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MISSION STATEMENT

To detect, deter and prevent the use of prohibited substances and methods in the South African and the international sporting environment, which are contrary to the principles of fair play and the health and well being of athletes.

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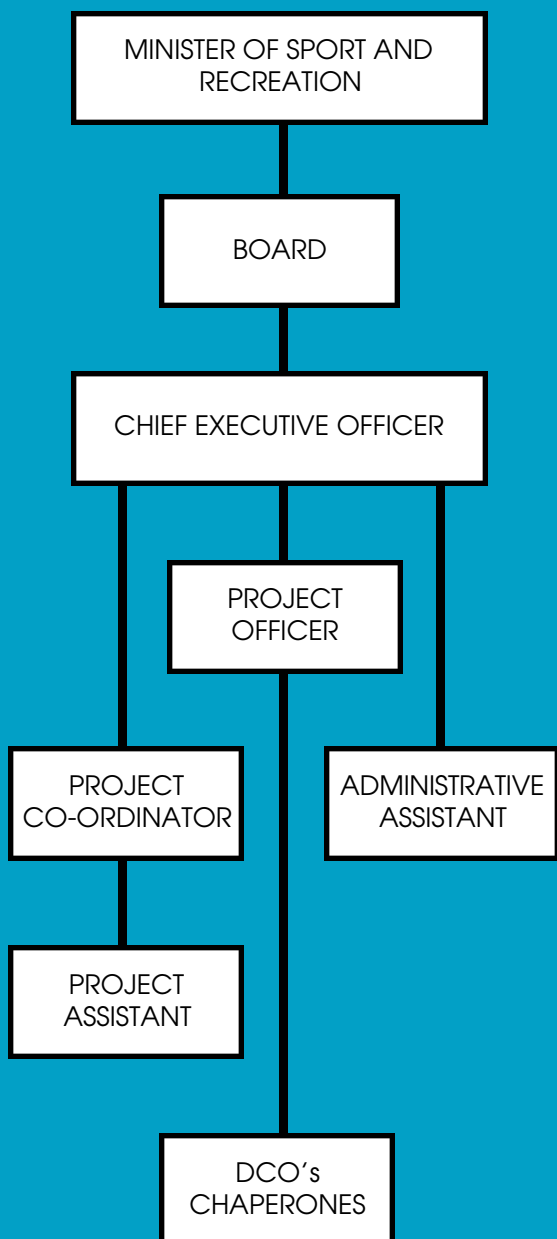
The South African Institute for Drug-Free Sport is an initiative of, and funded by, Sport and Recreation South Africa.



CORPORATE GOVERNANCE

Composition of the Institute

In accordance with Section 3(1) of the Amended Act No. 14 of 1997, the Institute shall consist of a Chairperson and as many other members as may be agreed upon by the Minister of Sport and Recreation South Africa, all of whom shall be appointed by the Minister in terms of subsection (4) of the Institute's Act No. 14 of 1997. Members shall hold office for a period of five years and are eligible for reappointment. In addition to the members referred to in subsection (1) the Chief Executive Officer of the Institute shall be a member of the Institute by virtue of his or her office.



BOARD OF DIRECTORS



DR. SHUAIB MANJRA
MBChB BSc (Med.) (Hons) Sports Medicine DOH
Chairperson

Chairperson: United Cricket Board of SA Medical Committee
Chairperson: Medical and Scientific Commission of the SA Confederation and Olympic Committee
Member: SA Rugby Scientific and Research Committee
Executive Committee Member: Association of National Anti-Doping Organisations
Sports Physician



MR. CHRIS HATTINGH BscPharm.

Member: North-West Provincial Legislature
Member: Portfolio Committee Sports, Arts and Culture
Chairperson: Athletics South Africa Anti-Doping Commission



MR. RAYMOND HACK Attorney-At-Law

CEO: National Executive Committee South African Football Association (SAFA)
Chairperson: SAFA Anti-Doping Commission & SAFA Legal Committee
Chairperson: Confederation African de Football (CAF) - Disciplinary Board
Member: SASCOC Anti-Doping Commission & NOCSA Legal Committee
Member: International Court of Arbitration for Sport (CAS)
Member: WADA International Observers Group



PROF. WINTON HAWKSWORTH BSc (Hons) M.Sc PhD

Member: SASCOC Anti-Doping Commission
Member: International Swimming Federation Doping Control Review Board
Medical Commissioner: South African Sailing



DR. DEMITRI CONSTANTINOU MBChB., BSc (Med.Hons.) Sports Science

Sports Physician
Advanced Team Physician (FIMS and ACSM)
Director: Centre for Exercise Science and Sports Medicine, Faculty of Health Sciences, University of Witwatersrand
Past President: South African Sports Medicine Association
Member: American College of Sports Medicine
Member: International Sports Medicine Federation
Traveling Fellow International Sports Medicine Federation
Consultant: Numerous Sports and Medical Federations



PROF. YOGA COOPOO PhD., FACSM

Sport Scientist/ Biokineticist
Fellow of the American College of Sports Medicine
Executive Member: South African Sports Medicine Association
Member: Scientific Committee of the South African Rugby Football Union
Vice-Chair: Professional Board for Physiotherapy, Podiatry and Biokinetics
Member: SASCOC's High Performance Commission



DR. SELLO MOTAUNG BSc MBChB

Sports Physician
Team Doctor: Senior National Football Team (Bafana Bafana)
Member: SASCOC Anti-Doping Commission
Member: SASCOC Sports Science and Medical Commission
Member: SA Sports Medicine Association, Gauteng Committee
Member: American College of Sports Medicine



MS. CECILIA ONICA MAPHAI

Deputy-Director: Department of National Health
Directorate: Mental Health & Substance Abuse
Head of the Sub-Directorate: Policy for Substance Abuse
Member: International Commission for Prevention of Alcoholism & Drug Dependency
Member: Management Committee Member: Central Drug Authority
Committee Member: Parents Against Youth Crime & Abuse of Drugs
Member: Mentally Disabled Individuals in Mamelodi & Eersterust Parent Groups
Member: National Development Agency
Member: Youth Indaba Forum for Department of Health



MS. SHELLY MELTZER MSc (Med) Nutrition & Dietetics

Head of Dietary Practice associated with Sports Science Institute of South Africa
Consultant Dietician for SA Rugby
Member: SA Rugby Scientific & Medical Committee
Member: SA Sports Medicine Association
Member: American College of Sports Medicine
Member of Discovery Health Nutrition Panel
Honorary Senior Lecturer: Department of Human Biology, UC
Co-author: Eating for Sport published by New Holland and Struik Publishers (2005)



CHAIRPERSON'S REPORT

Dr. Shuaib Manjra

As the five-year term of the current Board comes to an end, it is apposite to reflect on this period both in terms of the changing terrain of anti-doping, the achievements of the South African Institute for Drug-free Sport (SAIDS) and some of the future challenges that confront the Institute.

International Regulatory Framework

Without doubt, the most significant international achievement has been the establishment of the World Anti-Doping Agency (WADA) and the acceptance of the World Anti-Doping Code (WADC) by a wide-ranging group – governments, the IOC, international federations and national anti-doping organisations (NADO) – following the very successful Copenhagen Conference in 2003. The coming into force of the UNESCO International Convention Against Doping in Sport in 2006 has also been a remarkable achievement which has added to the international efforts at harmonisation of anti-doping. As our government is signatory to both the Code and the Convention, we are obliged to institute their provisions.

Within that broad regulatory environment, many countries of Europe and the Oceanic region have amended their anti-doping legislation with substantive new provisions and powers granted to NADOs. The South African Institute for Drug-Free Sport Act has also been amended to ensure compliance with our international obligations. Changes in such legislation grants NADOs increased powers and responsibilities beyond simply investigating, managing and prosecuting analytically positive tests. It grants NADOs the power to investigate a wide range of anti-doping rule violations (ADRV), including possession of prohibited substances, trafficking, aiding and abetting doping, evasion, etc.

In the last year SAIDS has adopted its WADC compliant anti-doping policy which has overarching jurisdiction. National federations without such policies are encouraged to adopt the SAIDS policy. By virtue of this policy SAIDS is currently appealing a case where we consider the decision of the national federation tribunal inconsistent of the WADC. These policies will be amended based on the outcome of the Code revision process.

International Organisational Framework

Since its formation in 1999 WADA has developed into a significant international force. It has certainly been a powerful stimulant for international anti-doping activities and commitment, and the harmonisation of such efforts through the development of the WADC and International Standards. The revision of the WADC, as well as the International Standards, which is to be ratified at the next WADA International

Conference in Madrid in November 2007 will further enhance such efforts. To its credit WADA has ensured that consultation around this process has been wide and transparent. Hopefully the new Code will incorporate many of the concerns of NADOs – most especially our general concern that our efforts and resources should specifically target those using established performance enhancing drugs without distracting minor issues that are resource intensive but contribute little to the anti-doping effort.

