



ANNUAL REPORT

2007



BOXING
SOUTH AFRICA

Inside front cover



BOXING
SOUTH AFRICA



Rev. Makhenkesi Stofile, MP
Minister of Sports and Recreation South Africa

BOXING SOUTH AFRICA ANNUAL REPORT 2006 /07

Ms Baleka Mbete, MP
Speaker of the National Assembly

And

Rev. Makhenkesi Stofile, MP
Minister of Sports and Recreation South Africa

Pursuant to the provisions of Section 40 (1) (d) of the Public Finance Management Act (Act no.1 of 1999), we are pleased to submit the Sixth Annual Report for Boxing South Africa for the period 1 April 2006 – 31 March 2007

ADV. DALI MPOFU
CHAIRPERSON OF THE BOARD

BONGANI KHUMALO
CHIEF EXECUTIVE OFFICER

LIST OF ABBREVIATIONS

AFS	Annual Financial Statements
AG	The Auditor General
BOXING ACT	The South African Boxing Act (11 of 2001)
BSA	Boxing South Africa
CBC	Commonwealth Boxing Commission
CEO	Chief Executive Officer
CFO	Chief Financial Officer
GM	General Manager
IBF	International Boxing Federation
IBO	International Boxing Organization
PFMA	Public Finance Management Act (Act 1 of 1999, as amended)
PRO	Public Relations Officer
SABC	South African Broadcasting Corporation
SANABO	South African National Amateur Boxing Organization
SRSA	Sport and Recreation South Africa
THETA	Tourism, Hospitality and Sport Education and Training Authority
WBC	World Boxing Council
WBF	World Boxing Foundation

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Chapter 1: Introduction

CHAIRPERSON'S OVERVIEW

1 April 2006 to 31 March 2007



Adv D Mpofo

The objectives of the financial year under review were met in spite of difficulties experienced. BSA performed to the optimum despite the withdrawal of sponsors and staff vacancies that were not filled.

The Annual Boxing Awards and Convention was held at Carnival City on 27 to 29 January 2007. The venue offered on site accommodation and catering facilities thereby contributing to the success of the events. The convention afforded all licencees and stakeholders the opportunity to contribute to the strategic direction of BSA.

BSA had a very successful year in that 88 boxing tournaments were staged, 21 of which were international tournaments. We also had more South African boxers fighting for world titles internationally. An increased number of Board members and officials participated in international events.

A special effort was made by BSA to promote boxing and the popularity of the sport. To this end, the Babychamps project gained momentum in its second year. BSA also promoted boxing in schools, prisons,

and canvassed the support of Provincial Governments. In terms of the Boxing Act, BSA is to ensure the involvement and participation of females in boxing. We are pleased to report that BSA has laid down a solid foundation for female boxing to get off the ground in the new year.

The CEO of BSA assumed duties on 1 June 2007. I would like to welcome Mr Bongani Khumalo on board, and to wish him a long and fruitful association with BSA.

I am pleased to report that the AFS were submitted to the AG on time. After issuing the previous annual report late, BSA introduced a series of improvements to the financial systems and controls. This, together with prompt recording, enabled us to achieve an unqualified audit report. This is a milestone for BSA.

I would like to take the opportunity to express my gratitude to fellow Board members for their loyal support and contribution during the year under review. I shall have failed in my duties if I do not thank the management and staff of BSA for their valued contribution under trying circumstances.

Lastly but not least, I would like to express my gratitude to Mr Gibson Thula, SABC and various Provincial Governments for sponsoring the Babychamps, development boxing and the Annual Boxing Awards. With the introduction of female boxing we trust that BSA can still rely on their continued support.

