bonus. Prior year figures have been restated and the effect of the restatement on the 2005 figures is as follows:

(Increase)/decrease in Interest received	20,466
(Increase)/decrease in Discretionary bonus	(20,466)
	-

Tax and deferred tax implications were not taken into account in the above adjustments. Refer to note 21.

24. Prior period errors (continued)

Recalculation of VAT liability

The VAT liability at 31 March 2005 has been recalculated in accordance with the applicable legislation. Prior year figures have been restated and the effect of the restatement on the 2005 figures is as follows:

(Increase)/decrease in opening balance Accumulated Surplus	493,551
(Increase)/decrease in Trade and other payables (VAT)	(588,513)
(Increase)/decrease in Sponsorships	94,962
	-

Recognition of accrued income

Sponsorships accrued during 2005 were not accounted for in the 2005 financial statements. Prior year figures have been restated and the effect of the restatement is as follows:

Increase/(decrease) in Trade and other receivables	522,282
(Increase)/decrease in Trade and other receivables (VAT)	(28,000)
(Increase)/decrease in Sponsorships	(494,282)
	-

Reallocation of Computer Software

Computer software has been reclassified to comply with the requirements of SA GAAP. Prior year figures have been restated and the effect of the restatement on the 2005 figures is as follows:

Increase/(decrease) in Property, plant and equipment	(22,111)
Increase/(decrease) in Intangible assets	22,111
	-

Reallocation of Discretionary Bonus

Amounts received from Guardrisk were reallocated from Interest received to Discretionary bonus. Prior year figures have been restated and the effect of the restatement on the 2005 figures is as follows:

(Increase)/decrease in Interest received	20,466
(Increase)/decrease in Discretionary bonus	(20,466)
	-

Tax and deferred tax implications were not taken into account in the above adjustments. Refer to note 21.

Detailed Statement of Financial Performance

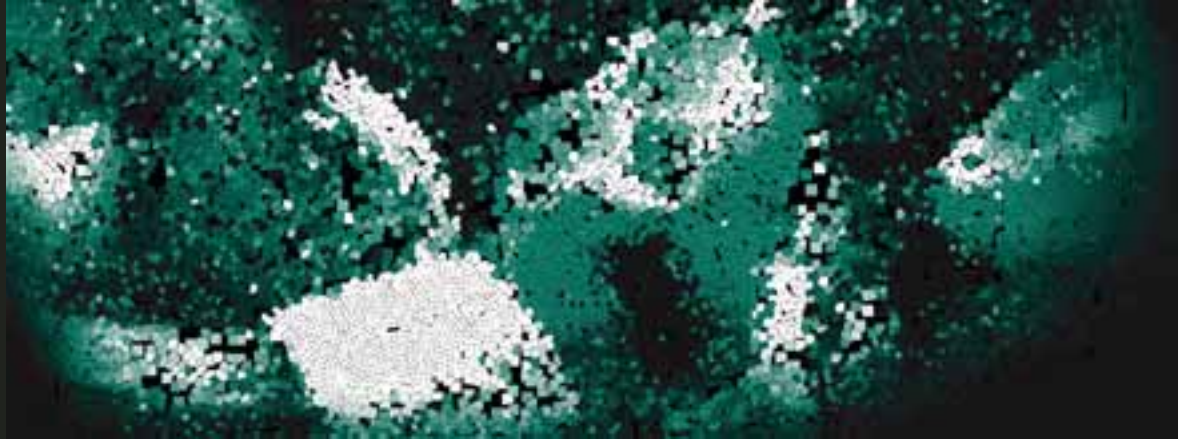
Figures in Rand	Note(s)	2006	2005
Revenue			
Benevolent fund contributions		121,000	112,401
Government grants		1,700,000	1,400,000
License fees		305,021	543,899
Sanctioning fees		1,189,697	1,207,554
Sponsorships		4,818,296	4,668,820
		8,134,014	7,932,674
Other income			
Discretionary bonus		59,877	20,466
Interest received		14,586	76,376
Public liability recovery		75,000	30,700
Sundry income		6,809	16,323
Fair value adjustments	13	299	-
		156,571	143,865
Operating expenses (Refer to page 24)		(8,717,335)	(6,368,891)
Operating (deficit)/surplus		(426,750)	1,707,648
Finance costs	14	(334,416)	(32,996)
Fair value adjustments	13	-	(2,722)
		(334,416)	(35,718)
(Deficit)/surplus for the period		(761,166)	1,671,930

This statement does not form part of the annual financial statements and is unaudited