In Africa at least, the development of Regional Anti-Doping Organisations (RADOs) has allowed countries to pool their resources to coordinate their anti-doping efforts. SAIDS has worked with WADA in developing capacity within these RADOs. We have amongst other things, been involved in DCO training in Southern and East Africa, where we have developed lasting relationships with the DCOs and RADO members.

The formation of Association of National Anti-Doping Organisation (ANADO) and its Anti Doping Services (ADS) unit in 2003 has also been a remarkable international achievement. It is the first body to bring together NADOs from around the world, who ultimately gives practical effect to any anti-doping initiative. ANADO has enabled NADOs to share best practice thereby assisting developing NADOs. It has also used its inherent skills to provide quality anti-doping services to WADA and international federations. We are proud to have been part of this initiative from its very conception and I am proud to serve on its executive committee. We have benefited significantly from our association with ANADO, which currently has about 50 members.

SAIDS continues to represent our government at the International Anti-Doping Arrangement (IADA), which we joined in 2003 after a review process. We are proud to be one of only ten agencies from around the world to be part of this group. That we were admitted to IADA is testimony of the high international standards that we have achieved. Our colleagues in IADA – a group we are honoured and privileged to be part of – have also contributed significantly to improvement in our standards.

SAIDS Achievements

As an agency we have continued to build on the pillars of our program: prevention, enforcement, research and international cooperation.

Our prevention program is based on education, awareness and advocacy and we are reaching out to increasing number of athletes. Our enforcement program has seen the number of tests we perform increase incrementally, notwithstanding modest increases in our budget allocation. We have also

ensured proper prosecution of positive cases. The quality of our research has improved over the years and we are currently focussing on supplements, use of performance enhancing substances in schools, traditional substances and the effects of specific substances such as Ritalin. On the international front we have actively been involved in programs in sharing our experiences and learning from international best practice. We have also seen our members participating in doping control around the world and acting as WADA Independent Observers. We acknowledge our sister NADOs from around the world, who have willingly and freely shared their programs, ideas, experiences and materials with us at no cost. We thank all of them.

We are proud of our ISO 9000 accreditation – being of a select group of international NADOs who have achieved this distinction. Our laboratory in Bloemfontein continues to provide a sterling service. With the addition of new equipment we are able to perform more and a wider range of tests. Dr Pieter van der Merwe from our Bloemfontein laboratory has also been assisting the Romanian laboratory to achieve their WADA accreditation. Our mission to Romania was both learning and teaching experience, thanks to the bilateral agreements between our respective governments.

As a country we have hosted numerous international events, not least of all the ICC Cricket World Cup in 2003. In all of these events, we have been called upon to provide anti-doping services and have proudly acquitted ourselves with distinction.

That so much has been achieved, with so little; by so few is in itself a remarkable achievement. Our NADO is amongst the smallest in the world in terms of numbers of staff. We have relied heavily on our cadre of volunteer Doping Control Officers (DCOs) to increase our reach as an organisation. The challenge for us is to utilise this group to ensure that our awareness and education programs reaches every athlete in this country. Over the last five years we have increased both the quantity and quality of DCOs evidenced by the number of our DCOs who have accomplished international missions with distinction. The standards of our training for DCOs has also been internationally acknowledged by no less a person than Gabrielle Dolle of the IAAF.





CHAIRPERSON'S REPORT

CONTINUED

Challenges for the Future

The BALCO scandal, Operation Puerto and the scandals surrounding the Tour de France has brought into sharp relief the fact that we can no longer do more of the same. Instead we urgently require a paradigm shift in the way NADOs conceptualise their work and the way in which they operate. We need to focus on intelligence based, and intelligent testing that allows us to concentrate our efforts on specific targets - both specific sports and specific athletes. We need power of search and seizure; we need cooperation within the various law-enforcement agencies and government departments, and we need the assistance of customs officials, the police and the medicines regulatory agency if we are to be successful in our efforts to root out doping in sport. Worldwide such efforts are bearing success. Thus we need to develop new standards of evidence for such prosecutions in future where non-analytical positives is going to make up a significant part of our future case load. We also need to develop case law to support these new prosecutions.

We need the cooperation of national federations, whose responsibility it remains to prosecute doping offences. Where federations lack the resources and expertise to effectively prosecute cases, we offer our services to such federations but I believe that the interests of anti-doping in future may be better served by an independent tribunal that has jurisdiction to hear all doping matters and is based outside of national federations. Countries who have implemented such a system are seeing its successes: independence, absence of bias, and the development of anti-doping expertise within such a panel.

Although in the last few years we have made tremendous strides in our analytical methods thereby increasing our ability to detect newer substances, we need to continue to advance our testing methods and increase the capacity and sophistication of our laboratories so that new substances being used are detected.

Newer drugs will of course continue to be abused by athletes and will continue to evade us until such time that we become aware of such abuse and develop robust methods to test for such substances. This requires that we work in concert with honest athletes, support personnel and scientists.

Traditional medicines are another area that requires our attention - since this is an area that we currently know little about. Such products, as is the case with supplements, may unbeknown to us, be used to enhance performance and/or athletes using such products bear the risk of inadvertent doping. We therefore need to raise awareness of these risks.

Genetic manipulation represents a spectre of the future. While not a threat at present we need to ensure that we remain abreast of scientific developments in this regard and begin to explore tests to detect such cheating.

The implementation of the WADC has placed huge new burdens on a range of institutions, including NADOs and laboratories. For example, the entire process of administering Therapeutic Use Exemptions (TUEs) has been a challenging one but one we have implemented efficiently. Here I thank the SAIDS TUE Committee for their commitment and dedication to ensuring smooth delivery.

The implementation of the electronic database and management system, ADAMS, is another challenging process and we can learn from the experiences of other agencies around the world. Hopefully ADAMS will serve to ease the management of TUEs, whereabouts information, results management and reduce the administrative burden faced by NADOs. Administration of the Athlete Whereabouts Information management will stretch even the larger NADOs. Much is going to be required of athletes to fulfil their responsibilities in terms of the Code. Non-compliant athletes will place themselves at risk of committing an anti-doping rule violation (ADRV) with severe penalties. Our responsibility is to assist athletes to ensure that these requirements do not become burdensome.

Conclusion

As we inherited a strategic plan from the previous regime, so too have we also engaged in such a process that reflects the changing terrain of our work. We bequeath to the next board these efforts that will guide them effectively during their term of office. As the Chinese proverb goes, "one generation plants the trees, another gets the shade".

In conclusion, it was a singular privilege and honour to serve this institution and South African sportspersons in ensuring ethics, honesty and integrity in our sport. Our success can be attributed to the support of athletes, support staff, federations and macrobodies. The support of our government has been unhesitating. A supportive board has been a pillar of strength. But the office staff and our DCOs who venture out into the world on missions have been the backbone of this organisation. We salute them.

"Play clean, play fair and play true" is a mission we will work hard to uphold. In this we depend upon your support, so that we will have the comfort of knowing that our children will enjoy sport in the spirit in which it was intended – with fun, good health and honour.





ACTING CHIEF EXECUTIVE OFFICER'S REPORT

Fahmy Galant

By the turn of the twentieth century doping control standards had improved significantly since the first testing programme was conducted at the Mexico Olympics in 1968. The launch of the World Anti-Doping Code in 2003 further resulted in a significant improvement in doping control programmes as well as the development of effective education, information and awareness programmes by anti-doping agencies, thereby providing a more effective and efficient service to its stakeholders.

The inclusion in the World Anti-Doping Code of non-analytical positives as an anti-doping rule violation enhanced the powers of anti-doping agencies - the era of investigatory powers had arrived. The result of this was seen in the sanctioning of high profile athletes and support personnel in the landmark BALCO case and was followed with the launch of "Operation Puerto" in 2006. It has become more and more evident that in order to develop an effective front against the doping fraternity that greater synergy is required between the governments of the world and its various departments. To this end a United Nations Treaty, the UNESCO Convention, a global, intergovernmental convention to address doping in sport and which will provide a legitimate framework for governments to take action and will provide anti-doping measures consistent with the principles of the World Anti-Doping Code was initiated – the first Conference of Parties was held in Paris in February 2007.

We saw some of the initial successes of this UNESCO agreement at the ANADO conference hosted by the South African Institute for Drug-Free Sport in Cape Town in November 2006. We were exposed to some interesting presentations regarding the new developments and strategies adopted by anti-doping agencies with agencies extending their efforts to the inclusion of investigatory powers and departments within their organisations; an area of work completely new to agencies, yet essential to ensure a more comprehensive fight against those involved in doping. Furthermore these strategies emphasised the value of intelligent testing and intelligence based testing and where the real focus of anti-doping agencies should be.