Adv Dali Mpofo

Chairperson

Boxing South Africa

Boxing South Africa Board Members

31 March 2006



Mr Dali Mpofu
Chairman



Mr A Norman



Ms S Xulu



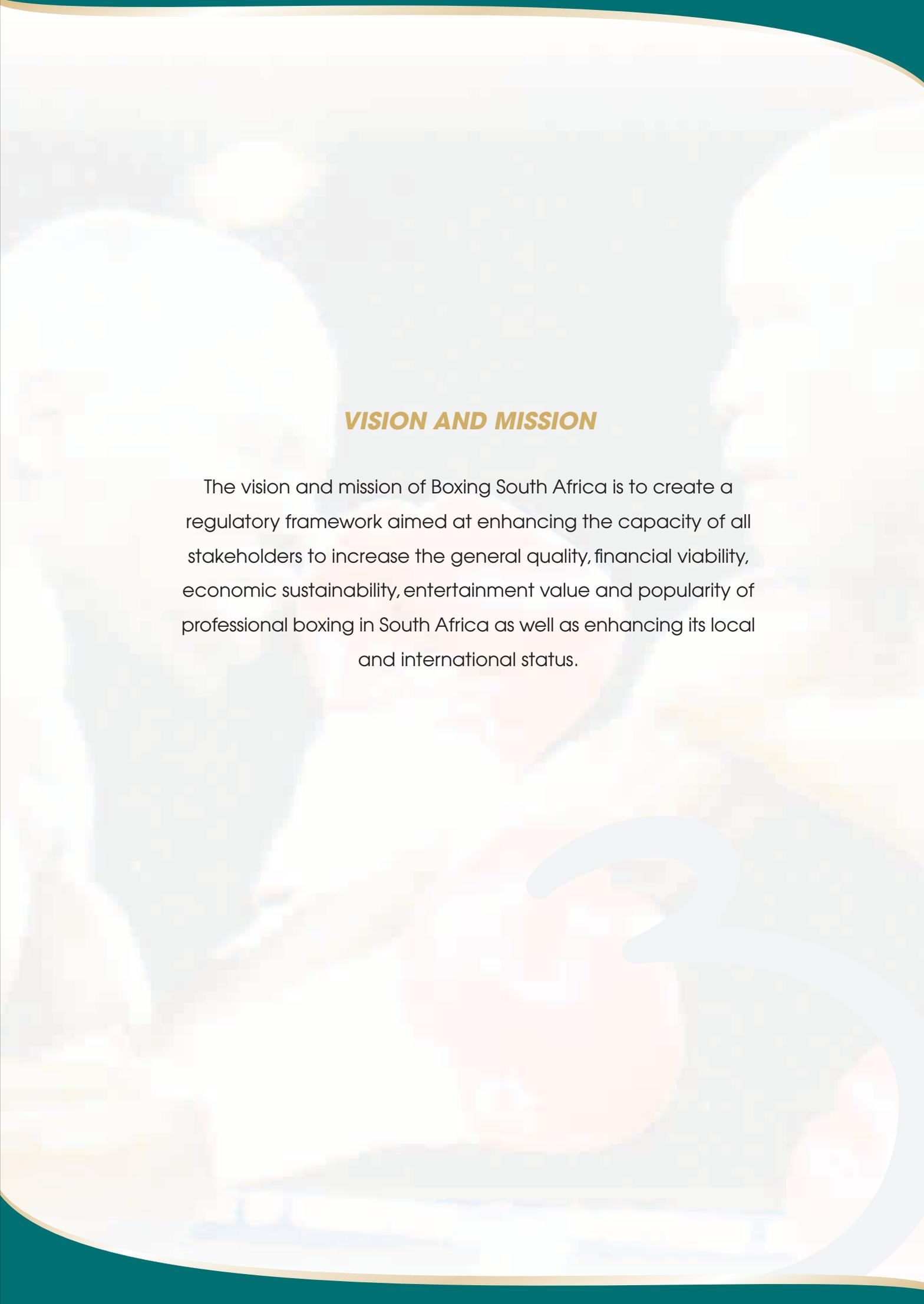
Mr S Sodo



Dr Peter Ngatane



Ms Violet Magwaca



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.

INTRODUCTION BY THE CHIEF EXECUTIVE OFFICER



Bongani Khumalo
Chief Executive Officer

The Sixth Annual Report embodies the main activities and performance of BSA for the financial period 1 April 2006 to 31 March 2007. Reflected in the report are our achievements and challenges with regards to the priorities, objectives and targets set by BSA in its Business Strategic Plan. From the report it is evident that work around improving financial management and administration as well as the quality of tournaments has been our central focus.

BSA is committed to improving and strengthening the management of its resources. Several initiatives have been put into place for the next financial year and beyond:

- The outsourced internal audit function has started operating as envisaged in the PFMA and the Treasury Regulations;
- The recruitment process for the CEO has been completed and the filling of other key positions is underway;

- Financial policies, procedures and systems have been developed and adopted; and
- Fund-raising and Sponsorship proposal has been developed and negotiations with potential anchor sponsors are being pursued with a view to improving our financial sustainability

Specific challenges which are facing BSA in the next financial year are:

- Securing more funding and sponsorship
- Re-designing of the organogram and the filling of key vacant positions.
- Implementing internal controls and compliance issues.
- Developing boxing training standards and the rolling out of training to our licensees.

This report attests to the fact that BSA has not only been busy and productive but is also maturing in the fulfillment of its mandate to regulate, control and supervise professional boxing in South Africa.

**BONGANI KHUMALO
CHIEF EXECUTIVE OFFICER
BOXING SOUTH AFRICA**

Chapter 2: Management Report

1 April 2006 to 31 March 2007



Loyiso Mtya- Acting PRO



Jos Steyn - Acting CFO



Gugu Radebe - Administrator

INTRODUCTION

In the absence of a CEO and a fulltime management team, we are pleased to report that we managed to maintain the momentum of the sport with special attention being devoted to training and development, hosting of big events, laying down the foundation for female boxing, and the improvement of financial management and administration.

1. ANNUAL BOXING CONVENTION 2007

The following resolutions were taken at the Annual Boxing Convention held on 27 and 28 January 2007 at Carnival City:

1. To change the designation of Service Providers to BSA Provincial Representatives.
2. BSA Provincial Representatives' duties, authority and role will be clearly defined, and budgets allocated.
3. To establish regional Stakeholders Forums in all provinces. Forums will hold quarterly meetings that will be chaired by BSA Provincial Representatives.
4. BSA will ensure that all Associations and other stakeholders be informed of all developments and decisions that are relevant to them. Information will be communicated by circular.

5. Training modules and unit standards will be developed by BSA in consultation with licencees. The development of standards will be done by THETA, the training authority sector for sport, and will include training of all interest groups within Boxing.
6. The terms of all the standard contracts currently used by BSA will be reviewed in consultation with the parties concerned namely boxers, managers, trainers and promoters.
7. BSA will develop and implement a transfer fee system, to regulate the movement of boxers between camps through contractual disincentives.
8. BSA will consider the request of development promoters to be exempted from paying the 5% sanctioning fee on sponsorship.
9. BSA to formulate a policy on belts awarded to champions. First time champions must be awarded a belt, and an incentive must be provided for a champion who defended his/her title successfully three or five times.
10. Full uniform to be considered for BSA ring officials, including but not limited to a blazer and boots.
11. Appeal committees will be appointed to investigate and advise BSA regarding controversial or challenged results in tournaments. The appeal committees will

include representatives from BSA and Ring Officials' ranks.

12. BSA will facilitate discussions of the funding of tournaments, in order to agree on a minimum payment for boxers. Promoters and other stakeholders will participate. The request from the plenary is to consider increasing the minimum purse payable to boxers.
13. BSA will encourage associations to meet quarterly, and will assist with the cost of travelling and accommodation, subject to budget availability.
14. A review of licence fees was requested by all associations. BSA will review the current licencing structure before the renewal date.
15. Full details of the current insurance policies to be sent to all licencees, explaining benefits, and details of the premiums paid.
16. BSA will distribute the ratings rules to all licencees.
17. The selection of commentators will be discussed with broadcasters to enhance the quality of broadcasts, and to portray a more positive image of boxing.
18. BSA will expand on our social responsibility by investigating aftercare programs and career training for licencees. BSA will liaise with the Department of Education on the introduction of boxing in schools.
19. The annual boxing convention has to be rotated to afford other provinces the opportunity to host the event. It was decided to hold the 2008 convention in Eastern Cape.
20. Stakeholders desiring to change their status within boxing must apply to the Board, who will allow a cooling off period for the applicant before assuming the new role, and notify the applicant accordingly.

2. HIGHLIGHTS OF THE OPERATIONAL REPORT

2.1 FEMALE BOXING

Female Boxing was not allowed in South Africa until the promulgation of the Boxing Act in 2001. According to clause 12 of the Boxing Act, women can now be licensed to box professionally inside and outside the country.

A pilot project to develop female boxing was officially launched at the Inkosi Albert Luthuli International Center in Durban on Saturday, 10th August 2007. This project programmed by the SRSA, BSA and SABC matched the first female professional boxers against the Brazilian female opponents. It was promoted and officiated by women only; a first anywhere in the world.

The South African team of first female boxers namely Noni Tenge, Dorothy Cloete, Unathi Myekeni, Sandra Almeida and Bomikazi Klaas won against the Brazilian team. BSA Board member, Ms. Violet Magwaca, was a Fight Supervisor in this historic event.

2.2. INTERNATIONAL PARTICIPATION

BSA was officially re-admitted into the CBC in 2004. The CBC which is a formation of all former British colonies has its headquarters in England. It controls and regulates boxing according to its own constitution and competes against the rest of the world.