Detailed Statement of Financial Performance

Figures in Rand	Note(s)	2006	2005
Operating expenses			
Accounting fees		228,572	78,984
Advertising		70,284	127,074
Audit committee		19,800	-
Bad debts		91,698	20,012
Bank charges		39,097	30,260
Benevolent fund awards		5,000	128,738
Boxing awards		1,017,876	420,068
Cleaning		535	-
Commission paid		344,964	274,000
Computer expenses		46,620	38,473
Conferences and workshops		34,388	100,400
Consulting fees		305,853	380,164
Deficit on disposal of assets		-	1,765
Depreciation, amortisation and impairments		138,331	109,052
Donations		7,064	15,100
Electricity and water		29,446	23,920
Employee costs		1,782,907	1,596,507
Entertainment		15,580	20,527
External auditors remuneration		554,730	204,872
General expenses		-	11,207
Honorarium		29,913	23,414
Insurance		223,601	138,792
Internal audit		88,401	-
Lease rentals on operating lease		328,726	345,089
Legal expenses		37,019	76,029
Management fees		15,000	156,016
Motor vehicle expenses		40,693	-
Official fees		-	1,800
Penalties SARS		233,191	40,862
Postage and couriers		25,086	35,021
Printing and stationery		219,790	173,229
Promoters association		11,139	-
Repairs and maintenance		1,525	3,015
Secretarial fees		-	6,800
Sponsorships by BSA		814,982	693,315
Subscriptions		3,617	2,922
Telephone and fax		162,525	123,565
Training and academy costs		872,945	646,119
Travel		836,426	307,746
Uniforms		40,011	14,034
		8,717,335	6,368,891

This statement does not form part of the annual financial statements and is unaudited



Boxing South Africa

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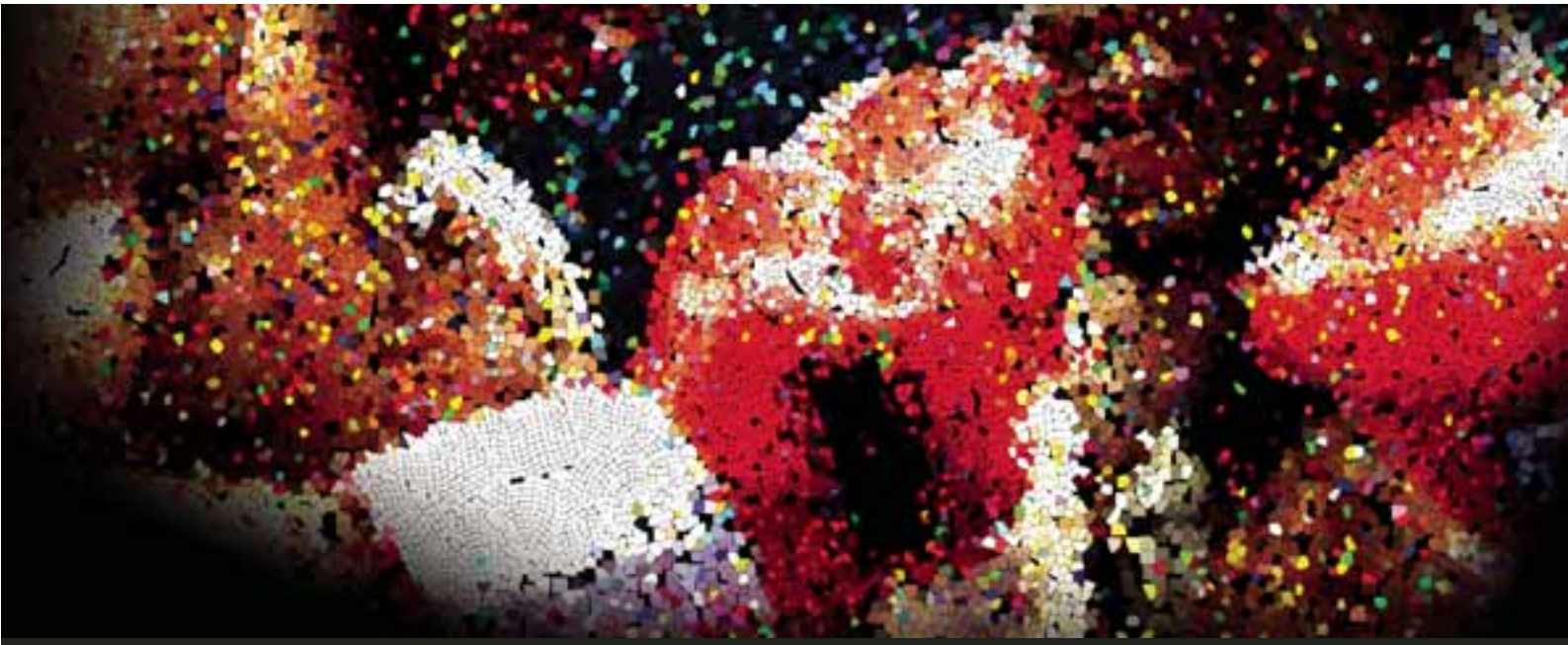

Boxing South Africa

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