On a regional level our role in Africa continues to be an important one. On behalf of WADA, SAIDS conducted a very successful DCO training workshop for the Zone V1 RADO doping control officers in Maseru, Lesotho in October 2006. Furthermore we are continuing to assist the Zone V region with the field training of its doping control officers. In order to sustain the development of the doping control officers in Zone V, SAIDS invited the doping control officers from this region to our annual DCO workshop in August 2006. DCOs from Kenya, Tanzania and Sudan attended. We hope to extend similar invitations to the Zone V and Zone VI doping control officers in the future to ensure that the development of these doping control officers continue to flourish.

While we have continued to maintain and improve our standards and expertise in doping control, we also realise the need to increase our work in education and research to provide our stakeholders with a more comprehensive approach of our services. These are areas of our work that we wish to give greater attention to in the future. Already in 2007 we have allocated more funds for the allocation of research projects, while we have begun the process of establishing an education department.

In conclusion I would like to acknowledge and thank:

- The staff at the Department of Sport and Recreation for their co-operation and without whose assistance our work would not be possible
- The SAIDS Chairperson and Board Members for their unwavering support in providing their time and expertise
- Athletes, sports administrators and event organisers for their support of the work done by SAIDS

ABOUT SAIDS

The South African Institute for Drug-Free Sport (SAIDS) is a Public Entity established by Act of Parliament, Act No. 14 of 1997, "To promote participation in sport free from the use of prohibited substances or methods intended to artificially enhance performance, thereby rendering impermissible doping practices which are contrary to the principles of fair play and medical ethics, in the interest of the health and well-being of sportspersons; and to provide for matters connected therewith".

The South African Institute for Drug-Free Sport is an initiative of, and funded by, Sport and Recreation South Africa.

The Act vests the Institute with statutory doping control powers and the authority to conduct and enforce a national anti-doping programme. By virtue of its legislative ambit, national sports federations are obliged to co-operate with the Institute.

Since 1998 SAIDS has:

- Provided leadership in the development of national strategy concerning doping in sport
- Developed and implemented an effective drug testing programme that includes all South Africa's major sporting codes and conforms to the highest international standards

- SAIDS staff
- SAIDS doping control officers and chaperones who despite the numerous challenges that they face continue to perform their work with vigour, efficiency and professionalism

- Provided education and information to all its target markets
- Collaborated with its counterparts throughout the world to achieve international harmonisation and improvement of standards and practices in anti-doping

The South African Institute for Drug-Free Sport is an organisation not for gain. As such no dividends are declared to any members or outside parties and all funds received are utilised for the furtherance of the Institute's objectives which are detailed in Section 10 of the South African Institute for Drug-Free Sport Act No. 14 of 1997.





DOPING CONTROL

STRATEGIC OBJECTIVE:

To conduct an effective and efficient drug testing programme that is independent, unpredictable, reliable, secure and suitable for the purpose of detecting and deterring the use of prohibited substances and methods.

SAIDS conducted 2345 tests across 56 sporting disciplines. 96 of these samples were analysed for EPO. An additional 165 tests were conducted by SAIDS on behalf of WADA, ANADO and International Federations.

Doping control was conducted at various levels ranging from school, regional, national and international level. SAIDS was contracted by the International Golf Federation to conduct the doping control at the World Amateur Golf Championships in Stellenbosch – it was the first time that drug testing took place at these championships.

At year-end there were 23 Anti-Doping Rule Violations (0.98%). SAIDS are appealing the sanctions of two of these cases due to non-compliance with its International Federation Anti-Doping Rules.

SAIDS' currently has 53 accredited part-time Doping Control Officers trained to international standards, and 75 part-time Chaperones.

Two of SAIDS' Doping Control Officers were invited to work at the Asian Games in Doha in November 2006. Our association and affiliation to the International Anti-Doping Arrangement and ANADO and our participation in international alliances and conferences has played an important part in our DCO's being invited to work at Major International Games.

OBJECTIVES AND ACHIEVEMENTS

2006 - 2007

PERFORMANCE AGAINST OBJECTIVES

OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL
To detect and deter the use of performance enhancing substances in sport	Increased ratio of unannounced out-of-competition tests	50:50 70% Unannounced	66:34 94% Unannounced
Eliminate procedural mistakes and defects in the drug-testing programme. Test results are reliable if challenged.	Regular and effective training and updates regarding new developments. Regular field audits.	0-2% 97%	0-1% 100%
To conduct a drug testing programme on South African athletes from all sports codes to detect and prevent drugs in sport. EPO tests are targeted at athletes in the relevant sport codes	Adequate funds and personnel. Access to accurate athlete whereabouts information.	2500 tests	2345 tests across 57 codes 96 EPO tests were conducted in Athletics, Cycling and Rowing
Trained and accredited Doping Control Officers (DCO) Adequate, trained chaperones throughout South Africa Regional Coordinators who conduct chaperone training.	Annual training and refresher courses, regular updates and communication on new developments in the anti-doping world Suitable, qualified field personnel nationally. Increase in reporting of non-conformities and decrease in customer complaints	60 DCOs 70 Chaperones 10	53 DCOs 75 Chaperones 5
ISO Quality System audited bi-annually. Procedures are amended to comply with WADC requirements;	Continual improvement. Quality System aligned with WADC and International Standard for Testing	Two ISO office audits and one field audit Re-certification of Quality System. WADC compliant	Two ISO office audits and one field audit Ongoing





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EDUCATION

STRATEGIC OBJECTIVE:

To implement a comprehensive national education and awareness programme that is relevant for specific target groups, accessible, valid and measurable, for the purpose of preventing and deterring the use of prohibited substances and methods.

Education and information material was updated and distributed, at no cost to recipients:

- 8000 "Athletes' Handbook 2006" distributed to athletes, coaches, and administrators, medical and pharmaceutical professionals. The booklet contains a comprehensive A-Z list of prohibited/permitted products available on the South African market.
- The 2006 Athletes' Handbook available downloaded from SAIDS' website.
- Posters to schools, education centres, sports federations and sports clubs.
- 6000 Information "Z-Cards" on therapeutic use exemption, athlete whereabouts information requirements, testing procedures and anti-doping rule violations to athletes, support personnel, federations and medical professionals.
- All national sports federations were mailed information on Therapeutic Use Exemptions, ATUE and Standard TUE application forms;
- The 2007 WADA Prohibited List distributed to all national sports federations and to event and media websites in January 2007.

SAIDS' Drug-Free Information Hotline is manned by pharmacists and operates weekdays between 09h00 to 17h00. It receives on average between 36 and 60 calls per month from athletes, coaches, federations, medical, pharmaceutical and sports science professionals, parents, and public.

Visitors to SAIDS' website www.drugfreesport.org.za can download World Anti-Doping Code information, the prohibited list; therapeutic use exemption forms and whereabouts forms. The website had 98 211 hits during the 2006-2007 financial year.

OBJECTIVES AND ACHIEVEMENTS

2006 - 2007

CONTINUED

A database of prohibited and permitted medications was included on SAIDS' website in 2006 and updated on a monthly basis with new products. The website also features up to date international news on anti-doping issues, and links to many other relevant websites.

SAIDS is represented on the Prevention and Education Portfolio Committee of the Western Cape Substance Abuse Forum, which monitors and evaluates prevention and education projects and acts in an advisory capacity to the provincial, and consequently the national drug authority. Sports drugs will be increasingly recognised and included as a necessary component of drug education and information projects at school and community level.

In December 2006 SAIDS in partnership with the International Paralympic Committee (IPC) conducted an outreach programme at the IPC Swimming World Championships in Durban. One staff

member each from the IPC and SAIDS manned the booth. Promotional banners and posters from SAIDS and WADA were used to brand the booth. The following educational resources were available to athletes and athlete support personnel – the WADA prohibited list and athletes guide, posters, the World Anti-Doping Code as well as an anti-doping quiz where athletes and their support personnel could play and win a SAIDS/IPC promotional item. The promotional items included IPC/SAIDS branded pens and drawstring bags, IPC pins and SAIDS T-Shirts.

SAIDS also assisted the IAAF with their outreach programme at the African Athletics Championships in August 2006 in Mauritius.

Thirty eight lectures, workshops, seminars, symposia, information stands were conducted across the following spectrum – sports administrators, athletes, coaches, students, school educators, school learners, doping control officers, chaperones, members of the medical and pharmaceutical professions during this period.

PERFORMANCE AGAINST OBJECTIVES

OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL
Provide target markets with accessible and relevant information resources are available.	Improved resources. Accessible information. Increase visibility of SAIDS.	Athletes, sports federations, school educators and learners, medical, pharmaceutical, sports science professionals.	Distributed: 8 000 booklets. 6000 Z Cards. Updated website. Greater awareness of drug-free information hotline.
Identify target groups and provide workshops, lectures and seminars	Improved resources and greater awareness of SAIDS	60	38
Identify and collaborate with relevant organisations and individuals	Source suitable organisations and education professionals for collaborative partnerships.	School educator's community counsellors.	Western Cape Substance Abuse Forum Department of Social Services
Update educational material and develop relevant presentations for the appropriate target markets.	Availability of relevant material	All target markets	Anti-Doping presentations developed for young athletes and sportspersons. Presentations are conducted on request by SAIDS or the relevant organisation.