South African boxing had historically been a member of the CBC until it was expelled and isolated because of the country's apartheid rule. Ms Stompie Xulu, BSA Board member, is currently South Africa's representative in this organization.

Since its inception in 2001 BSA has recognized and participated in all organizations whose rules and regulations lend quality and credibility to South African boxing. Boxers, Ring Officials, Promoters and Fight Supervisors from this country have taken advantage of

this opportunity to further their careers and to improve their capabilities.

Several officials like Alfred Buqwana, Deon Dwarto, Sylvia Maphangule, Lulama Mtya, Joe Chaane, Andile Matika, Siphwe Mbini, Siya Vabaza, Wally Snowball, Allan Matakane, Eddie Marshall, Rassie Erasmus and Andrew Smale were appointed to officiate in tournaments sanctioned by the WBA, WBC, IBO, WBF and IBF.

The Chairperson of the BSA's Medical Committee, Dr P Ngatane, led a team of medical doctors and officials to the WBC Convention in Mexico. Mr Len Hunt retired as a Referee and Judge after a long and meritorious service and was appointed by the IBO as a Fight Supervisor.

BSA's PRO Mr. Loyiso Mtya, was appointed to the office of the WBF. He serves as a Fight Supervisor and a member of the Sanctions Committee.

2.3 TRAINING AND DEVELOPMENT

About ten training sessions were planned to improve the skills and competencies of the licensees in all different categories. This training intervention was open both to the amateur and professional disciplines and was destined to reach out to all provinces. After seven sessions were conducted, the planned training programs were kept in abeyance due to lack of funding.

Professor Holtzhausen from the University of Free State was appointed to train the licensees on taxation matters. Ms. Rowena Naidoo from the University of Natal trained the boxers and trainers in conditioning, physical training and dieting.

Mr. Stan Christodolou, former BSA official, was assigned to train the ring officials. BSA will resume the training programs subject to the availability of funds.

The following constitute the particulars of the training conducted during the year under review:

Date	Venue	No. of trainees
13 May 2006	Bloemfontein	23
20 May 2006	Tshwane	63
27 May 2006	East London	61
3 June 2006	Durban	58
10 June 2006	Port Elizabeth	37
17 June 2006	Khayelisha	35
28 June 2006	Thohoyandou	30

2.4 BABY CHAMPS

Eleven boxers from the Baby Champs won International, National, and Provincial titles as indicated below:

- Zukisani Kwayiba WBC International Mini Flyweight Champion
- Ludumo Galada South African Featherweight Champion
- Jonas Kgasago South African Mini Flyweight Champion
- Samora Msopi Provincial Champion
- Mzukisi Roberts Provincial Champion
- Bongani Mwelase Provincial Champion
- Tsepang Mohale Provincial Champion
- Bongani Mahlangu Provincial Champion
- Luyanda Jako Provincial Champion
- Sisa Hlazo Provincial Champion
- Wonga Mhlana WBF Int. Junior Featherweight Champion

2.4 DEVELOPMENT LICENCEES

Two BSA licencees from the development program namely Mr. James Maluleka of White Velvet Promotions and Mr. Andrew Smale won the Most Promising Promoter of the Year and the Most Promising Ring Official of the Year awards respectively.

2.6 FEMALE BOXING

Five female boxers were graduated into the professional ranks. These boxers will be included in a Pilot Project to test the depth and quality of female boxing in the country. These boxers will be matched against overseas opponents for twelve months after which BSA will be in a position to chart the way forward.

2.7 IMPROVING BOXING STANDARDS

In an effort to improve the standard and performance of boxers who challenge for South African titles, BSA

introduced a provision that required challengers to have beaten or drawn against a rated boxer in the last eight months for qualification purposes.

2.8 TOURNAMENTS

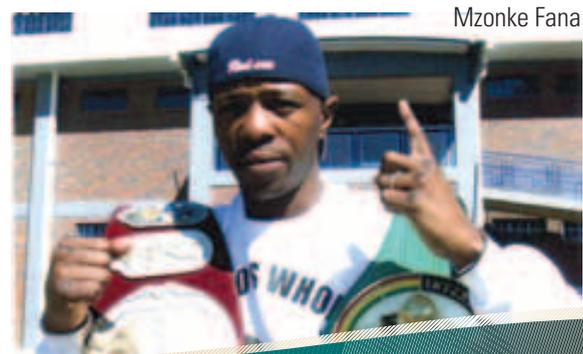
The year saw a vast improvement in the presentation and quality of tournaments. This was due to stringent measures introduced by BSA to ensure that quality and value are consistently sustained before, during and after each tournament.

Two of those requirements ensured that all challengers must have engaged, won, and or drawn against a top ten rated boxer in the last eight months. Promoters were trained and encouraged to raise the standard of their tournaments by staging them as events and not as the usual fights.

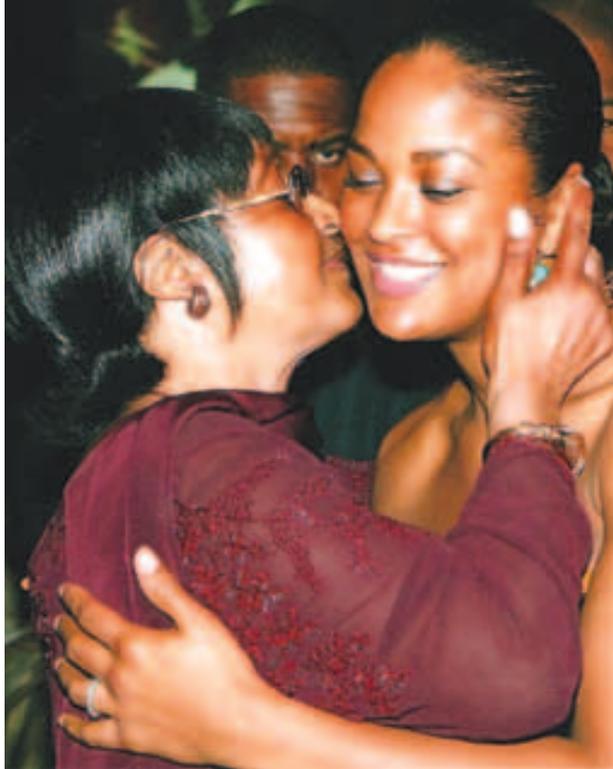
Golden Gloves Promotions stood out with an excellent and electrifying world-class set up when they brought Laila Ali against Gwendolyn Oneill for the first female tournament in South Africa.