RESEARCH

STRATEGIC OBJECTIVE:

To source and initiate research in sociological issues in respect of the knowledge, attitudes and use of performance enhancing drugs among South African sportspeople, for the purpose of planning and implementing an effective drug-testing and education programme.

OBJECTIVE	KEY PERFORMANCE INDICATOR	TARGET	ACTUAL
Research into sociological issues in respect of the knowledge, attitudes and use of performance enhancing drugs and nutritional ergogenic aids among South Africa sportspersons is initiated, supported and maintained as part of a prioritised national sports research programme.	Sufficient resources and suitable research applications	One research topic to be initiated	Ritalin research project under the guidance of the Wits University Centre for Exercise Science and Sports Medicine initiated - "The physiological and physical effects of Ritalin on the physical performance of children aged 7 to 10"



INTERNATIONAL

STRATEGIC OBJECTIVE:

To participate in relevant international anti-doping alliances and collaborate and co-operate with SAIDS' counterparts throughout the world, with a focus on Africa, for the purpose of contributing to the harmonisation and improvement of standards and practices in all anti-doping issues.

02 May to 03 May	RADO Zone V1 Board Meeting in Maputo, Mozambique Mr. R Hack – Board Member	06 Nov to 07 Nov	ANADO 7th Workshop in Cape Town, South Africa Dr. S Manjra, Mr. R Hack, Mr. C Hattingh, Prof. Y Coopoo, Prof W Hawksworth, Dr. D Constantinou, Dr. S Motaung, Ms. S Meltzer, Ms CO Maphai – Board Members Ms. D Bradbury – CEO Mr. F Galant – Project Officer
29 Sept to 30 Sept	USADA Conference on Intra-Individual Reference Ranges – Implications for Doping Control, in Lausanne, Switzerland Prof W Hawksworth – Board Member		
30 Sept to 02 Oct	IAAF Anti-Doping Seminar in Lausanne, Switzerland Mr. C Hattingh – Board Member	13 Nov to 14 Nov	WADA Symposium on the Investigatory Powers of Anti-Doping Organisations in Colorado Springs, USA Mr. R Hack – Board Member
10 Oct to 13 Oct	RADO Zone V1 DCO Training Workshop in Maseru Lesotho on behalf of WADA Mr. C Hattingh – Board Member Mr. F Galant – Project Officer	13 Dec	WADA workshop on the Medical Aspects of Therapeutic Use Exemptions in Bonn, Germany Dr. D Constantinou – Board Member
10 Oct to 11 Oct	RADO Zone V1 Board Meeting in Maseru, Lesotho Dr. S Motaung – Board Member	18 Nov to 17 Dec	Doha Asian Games in Doha, Qatar – Doping Control Operations of a Major Games Mr. F Galant - Project Officer Mr. R Phiri and Ms D Vardhan - DCOs
22 Oct to 24 Oct	IOC and UNESCO 5th Forum on Sport, Education and Culture in Beijing, China Dr. Shuaib Manjra – Board Chairperson	07 Feb to 08 Feb	RADO Zone V1 Board Meeting in Gaborone, Botswana Dr. S Motaung – Board Member

SAIDS staff and DCOs in collaboration with WADA are assisting with the training and development of the African Zone V and Zone VI DCOs. SAIDS staff and DCOs conducted field training in Egypt, Kenya, Namibia, Zimbabwe and Uganda in 2006/7. SAIDS assisted Namibia with the training of chaperones and the doping control programme during the COSANA Under 20 Youth Games in June 2006. The RADO Zone V1 DCOs from Kenya, Sudan and Tanzania attended the SAIDS annual DCO training and refresher course in Johannesburg in August 2006.

Drug Testing Statistics

No.	Sport code	In-competition	Out-of-competition	Total Tests	AAF
1	Aerobics	6	0	6	0
2	Archery	5	0	5	0
3	Athletics	302	37	339	3
4	Badminton	4	0	4	0
5	Baseball	0	6	6	0
6	Basketball	8	3	11	0
7	Biathle	4	0	4	0
8	BMX	8	0	8	0
9	Bodybuilding	8	0	8	1
10	Boxing (Professional)	97	0	97	0
11	Canoeing	20	8	28	0
12	Cricket	61	50	111	0
13	Cycling	138	28	166	2
14	Dragon Boat	4	0	4	0
15	Duathlon	12	0	12	0
16	Equestrian	8	0	8	0
17	Fencing	4	0	4	0
18	Figure Skating	4	0	4	0
19	Gymnastics	12	23	35	0
20	Hockey (Field)	8	26	34	1
21	Ice-Hockey	12	0	12	3
22	Judo	30	32	62	0
23	Karate	4	0	4	0
24	Korfball	0	4	4	0
25	Lifesaving	8	11	19	0
26	Modern Pentathlon	0	6	6	0
27	Motor Sport	19	1	20	0
28	Mountain Bike	40	1	41	0
29	Netball	8	14	22	0
30	Paralympics	80	55	135	1
31	Pool	13	0	13	1
32	Powerlifting	43	9	52	2

**DRUG
TESTING
STATISTICS
2006-2007**

Drug Testing Statistics

Continued

No.	Sport code	In-competition	Out-of-competition	Total Tests	AAF
33	Rhythmic Gymnastics	7	0	7	0
34	Rowing	13	15	28	0
35	Rugby	164	205	369	1
36	Sailing	8	0	8	1
37	Shooting	18	0	18	0
38	Snooker	10	1	11	2
39	Soccer	153	86	239	2
40	Softball	0	4	4	0
41	Squash	20	9	29	0
42	Surfing	6	0	6	0
43	Swimming	42	41	83	0
44	Synchro Swimming	4	0	4	0
45	Table Tennis	8	0	8	1
46	Tae Kwon Do	4	8	12	0
47	Trampoline & Tumbling	0	2	2	0
48	Triathlon	29	7	36	0
49	Tug-of-War	6	16	22	0
50	Volleyball	8	4	12	0
51	Volleyball (Beach)	4	5	9	1
52	Water Polo	0	29	29	0
53	Waterski	4	0	4	0
54	Waveski	4	0	4	0
55	Weightlifting	10	14	24	0
56	Wrestling	58	35	93	1
	SAIDS tests	1550	795	2345	23
	WADA tests	0	58	58	0
	User pay tests	74	33	107	0
	Total overall tests	1624	886	2510	23
	Percentage	64.70	35.30	100.00	0.92



Anti-Doping Rule Violations

No.	DoT	SURNAME	NAME	COUNTRY	G	Sport	TT	Subst. Identified/Failure to comply	Class of substance	Sanctions imposed	AD RV	ST
1	1-Apr-06	Collins	Kearnel	South Africa	M	Wrestling	IC	11-nor-delta9-tetrahydrocannabinol-9-carboxylic acid	Cannabinoids	3 Month Suspension	Yes	Closed
2	15-Apr-06	Lamane	Themba	South Africa	M	Athletics	IC	19-Norandrosterone	Anabolic Agent	2 Year Suspension	Yes	Closed
3	22-Apr-06	Malaza	Ephraim	South Africa	M	Athletics	IC	19-Norandrosterone	Anabolic Agent	2 Year Suspension	Yes	Closed
4	11-May-06	Ramandh	Andre	South Africa	M	Snooker	IC	11-nor-delta9-tetrahydrocannabinol-9-carboxylic acid	Cannabinoids	6 Month Suspension	Yes	Closed
5	13-May-06	Erasmus	Pieter	South Africa	M	Powerlifting	OC	17 α -methyl-5 α -androstan-3 α ,17 β -diol 17 α -methyl-5 β -androstan-3 α ,17 β -diol	Anabolic Agent	2 Year Suspension	Yes	Closed
6	27-May-06	Bonhomme	Virgile	South Africa	M	Hockey	IC	Ephedrine	Stimulant	Warning	Yes	Closed
7	4-Jun-06	Ntsoue	Seyhaba	South Africa	M	Paralympics (Basketball)	IC	11-nor-delta9-tetrahydrocannabinol-9-carboxylic acid	Cannabinoids	20 Month Suspension	Yes	Closed
8	18-Jun-06	Liften	Keith	South Africa	M	Cycling	IC	Testosterone	Anabolic Agent	1 Year Suspension	Yes	Closed
9	24-Jun-06	Joubert	Louis	South Africa	M	Powerlifting	IC	3'-Hydroxystanozolol 4 β -Hydroxystanozolol	Anabolic Agent	2 Year Suspension	Yes	Closed
10	8-Jul-06	Brewis	Kim-Cateigh	South Africa	F	Cycling	IC	Prednisolone/Prednisone	Glucocorticosteroid	Warning	Yes	Closed
11	10-Jul-06	van Zyl	Jacobus	South Africa	M	Rugby	IC	Human Chorionic Gonadotropin (hCG)	Hormones & Related Substances	2 Year Suspension	Yes	Closed
12	27-Aug-06	Willcox	Rob	South Africa	M	Sailing	IC	Hydrochlorothiazide	Diuretic	Warning	Yes	Closed
13	11-Sep-06	van Zyl	Johan	South Africa	M	Snooker	IC	11-nor-delta9-tetrahydrocannabinol-9-carboxylic acid	Cannabinoids	6 Month Suspension	Yes	Closed
14	23-Sep-06	Golwa	Nditule	South Africa	M	Bodybuilding	IC	19-Norandrosterone 19-Norethicholanolone	Anabolic Agent	3 Year Suspension	Yes	Closed
15	24-Sep-06	Gomes	Brian	South Africa	M	Ice Hockey	IC	19-Norandrosterone	Anabolic Agent	Warning	Yes	Open
16	24-Sep-06	Joyce	Jared	South Africa	M	Ice Hockey	IC	11-nor-delta9-tetrahydrocannabinol-9-carboxylic acid	Cannabinoids	Warning	Yes	Closed
17	24-Sep-06	Edwards	Michael	South Africa	M	Ice Hockey	IC	19-Norandrosterone	Anabolic Agent	Warning	Yes	Open
18	30-Sep-06	Saunders	Jessica	South Africa	F	Table Tennis	IC	11-nor-delta9-tetrahydrocannabinol-9-carboxylic acid	Cannabinoids	Warning	Yes	Closed