Branco Sports Productions made history by staging the first IBF sanctioned title fight in a township when Malcolm Klaasen defended his title against Mzonke Fana in Khayelitsha. WorldSports Promotions continued with taking fights to all Provinces and brought back Francios Botha, former IBF heavyweight world champion, who emerged with a good international win.

The Inkosi Albert Luthuli Convention Center was the venue for the historic launch of female boxing in South Africa. This event was promoted for the first time by joint female Promoters, namely Mbali Zantsi of Showtime Promotions and Kenosi Mlabateki of Rams Promotions.



Mzonke Fana



Winnie Madikizola Mandela and Laila Ali

2.9 FINANCE AND ADMINISTRATION

Given the previous financial management challenges experienced by BSA, we are pleased to report that financial management and administration improved tremendously during the year under review.

The AFS were completed on time and found to be correct and auditable by the AG. An unqualified audit report was achieved for the first time since the inception of BSA in 2001. This is a huge milestone as BSA had received a disclaimer in the previous financial year.

3. TOURNAMENT STATISTICS

It can be seen from the statistics, there was an overall increase in the number of tournaments staged compared to the previous financial year.

PROVINCE	DEVELOPMENT	S.A TITLES	INTERNATIONAL	TOTAL
Eastern Cape	11	10	2	23
Gauteng	14	6	12	32
Kwazulu Natal	3	6	1	10
Limpopo	4	2	-	6
Mpumalanga	-	1	2	3
North West	3	-	2	5
Western Cape	6	-	1	7
Free State	1	-	-	1
Northern Cape	-	-	1	1
TOTAL	42	25	21	88

4. CHAMPIONS

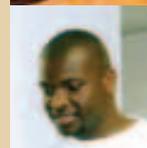
List of South African and International Champions as at 31 March 2007

HEAVYWEIGHT	Osborne Machimane	SA
JUNIOR HEAVYWEIGHT	Danie Venter	SA
LIGHT HEAVYWEIGHT	Soon Botes	SA
SUPER MIDDLEWEIGHT	Peter Mashamaite	SA
MIDDLEWEIGHT	Kgotso Motau	SA
JUNIOR MIDDLEWEIGHT	Vincent Vuma	SA
WELTERWEIGHT	Lucky Lewele	SA
JUNIOR WELTERWEIGHT	Samuel Malinga	SA
	Isaac Hlatswayo	IBO
LIGHTWEIGHT	Irvin Buhlalu	SA
	Mlungisi Dlamini	WBF
JUNIOR LIGHTWEIGHT	Ali Funeka	SA
FEATHERWEIGHT	Ludumo Galada	SA
	Malcom Klassen	IBF
	Thomas Mashaba	IBO
JUNIOR FEATHERWEIGHT	Oscar Chauke	SA
	Zolani Marali	WBF
	Takalani Ndlovu	IBO
BANTAMWEIGHT	Simphiwe Vetyeka	SA
	Tshiwiwa Munyai	CBC
JUNIOR BANTAMWEIGHT	Zolile Mbityi	SA
	Simphiwe Nongqayi	WBF
FLYWEIGHT	Moruti Mthlale	SA
JUNIOR FLYWEIGHT	Muvhuso Nedzanani	SA
MINI FLYWEIGHT	Vacant	SA
	Nkosinathi Joyit	IBO

Lucky Lewele



Osborne Machimane



Samuel Malinga



Nkosinathi Joyi



Malcolm Classen



Zolani Marali



Vincent Rhadebe



Thomas Mashaba



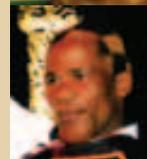
Ladumo Galada



Isaac Hlatswayo



Isaac Hlatswayo



Simphiwe Nongqayi



Takalani Ndlovu





Sizwe Nzimande
Head of SABC



James Maluleka
Most Promising Promoter



Gibson Thula
Recipient of Chairmans
Award and Baby Champs
sponsor.



Siphiwe Vetyeka
SA Bantam Weight
Champion



Andrew Sinale
Most Promising
Ring Official



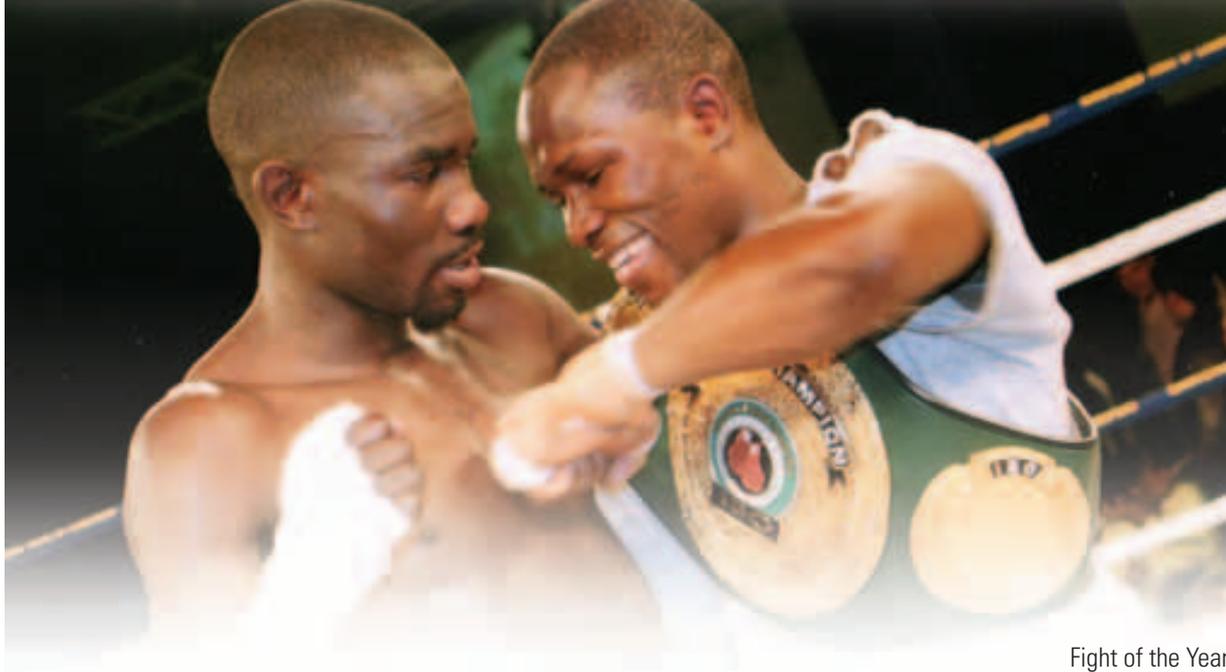
Champions at the
Awards Ceremony



Len Hunt
Recipient of Lifetime
Achievement Award from
Phumlani Msibi



Board Members
Sakiwe Sodo and Stompie Xulu
with Ron Jackson (Boxing
Historian)



Fight of the Year
Cassius Baloyi vs Gary St Clair

5. BOXING AWARDS

The recipients of the Boxing Awards for 2007 were as follows:

Boxer of the Year
Malcom Klaasen

Fight of the Year
Cassius Baloyi vs Gary St Clair

Prospect of the Year
Bongani Mwelase

Promoter of the year
World Sport Promotions

Manager of the Year
Nick Durandt

Trainer of the Year
Eugene Khanyile

Ring Official of the Year
Lulama Mtya

Most Promising Ring official of the Year
Andrew Smale

Most Promising Promoter of the Year
White Velvet

Special Achievement
Tshifiwa Munyai

Lifetime Achievement Award
Len Hunt

Golden Vest Award (SANABO)
Soon Pretorius

Media Award - Newspapers
Pule Mokhine

Media Award – Television
Tholozani Gazo

Media Award – Radio
Billy Senauke

Fan of the Year
Sipho Potwana
Willy Stalls

Chairperson's Award
Gibson Thula

6. LICENCEES

As evidenced by the table below, the number of licencees increased by almost 200 compared to the previous year.

	2007	2006
Boxers	685	585
Ring Officials	85	85
Managers/Trainers/Seconds/Matchmakers	226	153
Promoters	50	34
Total Licencees	1046	857

Nelson Mandela



Chapter 3: Audited Financial Statements

AUDIT COMMITTEE REPORT

The Audit Committee of BSA was established in 2005. The current members of the Audit Committee are:

A Norman	Chairperson of the Committee
D Mpofu	Chairperson of BSA
B Khumalo	Chief Executive Officer (Joined on 1 June 2007)
J Steyn	Chief Financial Officer
M Tabata	External member
D Ntuli	External member

The committee was not fully operational during the financial year. The original committee also changed during the financial year due to the unavailability of the GM and the resignation of the CFO.

The committee did, however, study the previous and current AFS for accuracy and completeness thereby satisfying themselves that the AFS fairly represent the financial records of BSA. The AFS were approved by the Audit Committee before being submitted to the AG for auditing purposes.

The Audit Committee will be restructured in the next financial year to be in line with Treasury Regulations. The Committee will be constituted of an external Chairperson, two external members and two members from BSA management.

A Norman
Chairperson

**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF
BOXING SOUTH AFRICA FOR THE YEAR ENDED 31 MARCH 2007**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of Boxing South Africa which comprise the statement of financial position as at 31 March 2007, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages xx to xx.

Responsibility of the accounting authority 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 Statements of Generally Accepted Accounting Practice and Generally Recognised Accounting Practice, and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 647 of 2007, issued in Government Gazette No. 29919 of 25 May 2007. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. 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.
6. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management

- overall presentation of the financial statements.

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

Basis of accounting

8. The entity's policy is to prepare financial statements in accordance with South African Statements of Generally Accepted Accounting Practice and Standards of Generally Recognised Accounting Practice, as set out in note XX to the financial statements.

Opinion

In my opinion the financial statements present fairly, in all material respects, the financial position of Boxing South Africa as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the identified basis of accounting as described in note XX and in the manner required by the PFMA.

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

9. Internal control

Control environment

The following root causes gave rise to an ineffective control environment:

- The Board did not actively contribute toward the functions of accounting, information management systems, personnel operations, monitoring and internal and external audits and evaluations.
- The Board did not ensure that there are mechanisms in place to monitor and review operations and programs.
- The entity does not work closely with the executive authority.
- The entity does not appropriately assign authority and delegates responsibility to the proper personnel to deal with organisational goals and objectives.
- Management does not fully endorse the use of performance-based management.

Risk assessment

The entity does not have a risk assessment plan and strategy as well as a control structure to address those risks identified.

Management does not comprehensively identify risk using various methodologies as appropriate.

Adequate mechanisms do not exist to identify risks pertaining to the ability to continue as a going concern.

Control activities

The following root causes gave rise to various shortcomings pertaining to control activities:

- Performance measures and indicators. The entity has not established and monitors performance measures and indicators.
- Valuable assets and information are not safeguarded from unauthorized access, use or financial losses.
- Segregation of duties. Key duties and responsibilities are not divided or segregated among different people to reduce the risk of error, waste, or fraud.
- Appropriate policies and procedures do not exist for all the entity's activities
- No performance evaluations performed.
- Documentation is not readily available and records are not properly managed and maintained.
- Controls identified as necessary are in place but are not being applied.
- The entity does not effectively manage its workforce and do not have an overall human resource strategy.

Monitoring of controls

The following root causes adversely effected the ongoing monitoring of the effectiveness of control systems:

- Data recorded by information and financial systems are not periodically compared with physical assets and discrepancies are not being investigated.

10. Material non-compliance with applicable legislation.

Sections 51(1)(a)(ii) and 77(b) of the FPMA and various subsections of Treasury Regulation 27

- The audit committee and internal audit were not fully operational.

South African Boxing Act, 2001(Act No. 11 of 2001)

- The CEO position was vacant, contrary to section 12(1) of the Act.

Treasury Regulation 27.2.1

- No risk assessment and fraud prevention plan for the year under review.

Treasury Regulation 30.1.1

- No evidence of approval and timely submission of strategic plan and budget.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

11. I was engaged to audit the performance information.

Responsibilities of the accounting authority

12. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

Responsibility of the Auditor-General

13. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with General Notice 646 of 2007, issued in Government Gazette No. 29919 of 25 May 2007.

14. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

15. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit finding

16. The entity has no performance information management system or policies and procedures in place to monitor performance against predetermined objectives. The entity did not submit performance information for audit purposes and therefore did not comply with section 55(2)(a) of the PFMA.

APPRECIATION

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



B.R. Wheeler *for* Auditor-General
Pretoria
31 July 2007

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 2007 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. The Board concedes that there are various internal control weaknesses, as reported on in the 2005/06 report of the Auditor-General, which needs to be addressed as a matter of urgency. The Board undertakes to address these shortcomings within the next 12 months.

The Board is of the opinion, based on the information and explanations given by management, 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 2008 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.

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 31 May 2007 and were signed on its behalf by:

Advocate D. Mpofu
Chairperson of the Board

Directors' Report

The directors submit their report for the year ended 31 March 2007. This report forms part of the audited financial statements.

1. Legal form and jurisdiction

Boxing South Africa is a public entity in terms of Schedule 3A of the National Treasury Regulations and is governed by the Boxing Act, 2001 (Act No. 11 of 2001).