No.	DoT	SURNAME	NAME	COUNTRY	G	Sport	TT	Subst. Identified/Failure to comply	Class of substance	Sanctions imposed	AD RV	ST
19	14-Oct-06	Saville	Afwaan	South Africa	M	Pool	IC	11-nor-delta9-tetrahydro-cannabinol-9-carboxylic acid	Cannabinoids	3 Year Suspension	Yes	Closed
20	14-Oct-06	Ntongana	Zolani	South Africa	M	Athletics	IC	Epimetediol 6β-hydroxymethandienone	Anabolic Agent	2 Year Suspension	Yes	Closed
21	22-Oct-06	Mabizela	Mbutelo	South Africa	M	Soccer	IC	11-nor-delta9-tetrahydro-cannabinol-9-carboxylic acid	Cannabinoids	6 Month Suspension	Yes	Closed
22	22-Oct-06	May	Masixole	South Africa	M	Soccer	IC	11-nor-delta9-tetrahydro-cannabinol-9-carboxylic acid	Cannabinoids	6 Month Suspension	Yes	Closed
23	17-Dec-06	Strydom	Adriaan	South Africa	M	Volleyball (Beach)	IC	11-nor-delta9-tetrahydro-cannabinol-9-carboxylic acid	Cannabinoids	3 Month Suspension	Yes	Closed

KEY

ADRV

DoT

FIC

G

S Identified

TT

ST

Anti-Doping Rule Violation

Date of test

Failure to Comply

Gender

Substance Identified

Test Type

Status



STATEMENT OF RESPONSIBILITY

The Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended, requires the directors to ensure that the South African Institute for Drug-Free Sport keeps full and proper records of its financial affairs. The annual financial statements should fairly present the state of the South African Institute for Drug-Free Sport, its financial results, its performance against predetermined objectives and its financial position at the end of the year in terms of Generally Accepted Accounting Practice (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.

The annual financial statements are the responsibility of the Accounting Authority. The external auditors are responsible for independently auditing and reporting on the financial statements.

The annual financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice. These annual financial statements are based on the consistent use of appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

The directors have reviewed the Institute's budgets and cash flow forecasts for the year ended 31 March 2007. On the basis of this review, and in view of the current financial position, the Directors have every reason to believe, and the auditors concur, that the Institute will be a going concern in the year ahead, and have continued to adopt the going concern basis in preparing the financial statements.

To enable the Directors to meet the above responsibilities, the Board of Directors sets standards and implements systems of internal control and risk management that are designed to provide reasonable, but not absolute assurance against material misstatements and losses.

The Institute maintains internal financial controls to provide assurance regarding:

- The safeguarding of assets against unauthorised use or disposition;
- The maintenance of proper accounting records;
- The reliability of financial information used within the business or for publication;
- The compliance with the applicable legislation.

The controls contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective system of internal control, no matter how well designed, has inherent limitations including the possibility of circumvention or the overriding of controls. An effective system of internal control therefore aims to provide reasonable assurance with respect to the reliability of financial information and in particular financial statement presentation. Furthermore, because of changes in conditions, the effectiveness of internal financial controls may vary over time.

The Directors have reviewed the entity's systems of internal control and risk management for the period 1 April 2006 to 31 March 2007. The Directors are of the opinion that the Institute's systems of internal control and risk management were not entirely effective for the period under review and need to be reviewed for greater effectiveness and assurance.

In the opinion of the directors, based on the information available to date, the annual financial statements fairly present the financial position of the South African Institute for Drug-Free Sport at 31 March 2007 and the results of its operations and cash flow information for the year, and that the Code of Corporate Practices and Conduct has been adhered to.

The annual financial statements for the year ended 31 March 2007 were submitted for auditing on 31 May 2007 and approved by the Accounting Authority in terms of section 51(1)(f) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended, and signed on its behalf by :

DR S MANJRA
Chairperson

F GALANT
Acting CEO

CORPORATE GOVERNANCE

INTRODUCTION

Corporate governance is concerned with the organisational arrangements that have been put in place to provide an appropriate set of checks and balances within which the stewards of the group operate. The objective is to ensure that those to whom the stakeholders entrusted the direction and success of the group act in the best interests of these stakeholders.

The South African Institute for Drug-Free Sport ensures that its processes and practices are reviewed on an ongoing basis in order to ensure adherence to good corporate governance practices which are continually benchmarked against international practices.

The Board of Directors believe that the group has substantially applied and complied with the principles incorporated in the Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance for South Africa 2002 as well as the Protocol on Corporate Governance in the Public Sector 2002.

STAKEHOLDERS

In addition to the interest of government as the shareholder, the South African Institute for Drug-Free Sport acknowledges the interests of other stakeholders, including employees, creditors, customers, suppliers and local communities.

The South African Institute for Drug-Free Sport regularly communicated with all stakeholders on material matters of significant interest and concern to stakeholders.

The information furnished to stakeholders conforms to the criteria of promptness, openness, substance over form, relevance, clarity, effectiveness, transparency and objectivity.

The South African Institute for Drug-Free Sport places great emphasis on reporting on both financial and non-financial matters, as well as addressing both positive and negative aspects.

GOVERNING BODIES

Board of Directors

The unitary board of directors comprises a majority of non-executive directors and meets at least quarterly.

The Chairperson and Members are appointed by the Minister in terms of the Act and their term of office is five years.

The Board is the Accounting Authority of the South African Institute for Drug-Free Sport in terms of the PFMA and is responsible for the adoption of strategic plans, monitoring of operational performance and management, determination of policy and processes to ensure the integrity of the group's risk management and internal controls, and communication policy.

The remuneration of the Directors/Members is approved by the Executive Authority.

Audit Committee Members :

Mr. D Ntuli (Chairperson)

Ms. S Manhanye

Ms. P Marota

The Audit Committee is responsible for improving management reporting by overseeing audit functions, internal controls and the financial reporting process.

Number of Board Meetings held during the period under review : 3

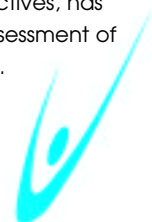
Board Members and Meeting attendance record

Dr S Manjra (Chairperson)	3
Prof Y Coopoo	3
Mr R Hack	3
Mr C Hattingh	3
Prof W Hawksworth	3
Dr D Constantinou	3
Ms C Maphai	3
Ms S Meltzer	3
Dr S Motaung	3
Mr F Galant (acting CEO)	1
D Bradbury (CEO from 1/04/06 - 31/01/07)	2

RISK MANAGEMENT

The executive management, as mandated by the board, has established a system of internal controls to manage significant risks. However certain gaps have been identified which are to be rectified.

A risk assessment exercise, which identifies significant business risks to the entity including operational risks which could undermine the achievement of its objectives, has been conducted. This exercise includes an assessment of the likelihood and impact of risks materializing. A risk mitigation plan has been instituted.



A system of internal control designed so that the management processes suit the specific operational circumstances will be instituted. There is clear accountability for risk management that is a key performance area of management throughout the Institute. The requisite risk and control capability will be assured through board challenge and appropriate management selection and skills development. Managers will be supported in giving effect to their risk responsibilities through sound policies and guidelines on risk and control management. Continuous monitoring of risk and control processes across the significant risk areas will provide the basis for regular and exception reporting to the board.

There will be a report to the board at every board meeting that appraises delivery against the risk strategy including risk mitigation initiatives and their effectiveness.

Regular management reports, will provide a balanced assessment of key risks, as an important component of Board assurance. Additional sources will include assertions by the Financial Officer. The Board also receives assurance from the Audit Committee, which partly derives its information from regular internal and external audit reports on risk and internal control.