2. Review of activities

Main business and operations

Boxing South Africa is responsible for the administration of professional boxing in South Africa.

The operating results and state of affairs of the Boxing South Africa are fully set out in the attached annual financial statements.

Net deficit (2,398,954) (2006: (673,997)).

This deficit is mainly due to the expenditure incurred on the BabyChamps League boxing, giving inexperienced boxers the opportunity to box.

Trade and other payables include Value Added Tax (VAT) payable to the South African Revenue Services following a complete VAT audit after compulsory VAT deregistration with effect from 01 April 2005. Provision has also been made for interest and penalties imposed by the South African Revenue Services.

3. Subsequent events

The General Manager has been suspended with effect from 19 May 2006. The Chief Executive Director will start on 01 June 2007.

Two of Boxing South Africa's major sponsors, Vodacom and Distell, have not renewed their sponsorship agreements and no new sponsorship has been secured to date, leaving Boxing South Africa with a tight cash

flow. We have to manage expenditure to survive on reduced income.

4. Accounting policies

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

5. Property, plant and equipment

Property, plant and equipment and intangible assets to the value of R58,254 (2006: R349,709) have been acquired during the accounting period under review.

6. Directors Remuneration

It is a requirement in terms of section 55 of the PFMA to disclose remuneration paid and accrued to Board members as well as the General Manager and 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	R511,000
Chief Financial Officer	R215,867

Board members from 01 April 2006:

Adv D Mpofo (Chairman)
Dr P Ngatane
S Xulu
V Magwaca
S Sodo
A Norman

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2007

Statement of Financial Position on 31 March 2007

Figures in Rand	Note(s)	2007	2006
Assets			
Non-Current Assets			
Property, plant and equipment	2	320,645	403,899
Intangible assets	3	29,182	24,151
Other financial assets	4	1,180,567	1,164,075
Operating lease asset		398,254	219,583
		1,928,648	1,811,708
Current Assets			
Trade and other receivables	6	878,965	1,400,292
Cash and cash equivalents	7	260,008	2,966,641
		1,138,973	4,366,933
Total Assets		3,067,621	6,178,641
Net Assets and Liabilities			
Net Assets			
Accumulated surplus		489,981	2,888,935
Liabilities			
Non-Current Liabilities			
Finance lease obligation	8	160,065	261,675
Current Liabilities			
Finance lease obligation	8	78,884	79,816
Trade and other payables	10	2,338,691	2,776,955
Provisions	9	-	112,608
Bank overdraft	7	-	58,652
		2,417,575	3,028,031
Total Liabilities		2,577,640	3,289,706
Total Net Assets and Liabilities		3,067,621	6,178,641

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2007

Statement of Financial Performance

Figures in Rand	Note(s)	2007	2006
Revenue	11	4,592,614	8,022,220
Other income		261,743	253,779
Operating expenses		(7,073,515)	(8,749,114)
Operating (deficit)	12	(2,219,158)	(473,115)
Investment revenue		80,178	14,586
Finance costs	13	(259,974)	(215,468)
(Deficit) for the period		(2,398,954)	(673,997)

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2007

Statement of Changes in Net Assets

Figures in Rand	Note(s)	Accumulated Surplus	Total Net Assets
Opening balance as previously reported		3,315,616	3,315,616
Adjustments			
Prior period errors	26	247,316	247,316
Balance at 1 April 2005 as restated		3,562,932	3,562,932
Changes			
Surplus for the year		(673,997)	(673,997)
Total changes		(673,997)	(673,997)
Balance at 1 April 2006		2,888,935	2,888,935
Changes			
Deficit for the year		(2,398,954)	(2,398,954)
Total changes		(2,398,954)	(2,398,954)
Balance at 31 March 2007		489,981	489,981

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2007

Cash Flow Statement

Figures in Rand	Note(s)	2007	2006
Cash flows from operating activities			
Cash receipts from customers		4,859,602	7,797,552
Cash paid to suppliers and employees		(7,150,501)	(6,871,936)
Cash (used in) generated from operations	15	(2,290,899)	925,616
Interest income		80,178	14,586
Finance costs		(225,991)	(179,523)
Net cash from operating activities		(2,436,712)	760,679
Cash flows from investing activities			
Purchase of property, plant and equipment		(33,248)	(336,029)
Purchase of other intangible assets		(25,006)	(13,680)
Disposal / (Increase) of investments		(16,492)	302,221
Net cash from investing activities		(74,746)	(47,488)
Cash flows from financing activities			
Movement loans payable		-	(116,287)
Finance lease payments		(136,523)	171,403
Net cash from financing activities		(136,523)	55,116
Total cash movement for the period		(2,647,981)	768,307
Cash at the beginning of the period		2,907,989	2,139,682
Total cash at end of the period		7 260,008	2,907,989

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 effective Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP

GRAP 1: Presentation of financial statements
GRAP 2: Cash flow statements
GRAP 3: Accounting policies, changes in accounting

Replaced Statement of GAAP

AC 101: Presentation of financial statements
AC 118: Cash flow statements
AC 103: Accounting policies, changes in estimates and errors
accounting estimates and errors

Currently 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

Statement of financial performance
Statement of financial position
Statement of changes in net assets
Net assets
Surplus / Deficit
Accumulated surplus / deficit
Contributions from owners
Distributions to owners

Replaced Statement of GAAP

Income statement
Balance sheet
Statements of changes in equity
Equity
Profit / Loss
Retained earnings
Share capital
Dividends

- (a) The cash flow statement can only be prepared in accordance with the direct method.
- (b) Specific information has been presented separately on the statement of financial position such as: receivables from non-exchange transactions; including taxes and transfers; taxes and transfers payable; trade and other payables from non-exchange transactions must be presented separately on the statement of financial position
- (c) Amount and nature of any restrictions on cash balances is required to be disclosed. Paragraphs 11-15 of GRAP 1 have not been implemented due to the fact that the budget reporting standard has not been developed by the local standard setter and the international standard is not effective for this financial year although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect the objective of the financial statements.

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.

Impairment testing

The recoverable amounts of individual assets have determined based on the higher of value-in-use calculations and fair values. The entity 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 these assets.

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 (cash or cash price equivalent) 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 entity 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 entity's Statement of Financial Position when the entity 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

The following situations would normally individually or in combination lead to a lease being classified as a finance lease and have been considered by the entity:

- lease transfers ownership of the asset to the lessee by the end of the lease term.
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonable certain, at the inception of the lease, that the option will be exercised.
- the lease term is for the major part of the economic life of the asset even if title is not transferred.
- at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the asset.
- the leased asset are of such a specialised nature that only the lessee can use them without major modifications.
- if the lessee can cancel the lease, the lessor's losses associated with the cancellation are born by the lessee.
- gains or losses from the fluctuation in the fair value of the residual accrue to the lessee and
- the lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

Finance leases are recognised as assets and liabilities in the statement of financial position 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.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease.