The group seeks to have a sound system of internal control based on the South African Institute for Drug-Free Sport's policies and guidelines. In conducting its annual review of the effectiveness of risk management, the board considers the key findings from the ongoing monitoring and reporting, management assertions and independent assurance reports.

The board is not entirely satisfied that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the entity.

The board is of the opinion that appropriate risk management policies and practices need to be put in place and that adequate systems and expertise will be applied to achieve compliance with those policies and procedures.

INTERNAL AUDIT

The South African Institute for Drug-Free Sport has an internal audit function that has the support and co-operation of both the board and management. The internal audit function is under the control and direction of the Audit Committee and reports at the highest level of authority and at all audit committee meetings.

The internal audit function provides an independent, objective appraisal and evaluation of the risk management processes, internal controls and governance processes, and they identify corrective actions and suggested enhancements to the controls and processes.

The risk-based audit plan is based on the risks emerging from the risk management processes. The audit plan is updated annually based on the risk assessment and the results of the audit work performed ensuring that the audit coverage is focused on identified areas of high risk. The internal audit function co-ordinates with other internal and external providers of assurance to ensure proper coverage and to minimise duplication of effort.

CODE OF ETHICS

A Code of Ethics has been developed and implemented, requiring all employees to maintain the highest standards of behaviour. The Code provides clear guidance on the expected behaviour of all employees.

The directors are of the opinion that the Code of Ethics has been complied with.

REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31st March 2007.

Audit committee members and attendance:

The Audit Committee consists of the members listed hereunder and meets four times per annum as per its approved terms of reference. Four meetings took place during the 2006/2007 financial year.

Name of member	Number of meetings attended
Thulani Duncan Ntuli (Chairperson)	4
Paledi Marota	4
Shirley Manhanye	1

Mr. TD Ntuli took over as the chairman of the Audit Committee on the 31st January 2007.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38 (1) (a) of the PFMA and Treasury Regulations 27.1.7 and 27.1.10 (b) and (c). The Audit committee also reports that it has adopted appropriate, formal terms of reference such as its audit committee charter, has regulated its affairs in the compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King II report on corporate Governance requirements, Internal audit provides the Audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to controls and processes. The system of internal control is not effective as the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, the matters of emphasis and management letter of the Auditor-General, it was noted that there are significant or material non compliance with PFMA in that the entity does not have some internal controls in place. Accordingly, we can report that the systems of internal controls for the period under review were not effective and efficient.

The quality of in year management and monthly/quarterly reports submitted in terms of the Act and the Division of Revenue Act.

The Internal Audit function of the entity is outsourced. The Internal Audit function performs a risk-based audit; they conducted a risk assessment in terms of Treasury Instruction 3.2.1.

After risk assessment was conducted, the Internal Audit prepared a coverage plan based on its assessment of key areas of risk. The Audit Committee approved the plan and the Internal Audit immediately started with the audit.

The Committee is satisfied with the content and quality of the report prepared and issued by the Internal Audit Function.

Evaluation of financial statements

The Audit Committee has

- Reviewed and discussed with the Auditor-General and the Accounting Officer the audited and annual financial statements to be included in the annual report;
- Reviewed the Auditor-General's management letter and management response;
- Reviewed changes in accounting policies and practices.

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

THULANI DUNCAN NTULI
(Chairperson)



REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE SOUTH AFRICAN INSTITUTE FOR DRUG-FREE SPORT FOR THE YEAR ENDED 31 MARCH 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the South African Institute for Drug-Free Sport 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 28 to 41.
4. I conducted my audit in accordance with International Standards on Auditing, read with 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.

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 with Generally Recognised Accounting Practice Standards 1, 2 and 3 as described in note 1 to the financial statements 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.
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.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), and section 8(3) of the South African Institute for Drug-Free Sport Act, 1997 (Act No. 14 of 1997), my responsibility is to express an opinion on these financial statements based on my audit.

Basis of accounting

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

Basis for qualified opinion

Property, plant and equipment

9. The value disclosed for property, plant and equipment on the financial statements could not be verified and results in a limitation of scope.
10. The accounting policy note does not comply with the International Accounting Standard 16 (AC 123) Property, plant and equipment as it does not state that the residual values and useful lives of property, plant and equipment are reviewed on an annual basis.

Qualified opinion

11. In my opinion, except for the effects of the matters referred to in the Basis for qualified opinion paragraphs, these financial statements present fairly, in all material respects, the financial position of the South African Institute for Drug-Free Sport as at 31 March 2007 and its financial performance and cash flows for the year then ended in accordance with the basis of accounting determined by the National Treasury of South Africa, as described in note 1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999).

OTHER MATTERS

I draw attention to the following matters which are ancillary to my responsibilities on the audit of the financial statements.

12. Internal control
 - Control environment
The detail on the fixed asset register is inadequate for control over the safeguarding and custody of the entity's assets, resulting in the limitation of scope as reported in the qualification paragraph 9 above.
13. Material non-compliance with applicable legislation
 - In terms of Treasury Regulation 29.1.1 the entity's corporate plan must include a risk management plan, a

fraud prevention plan, and a materiality/significant framework. These above requirements have not been included in the entity's corporate plan.

- The entity has not developed an effective debt management policy in terms of the Treasury Regulation 31.1.
 - The entity has not developed and implemented a subsistence and travel policy.
 - The entity has not developed and implemented a supply chain management policy in terms of Treasury Regulation 16A 3.1.
 - The entity does not have an investment policy as required by Treasury Regulation 31.1 read with section 53(3) of the PFMA.
 - The entity has not developed and implemented policy and procedure manuals relating to the financial systems and no clear guidelines exist to guide the compilation, review and approval of financial matters.
14. Material corrections made to the financial statements submitted for audit

The financial statements, approved by the accounting officer as submitted for audit on the 31 May 2007 have been significantly revised in respect of the following misstatements identified during the audit:

- Trade receivables adjusted by R194 443,
- Allowance for doubtful debts provided for at R205 155,
- Drug Kits – Purchases adjusted by R355 017,
- Payables adjusted by R734 001,
- Sundry Creditors adjusted by R353 126,
- Salaries adjusted by R208 270,
- PAYE adjusted by R179 596, and
- Finished goods inventory adjusted by R335 569.



OTHER REPORTING RESPONSIBILITIES

REPORTING ON PERFORMANCE INFORMATION

15. I have audited the performance information as set out on pages 10 to 15.

Accounting Authority's responsibility

16. 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.

Auditor-General's responsibility

17. 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.
18. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate audit evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
19. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings.

Audit Findings

20. No audit findings.

APPRECIATION

21. The assistance rendered by the staff of the South African Institute for Drug-Free Sport during the audit is sincerely appreciated.



J Diedricks for Auditor-General

Cape Town

31 July 2007



ACCOUNTING AUTHORITY REPORT FOR THE YEAR ENDED 31 MARCH 2007

1. INTRODUCTION

The directors present their annual report that forms part of the audited annual financial statements of the entity for the year ended 31 March 2007.

The Entity was established by an Act of Parliament (Act 14 of 1997) and is listed as a national public entity in schedule 3A of the Public Finance Management Act, 1999, as amended (PFMA).

The board of directors acts as the accounting authority in terms of the PFMA.

2. DIRECTORS OF THE ENTITY

Executive Directors:

D Bradbury - Resigned 31 January 2007

Non-executive Directors:

Dr S Manjra - Chairman	Prof Y Coopoo	Mr R Hack	Mr C Hattingh	Prof W Hawksworth
Dr D Constantinou	Ms C Maphai	Ms S Meltzer	Dr S Motaung	

The secretary of the entity was D Bradbury. F Galant is the acting secretary and his business address and postal address are as follows:

<i>Business Address:</i>	Brookside Office Park • Twickenham Building • 11 Lansdowne Road • Claremont • 7700
<i>Postal Address:</i>	P O Box 2553 • Clareinch • 7740

3. PRINCIPAL ACTIVITIES

The principal activities of the entity during the year comprise the development and implementation of anti-doping policy and procedures. This includes implementing a drug-testing programme across all the South African sporting codes, providing education and information programmes for all its target markets and collaborating internationally on the development and harmonisation of anti-doping standards and procedures.

4. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

The directors are not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affect the financial position of the group or the results of its operations.

5. ADDRESSES

The entity's business, postal and registered addresses are as follows:

<i>Business Address:</i>	Brookside Office Park • Twickenham Building • 11 Lansdowne Road • Claremont • 7700
<i>Postal Address:</i>	P O Box 2553 • Clareinch • 7740
<i>Registered Address:</i>	Brookside Office Park • Twickenham Building • 11 Lansdowne Road • Claremont • 7700

6. JURISDICTION AND DOMICILE

The entity resides and is effectively managed in the Republic of South Africa.

7. CONTROLLING ENTITY

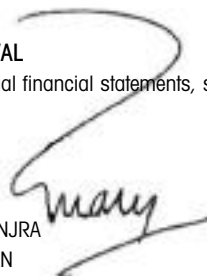
The entity falls under the control of the Department of Sport and Recreation South Africa.

The directors wish to disclose the fact that a Doping Control Official engaged by the institute acts as Chief Director: Client Services, Liaison, Events & Facilities for Sport and Recreation South Africa. Her duties include approval of the funding for the institute from Sport and Recreation South Africa. The approval process, however, is subject to stringent review and approval by other officials. The Doping Control Official is remunerated for time and distance travelled according to the institute's established policies.

APPROVAL

The annual financial statements, set out on pages 28 to 41, have been approved by the Chairman and are signed by him.

DR S MANJRA
CHAIRMAN
31 MAY 2007



STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2007

	NOTE	2007 R	2006 R
REVENUE		6 257 232	6 388 590
Grants received	2	5 000 000	4 800 000
Interest Received		73 365	79 758
Doping Control Sales		1 183 867	1 508 832
EXPENSES		6 800 393	6 625 111
ADMINISTRATION EXPENDITURE		2 438 073	2 260 668
Accounting fees		67 830	84 075
Advertising		18 888	20 362
Audit fee		79 429	47 337
Allowance for doubtful debts		205 155	6 688
Bank charges		15 234	16 221
Cleaning		10 817	6 919
Computer expenses		24 909	20 940
Depreciation		424 025	451 372
- Current year		424 025	447 858
- Previous years under charged		-	4 542
- Previous years over charged		-	(1 028)
Entertainment		23 636	4 015
Honoraria fees		156 147	78 624
Insurance		25 282	20 070
Finance costs		9	163
Loss on Foreign exchange		28 654	37 228
Office rental		210 314	170 293
Postage and telephone		104 244	151 203
Printing and stationery		32 344	56 378
Payroll costs		955 185	942 837
- Net Salaries		694 983	692 501
- Employees income tax		179 596	160 800
- Unemployment insurance fund		9 427	7 143
- Skills development levy		7 886	7 324
- Leave pay		4 615	10 434
- Medical aid		18 243	29 240
- Pension fund		40 435	35 395
Repairs and maintenance		4 903	4 037
RSC levies		1 413	5 681
-Current year		1 413	5 681
Security expenses		3 739	3 341
Staff amenities		7 754	12 260
Staff training		-	11 250
Subscriptions		676	476
Travelling and accommodation		37 486	108 898

STATEMENT OF FINANCIAL PERFORMANCE Continued

FOR THE YEAR ENDED 31 MARCH 2007

	2007 R	2006 R
EDUCATION PROGRAMME	320 076	512 966
Books and magazines	118 086	141 762
Medicine Info centre - Hotline	44 670	53 064
Printing and stationery	58 234	87 595
Seminars and workshops	26 735	6 650
Travelling accommodation and lecture costs	35 043	184 092
Website development costs	37 308	39 803
DOPING CONTROL	3 878 630	3 709 814
Drug kits	385 080	422 732
Opening inventory	43 630	46 558
Drug kits - purchases	715 395	419 804
Closing inventory	(373 945)	(43 630)
Courier costs	147 368	-
Insurance - medical malpractice	59 731	55 935
Printing and stationery	36 438	8 637
Repairs and maintenance	6 005	21 611
Training and development	133 357	-
Travelling accommodation and DCO reimbursements	1 021 756	917 435
Advertising and promotions	175	-
Laboratory analysis	2 088 720	2 283 464
INTERNATIONAL PROJECTS	145 803	131 961
Subscriptions - ANADO	67 309	6 217
Printing and Stationery	3 156	-
Travel and accommodation	75 338	125 744
CORPORATE SERVICES	17 811	9 702
Corporate gifts	8 208	-
Quality assurance and costs	9 603	9 702
NET DEFICIT	(543 161)	(236 521)
TRANSFER FROM GENERAL RESERVE	399 754	649 589
NET DEFICIT FOR THE YEAR	(143 407)	413 068
ACCUMULATED SURPLUS/(DEFICIT) BROUGHT FORWARD	596 596	183 528
ACCUMULATED SURPLUS/(DEFICIT) AT THE END OF THE YEAR	453 189	596 596



STATEMENT OF FINANCIAL POSITION

At 31 MARCH 2007

ASSETS	NOTE	2007 R	2006 R
NON - CURRENT ASSETS			
Property, plant and equipment	3	1 197 815	1 606 129
CURRENT ASSETS			
Inventories	4	373 945	43 630
Receivables	5	270 443	257 809
Prepayments		-	13 700
Loans receivable		2 750	-
Cash and cash equivalents		612 724	344 461
TOTAL ASSETS		2 457 677	2 265 729
LIABILITIES			
CURRENT LIABILITIES			
Sundry creditors		95 204	44 830
Provisions	6	14 261	25 993
Payables		748 437	51 970
TOTAL LIABILITIES		857 902	122 793
EQUITY			
CAPITAL AND RESERVES			
Accumulated surpluses		453 189	596 596
General reserve	7	1 146 586	1 546 340
TOTAL EQUITY AND LIABILITIES		2 457 677	2 265 729
TOTAL NET ASSETS		1 599 775	2 142 936

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2007

	GENERAL RESERVE R	ACCUMULATED FUNDS R	TOTAL R
Balance at 31 March 2005	2 195 929	183 528	2 379 457
Utilisation of general reserve	(649 589)	649 589	-
Net deficit for the year	-	(236 521)	(236 521)
Balance at 31 March 2006	<u>1 546 340</u>	<u>596 596</u>	<u>2 142 936</u>
Utilisation of general reserve	(399 754)	399 754	-
Net deficit for the year	-	(543 161)	(543 161)
Balance at 31 March 2007	<u><u>1 146 586</u></u>	<u><u>453 189</u></u>	<u><u>1 599 775</u></u>



CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

	NOTE	2007 R	2006 R
NET CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers		6 184 933	6 081 417
Cash paid to suppliers and creditors		<u>(5 971 564)</u>	<u>(6 631 772)</u>
Cash utilised in operations	12.1	213 369	(550 355)
Investment income		73 365	79 758
Finance costs		<u>(9)</u>	<u>(163)</u>
Net cash inflow/(outflow) from operations		<u><u>286 725</u></u>	<u><u>(470 760)</u></u>
NET CASH FLOW FROM INVESTING ACTIVITIES			
Addition to fixed assets		<u>(15 712)</u>	<u>(26 837)</u>
Net cash outflow from investing activities		<u><u>(15 712)</u></u>	<u><u>(26 837)</u></u>
NET CASH FLOW FROM FINANCING ACTIVITIES			
Loans advanced		(3 000)	-
Loans redeemed		<u>250</u>	-
Net cash outflow from financing activities		<u><u>(2 750)</u></u>	<u><u>-</u></u>
Cash and cash equivalents			
Net Increase		268 263	(497 597)
Cash and cash equivalents at the beginning of the year	12.2	344 461	842 058
Cash and cash equivalents at the end of the year	12.2	<u><u>612 724</u></u>	<u><u>344 461</u></u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Standard of GRAP	Replaced Statement of GAAP
GRAP 1: Presentation of financial statements	AC101: Presentation of financial statements
GRAP 2: Cash flow statements	AC118: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors.	AC103: Accounting policies, changes in 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 and 3 has resulted in the following 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	Statement of changes in equity
Net assets	Equity
Surplus/deficit	Profit/Loss
Accumulated surplus/deficit	Retained earnings
Contributions from owners	Share capital
Distributions to owners	Dividends

The cash flow statement can only be prepared in accordance with the direct method.

Specific information has been presented separately on the statement of financial position such as:

- (a) Receivables from non-exchange transactions, including taxes and transfers
- (b) Taxes and transfers payable
- (c) Trade and other payables from non-exchange transactions

Amount and nature of any restrictions on cash balances is required.

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.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2007

The following are the principal accounting policies of the entity which are, in all material respects, consistent with those applied in the previous year, except as otherwise indicated:

Basis of Preparation:

The financial statements comply with standards of GAAP for the accrual basis of accounting. The measurement base applied is historical cost adjusted for revaluation of assets. The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period as those applied in the previous year.

1.1 REVENUE RECOGNITION

Revenue consists of Grant Income and Drug Testing revenue. Drug Testing revenue is recognised when the service has been provided and the costs incurred for the service and the cost to complete the service can be measured reliably.

1.2 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

The PFMA, or any Provincial legislation providing for procurement procedures in that provincial government.

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

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

1.3 FOREIGN CURRENCIES

These financial statements are presented in The South African Rand since that is the currency in which the majority of the entity's transactions are denominated.

Transactions in currencies other than the entity's reporting currency (rand) are initially recorded at the rates of exchange ruling on the dates of the transactions. Gains and losses arising from the settlement of such transactions are recognised in the income statement.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange ruling on the balance sheet date. Unrealised differences on monetary assets and liabilities are recognised in the income statement in the period in which they occurred.