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 Statement of Financial Position 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. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure required to settle the present obligation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 17.

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 Statement of Financial Performance.

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 measured.

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 Borrowing costs

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

1.11 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.

Notes to the Annual Financial Statements

Figures in Rand

	2007			2006		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
2. Property, plant and equipment						
Furniture and fixtures	83,191	(39,007)	44,184	79,346	(29,884)	49,462
Motor vehicles	100,650	(30,195)	70,455	100,650	(12,078)	88,572
Office equipment	417,682	(238,235)	179,447	414,506	(180,639)	233,867
Computer equipment	136,420	(115,054)	21,366	148,789	(124,292)	24,497
Promoting equipment	9,234	(4,041)	5,193	9,234	(1,733)	7,501
Total	747,177	(426,532)	320,645	752,525	(348,626)	403,899

Reconciliation of property, plant and equipment - 2007

	Opening Balance	Additions	Depreciation	Write offs	Total
Furniture and fixtures	49,462	3,845	(9,123)	-	44,184
Motor vehicles	88,572	-	(18,117)	-	70,455
Office equipment	233,867	5,466	(58,692)	(1,194)	179,447
Computer equipment	24,497	23,937	(27,067)	(1)	21,366
Promoting equipment	7,501	-	(2,308)	-	5,193
	403,899	33,248	(115,307)	(1,195)	320,645

Reconciliation of property, plant and equipment - 2006

	Opening Balance	Additions	Depreciation	Write offs	Total
Furniture and fixtures	55,992	2,349	-	(8,879)	49,462
Motor vehicles	-	100,650	-	(12,078)	88,572
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	-	(125,218)	403,899

Assets subject to finance lease - Net carrying amount

Motor vehicles	70,455	88,572
Office equipment	154,363	265,618
Computer equipment	-	16,680
	224,818	370,870

Notes to the Annual Financial Statements

Figures in Rand

2007

2006

3. Intangible assets

	2007			2006		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software	69,632	(40,450)	29,182	44,627	(20,476)	24,151

Reconciliation of intangible assets - 2007

	Opening Balance	Additions	Amortisation	Total
Computer software	24,151	25,006	(19,975)	29,182

Reconciliation of intangible assets - 2006

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

4. Other financial assets

Available for sale

1,121,307 1,104,815

Guardrisk Contingent Plan Policy

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.

1,180,567 1,164,075

Non-current assets

Available for sale 1,180,567 1,164,075

5. Standards issued by the IASB but not yet effective

AC 144 Financial instruments: Disclosures has been issued by the International Accounting Standards Board. An entity shall apply this standard for annual periods beginning on or after 1 January 2007. Boxing South Africa plans to apply this standard from the year ending 31 March 2008. The initial application of the standard will require more enhanced disclosure on financial instruments especially with regard to Boxing South Africa's exposure to risk and how those risks are managed.

Notes to the Annual Financial Statements

Figures in Rand	2007	2006
6. Trade and other receivables		
Trade receivables - at nominal value	649,576	1,344,662
Prepayments	33,340	48,694
Trade and other receivables - impact of cost accounting	(8,701)	-
Staff loans	-	14,691
Other receivables	37,670	-
Sundryreceivables - at nominal value	167,080	(7,755)
	878,965	1,400,292
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1,000	500
Bank balances	259,008	2,966,141
Bank overdraft	-	(58,652)
	260,008	2,907,989
Current assets	260,008	2,966,641
Current liabilities	-	(58,652)
	260,008	2,907,989
8. Finance lease obligation		
Minimum lease payments due		
- within one year	102,240	133,368
- in second to fifth year inclusive	180,460	282,699
	282,700	416,067
less: future finance charges	(43,751)	(74,576)
Present value of minimum lease payments	238,949	341,491
Present value of minimum lease payments due		
- within one year	78,884	102,542
- in second to fifth year inclusive	160,065	238,949
	238,949	341,491
Non-current liabilities	160,065	261,675
Current liabilities	78,884	79,816
	238,949	341,491

It is Boxing South Africa's policy to lease certain office and computer equipment under finance leases.

Interest rates are linked to prime at the contract date. All leases have fixed repayments with no annual escalation rate but varies with the prime rate changes. No arrangements have been entered into for contingent rent.

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

Notes to the Annual Financial Statements

Figures in Rand	2007	2006
9. Provisions		
Reconciliation of provisions - 2007		
Opening Balance:	27,441	
Provision for Leave:	85,167	
	112,608	
Utilised during the year:	112,608	
Provision for leave pay	27,441	(27,441)
Provision for performance bonuses	85,167	(85,167)
	112,608	(112,608)
10. Trade and other payables		
Trade payables - at nominal value	586,439	1,491,745
VAT	737,169	1,154,111
Accrued expenses - at nominal value	587,757	131,099
Trade and other payables - impact of amortised cost accounting	(14,826)	-
Finance lease - accrual	1,037	-
Sundrypayables - at nominal value	441,115	-
	2,338,691	2,776,955
11. Revenue		
Government grants	1,732,622	1,640,424
License fees	330,661	294,331
Sanctioning fees	1,429,188	1,148,004
Rendering of services	201,395	290,022
Sponsorships	898,748	4,649,439
	4,592,614	8,022,220
12. Operating surplus/(deficit)		
Operating lease charges		
Premises		
• Contractual amounts	240,760	230,955
Impairment on property, plant and equipment	1,196	-
Depreciation on property, plant and equipment	135,282	136,858
Employee costs	1,614,579	2,086,429
13. Finance costs		
Finance leases	33,983	35,945
Bank	31,732	6,547
Effective interest paid	194,259	172,976
	259,974	215,468

Notes to the Annual Financial Statements

Figures in Rand	2007	2006
14. External auditors' remuneration		
Fees	663,563	639,699
15. Cash generated from (used in) operations		
Surplus/(deficit) for the period	(2,398,954)	(673,997)
Adjustments for:		
Depreciation and amortisation	135,282	136,858
Interest received	(80,178)	(14,586)
Finance costs	259,974	215,468
Impairment losses / reversals	1,196	-
Movements in operating lease assets and accruals	(178,671)	(137,650)
Movements in provisions	(112,608)	100,365
Changes in working capital:		
Trade and other receivables	521,327	(485,278)
Trade and other payables	(438,267)	1,784,436
	(2,290,899)	925,616

16. Commitments

Operating leases commitments		
Minimum lease payments due		
- within one year	76,217	293,348
- in second to fifth year inclusive	-	76,217
	76,217	369,565

Boxing South Africa leases part of a building from Samrand Development (Pty) Ltd for a period of 5 years, effective from 1 July 2002 to 30 June 2007. The lease payment is calculated at the following rate: Initially 381.86 square meters were rented for R35 per square meter and 2 parking bays at R330 each per month. Escalation was determined subsequently on a non fixed rate per square meter.