1.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight line method, on the following bases:

Rates utilised

Office equipment	20.00%	Motor Vehicles	25.00%
Furniture and Fittings	16.67%	Computer Equipment	33.33%
EPO Equipment	20.00%		

1.5 INVENTORY

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first -in-first-out basis. Inventory consists of test kits.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2007

1.6 FINANCIAL INSTRUMENTS

Financial instruments carried on the statement of financial performance sheet include cash and bank balances, trade receivables and trade payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Trade and other receivables

Trade receivables are recognised initially at fair value and measured at amortised cost using the effective interest rate method, less a provision for impairment. This provision is based on a review of all outstanding amounts at year end and is established when there is objective evidence that the institute will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Bad debts are written off during the year in which they are identified. Subsequent recoveries of amounts previously written off are credited against the relevant revenue stream in the statement of financial performance.

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

1.7 PROVISIONS

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

1.8 GOVERNMENT GRANTS

Government grants are recorded as deferred income when they become receivable and are then recognised as income on a systematic basis over the period necessary to match the grants with the related costs which they are intended to compensate.

1.9 LEASE OBLIGATIONS

Leases where the company assumes substantially all the risks and rewards of ownership of assets, are classified as finance leases. All other leases are classified as operating leases.

Finance Leases

Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating Leases

Lease payments under operating leases are recognised in profit and loss on a straight line basis over the expected lease term.

	2007	2006
2. GRANTS RECEIVED		
	R	R
Sport and Recreation South Africa	5 000 000	4 800 000
	<u>5 000 000</u>	<u>4 800 000</u>

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2007

3. PROPERTY, PLANT AND EQUIPMENT

2007	R	R	R	R	R	R	R
	Office Equipment	EPO Equipment	Motor Vehicles	Furniture & Fittings	Computer Equipment	Total	
Carrying value at the beginning of year	23 076	1 545 109	4 891	15 958	17 095	1 606 129	
Cost	30 723	1 998 769	231 739	191 078	161 514	2 613 825	
Accumulated depreciation	(7 647)	(453 660)	(226 848)	(175 120)	(144 420)	(1 007 696)	
Depreciation	(5 188)	(399 754)	(2 299)	(5 728)	(11 056)	(424 024)	
Additions	4 780	-	-	3 252	7 679	15 711	
Carrying value at the end of year	22 668	1 145 355	2 592	13 483	13 716	1 197 815	
Cost	35 503	1 998 769	231 739	194 331	169 194	2 629 535	
Accumulated depreciation	(12 835)	(853 414)	(229 147)	(180 848)	(155 478)	(1 431 720)	

2006	Office Equipment	EPO Equipment	Motor Vehicles	Furniture & Fittings	Computer Equipment	Total	
Carrying value at the beginning of year	19 351	1 944 698	20 138	14 396	32 081	2 030 664	
Cost	22 116	1 998 769	231 739	183 966	150 397	2 586 987	
Accumulated depreciation	(2 765)	(54 071)	(211 601)	(169 570)	(118 316)	(556 323)	
Depreciation	(4 882)	(399 589)	(15 247)	(5 550)	(26 104)	(451 372)	
Additions	8 607	-	-	7 112	11 118	26 837	
Carrying value at the end of year	23 076	1 545 109	4 891	15 958	17 095	1 606 129	
Cost	30 723	1 998 769	231 739	191 078	161 514	2 613 825	
Accumulated depreciation	(7 647)	(453 660)	(226 848)	(175 120)	(144 420)	(1 007 696)	

A certain item of computer equipment has been reinstated at its full cost and related accumulated depreciation in the current and prior year.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2007

4.	INVENTORIES		2007	2006
			R	R
	The amounts attributable to the different categories are as follows:			
	Finished goods		373 945	43 630
			<u>373 945</u>	<u>43 630</u>
5.	RECEIVABLES			
	Receivables		475 598	257 809
	Less: Allowance for doubtful debts		(205 155)	-
			<u>270 443</u>	<u>257 809</u>

6.	PROVISIONS	Carrying amount		Un-used amounts	Carrying	
		at beginning of	Additional	reversed during	amount	
		year	provisions	the year	at end of year	
		R	R	R	R	
	Leave pay benefits	10 434	4 615	-	(10 434)	4 615
	Annual bonus	15 559	9 646	(15 559)	-	9 646
		<u>25 993</u>	<u>14 261</u>	<u>(15 559)</u>	<u>(10 434)</u>	<u>14 261</u>

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the financial position date.

7.	GENERAL RESERVE		2007	2006
			R	R
	Special Grant - Testing equipment		1 146 586	1 546 340
			<u>1 146 586</u>	<u>1 546 340</u>

Special grant received in advance for purchase of Laboratory testing equipment.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2007

	2007	2006
	R	R
8. DIRECTORS EMOLUMENTS		
Emoluments Received:		
The following emoluments were paid or credited to the directors during the year.		
Executive Directors		
D Bradbury (Chief Executive Officer) - Salaries and Bonuses	392 310	367 655
Non - Executive Directors - Honoraria Fees		
Dr S Manjra (Chairman)	75 664	30 384
Prof Y Coopoo	3 600	2 880
Mr R Hack	2 535	2 880
Mr C Hattingh	14 090	15 120
Prof W Hawksworth	12 922	11 520
Dr D Constantinou	11 040	11 520
Ms C Maphai	2 880	-
Ms S Meltzer	4 881	2 160
Dr S Motaung	2 880	2 160
	522 801	446 279

9. EMPLOYEE BENEFITS

Defined Contribution Plan

Included in payroll costs are contributions to a defined contribution retirement plan in respect of services in a particular period. This is funded by both member and entity contributions, which are charged to the income statement as they are incurred.

The total entity contribution to such schemes in 2007 was R40,435 (2006: R35,395)

The funds cover the eligible employees, other than those employees who opt to be or are required by legislation to be members of various Industry Funds. Eligible employees that belonged to the Funds, amounted to 20% (2005: 60%).

Medical Aid

The company contributes to a Medical Aid scheme for employees. The costs of these contributions, which are charged to the income statement as they are incurred.

The total entity contributions to such schemes in 2007 was R18,243 (2006: R29,240)

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2007

	2007	2006
	R	R
10. PROFIT/LOSS FROM OPERATIONS		
Deficit from operations has been arrived at after taking into account the following:		
Expenditure		
Auditors remuneration	79 429	47 337
Depreciation	424 025	451 372
Directors emoluments	522 801	446 279
Net foreign exchange losses	28 654	46 450
Revenue		
Interest received	73 365	79 758
Doping control sales	1 183 867	1 508 832
Government grants	5 000 000	4 800 000

11. FINANCIAL INSTRUMENTS

Financial Risk Management

Financial instruments are used to cover risks linked to the entity's activity. Each instrument is tied to an asset or liability as an operational or financing transaction.

Foreign Exchange Risk

The entity carries out a significant portion of its sales in foreign currencies. Hedging instruments are not used to reduce the risks arising from foreign currency fluctuations against the entity's own currency.

Credit Risk

The entity only deposits cash surpluses into major banks of high quality credit standing.

Trade accounts receivable comprise a widespread customer base. Ongoing credit evaluations of the financial position of the customers is performed.

Liquidity Risk

The company has minimised its liquidity risk by monitoring forecast cash flows and ensuring that it has adequate banking facilities and borrowing capacity.

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2007

12 CASH FLOW NOTES	2007	2006
	R	R
12.1 Reconciliation of net deficit to cash utilised in operations		
Net deficit for the year	(543 161)	(236 521)
Adjusted for:		
Depreciation	424 025	451 372
Movement in provisions	(11 732)	
Investment income	(73 365)	(79 758)
Finance costs	9	163
Operating deficit before working capital changes	(204 224)	135 256
Working capital changes	417 593	(685 611)
Increase in accounts receivable	1 066	(227 415)
Increase/ (Decrease) in accounts payable	746 842	(461 124)
Increase in inventories	(330 315)	2 928
Cash utilised in operations	213 369	(550 355)
12.2 Cash and cash equivalents		
Opening balance		
Cash at bank	344 461	842 058
Closing balance		
Cash at bank	612 724	344 461

NOTES TO THE FINANCIAL STATEMENTS continued

FOR THE YEAR ENDED 31 MARCH 2007

13. IRREGULAR EXPENDITURE

In terms of a letter dated 24 October 2005 received by the Accounting Authority from the Director-General: Sport and Recreation, South Africa, all international travelling by members of the Institute must be pre-approved by the Minister.

The following travelling undertaken by members and officials of the Institute for which no ministerial approval was obtained, therefore the following expenditure incurred during the year is classified as irregular expenditure:

	2007	2006
	R	R
	-	48 275
Association of National Anti-Doping Agencies - Barbados	-	12 446
ANADO and IADA workshop - Lausanne, Switzerland	-	60 721

The Institute will approach the Ministerial Office in order for them to subsequently condone the expenditure.