17. Contingencies

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

18. Related parties

Relationships

Sport and Recreation South Africa

Related party transactions

Government grant received	1,733,000	1,640,424
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Notes to the Annual Financial Statements

Figures in Rand	2007	2006
19. Directors' emoluments		
Non-executive directors - Board Fees		
Dr P Ngatane	15,471	11,274
D Ntuli	1,965	-
M Tyamzashe	2,536	-
D Mpofu	18,558	15,180
S Xulu	4,629	22,031
V Magwaca	5,986	16,914
S Sodo	4,576	18,324
A Norman	11,746	9,274
S Handi	-	6,000
	65,467	98,997

20. Reclassification of comparative figures

Certain comparative figures have been reclassified which has resulted in more appropriate disclosure and presentation.

21. 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.

22. Post balance sheet events

Boxing South Africa is not aware of any matter or circumstance arising since the end of the financial year which requires adjustments to or disclosure in the annual financial statements.

23. Taxation

No provision has been made f(1) cA of the Income Tax Act.

Notes to the Annual Financial Statements

Figures in Rand	2007	2006
24. Fruitless and wasteful expenditure		
Fruitless and wasteful expenditure		
SARS - Interest	-	294,780
Traffic Fines	1,350	233,191
Suspended employee salary	440,645	-
	441,995	527,971

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.

25. Bad debts written off

Bad debts	1,850	88,484
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Represents the net amount of opening balances of trade and other receivables that could not be allocated.

26. Prior period errors

Operating lease - Building

**Effect on
2006**

Lease contracts were reviewed to ensure that the lease contracts are correctly classified and accounted for in terms of SA GAAP. The review process identified that operating leases were not appropriately accounted for on a straight line basis, operating costs were included in the straight lining process which are not permitted. Prior year figures have been restated and the effect of the restatement is as follows:

Increase/(decrease) in Operating lease liability		350,920
(Increase)/decrease in Opening balance accumulated surplus		(253,444)
Increase/(decrease) in Operating expenses		(97,476)
		-

Finance leases

Lease contracts were reviewed to ensure that the lease contract are correctly classified and accounted for in terms of SA GAAP. Prior year figures have been restated and the effect of the restatement on 2005 figures is as follows:

(Increase)/decrease in opening balance Accumulated Surplus		6,128
(Increase)/decrease in Finance lease obligation		(8,238)
Increase/(decrease) in Finance charges		941
Increase/(decrease) in Operating expenses		1,169
		-

Notes to the Annual Financial Statements

Figures in Rand	2007	2006
26. Prior period errors(continued)		
Installment sale agreement		
Increase in finance charges		1,916
Decrease in depreciation		(1,472)
Decrease in accumulated depreciation on motor vehicle		1,472
Increase in deferred finance charges		726
Increase in finance lease liability		(2,642)
		-

ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2007

Detailed Statement of Financial Performance

Figures in Rand	2007	2006
Revenue		
Government grants	1,732,622	1,640,424
License fees	330,661	294,331
Effective interest received	201,395	290,022
Sanctioning fees	1,429,188	1,148,004
Sponsorships	898,748	4,649,439
	<u>4,592,614</u>	<u>8,022,220</u>
Other income		
Interest received	80,178	14,586
Sundry income	59,640	6,869
Insurance Revenue	202,103	246,910
	<u>341,921</u>	<u>268,365</u>
Operating expenses (Refer to page 24)	(7,073,515)	(8,749,114)
Operating (deficit)/surplus	(2,138,980)	(458,529)
Finance costs	13	(215,468)
Fair value adjustments	-	1
	<u>(259,974)</u>	<u>(215,467)</u>
(Deficit)/surplus for the period	<u>(2,398,954)</u>	<u>(673,996)</u>

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

Detailed Statement of Financial Performance

Figures in Rand	2007	2006
Operating expenses		
Accounting fees	511,346	220,562
Advertising	462	53,512
Bad debts	1,850	88,484
Bank charges	38,062	39,097
Cleaning	-	516
Commission paid	-	344,964
Computer expenses	50,404	70,798
Conferences and workshops	430,099	1,044,597
Consulting fees	1,369	28,949
Loss due to theft	7,500	-
Depreciation, amortisation and impairments	136,478	136,858
Donations	117,836	129,399
Electricity and water	26,814	28,414
Employee costs	1,614,579	2,086,429
Entertainment	56,428	175,515
External auditors remuneration	14	639,699
General expenses	2,763	-
Hire	193,721	210,928
Honorarium	(1,348)	54,457
Insurance	241,751	220,590
Lease rentals on operating lease	240,760	230,955
Legal expenses	63,232	35,722
Management fees	20,000	15,000
Motor vehicle expenses	49,939	39,267
Fines and penalties	18,007	527,971
Tournament expenses	835,911	887,646
Postage and couriers	21,352	24,207
Printing and stationery	220,898	245,175
Repairs and maintenance	16,320	1,471
Subscriptions	3,728	3,491
Telephone and fax	131,001	156,830
Transport and freight	234,966	32,141
Travel	1,123,724	975,470
	7,073,515	8,749,114

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

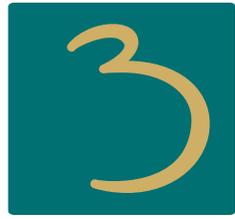
Jos Steyn
Chief Financial Officer

Loyiso Mtya
Public Relations Officer

Gugu Radebe
Administrator

BSA staff members:
Name1, name2, name3 and name 4.





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BSA PROVINCIAL REPRESENTATIVES

Province	Name	Telephone	Mobile	Fax
Eastern Cape	Phakamile Jacobs	043 761 6666	082 353 7015	043 761 1777
Free State	Dick Nkuna	057 357 1731	082 990 7403	057 357 1731
Kwa Zulu Natal	Les Andreasen	031 702 7463	082 627 9603	031 702 1771
Limpopo	James Mathonsi	015 299 7868	073 266 7163	015 299 7811
Mpumalanga	Solly Matsimela	017 819 1584	082 494 6725	017 819 1867
Port Elizabeth	Mthunzi Mapitiza	041 390 4142	084 620 6220	086 614 3935
Western Cape	Mickey Klaas	021 412 3575	082 409 1332	021 412 5503