

South African Football Association

ANNUAL FINANCIAL REPORT incorporating
GROUP ANNUAL FINANCIAL STATEMENTS and
ASSOCIATION ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015







South African Football Association

Annual Financial Report for the year ended 30 June 2015

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Mr Thamsanqa Gay Mokoena

Chairman:

Finance and Procurement Committee

The Association has improved its net asset value from a negative R4.2 million in 2013 to R51.6 million this year. This is a true indication that the Financial Growth Strategy that has been adopted by the National Executive Committee (NEC) is worthwhile.

The positive results were achieved under very difficult conditions. The constrained economic environment is not conducive to a growing sponsorship environment. As a result, we have observed a decline in sport sponsorship in the country. The 2015 BMI Top Sponsorship Survey confirms that “89% of sport sponsors believe that the cost of sponsorship is already or becoming too expensive... and that 38% of the sponsors are planning not to renew certain sponsorships when they expire.” We should therefore be grateful to all our sponsors and the 2010 FIFA World Cup Legacy Trust who have supported us through thick and thin.

The Group has achieved outstanding results during the past year. We generated a surplus of R40.7 million. This remarkable outcome was achieved by implementing the Strategy. We have reduced expenditure for the Group by 14.7%. It is worth mentioning that the Group itself reduced its administration expenses by 21.6%. Whilst the latter is good progress, we should note that our administration costs are still at about 40% of our income. We therefore need to strive to reduce them even further, to be below 35%. We have also succeeded to reduce our debt by R9 million.

Looking ahead, the prospects are positive for the Association. Towards the end of the year, we acquired the National Technical Centre property (Fun Valley) through support from the Trust. This acquisition is going to benefit the Association in a number of ways, such as a further reduction of costs. But more importantly, it has strengthened our Balance Sheet by increasing the capitalization of the Group from R156 million to R275 million. This is a step forward towards building a R1 billion organisation.

It is important to caution that although we are progressing well in building a strong and formidable organisation, we still face some difficulties. The liquidity of the organisation to meet its short-term commitments is still a huge challenge. However, we are working tirelessly to come up with a solution.

On behalf of the Finance and Procurement Committee, it is an honour and a privilege to present these results. They would not be as positive as they are without the undivided support of the President and the NEC members, the CEO and his staff. We thank them all.

Mr Lucas Nhlapo

Chairman:
Audit and Risk Committee



I am honoured and grateful to present my first commentary on the audited group financial statements. It has been quite a fruitful year for the Audit and Risk Committee as we continued with and consolidated the magnificent work that was started by the previous Committee. Fortunately most of the members from the previous Committee were re-appointed to this Committee by the National Executive Committee in March 2015. Therefore the Committee continued to benefit immensely from the experience of the re-appointed members.

I am also pleased that the Group continues to receive unqualified audit opinions from its auditors. This is a culmination of the effectiveness and efficiency of the systems and internal controls that have been in place throughout the financial year. The Committee met four (4) times during the financial year to carry out its functions as prescribed by the SAFA Constitution and its Terms of Reference. The members demonstrated their commitment by attending most of the meetings and participating intensely.

The Committee continuously assessed the Group's systems and internal controls. We ensured that these are appropriate and adequate for the Group and also that they are being implemented throughout the year. The Committee continuously assessed the Group's risk profile and ensured that appropriate measures are taken to deal with any risk. The Committee is comfortable that proper and appropriate systems and internal controls are in place throughout the Group. The Committee has also embarked on an exercise of reviewing all of the Association's service provider contracts with the intention of ensuring that the Association is receiving maximum benefits and value-for-money. We also want to ensure that all our service contracts comply with proper corporate governance processes.

The Committee ensured that the group financial statements for year ended 30 June 2015 were prepared in compliance with all applicable legal and regulatory requirements and accounting standards. The Committee also actively oversaw the external audit function by KPMG. This included approving the audit plan, monitoring the audit progress and reviewing KPMG's final report including the management report.

The Committee is therefore glad to confirm the following results for the Group:

• Surplus from operations	R30.7 million
• Profit for the year	R40.7 million
• Total assets	R274.8 million
• Net current liabilities	R98.0 million
• Retained earnings	R48.6 million

We would like to thank the National Executive Committee members for the confidence that they have shown in our Committee.



Mr Dennis A. Mumble

Chief Executive Officer

The period under review covers 1 July 2014 to 30 June 2015.

Following the severe financial challenges of the 2012 – 2014 financial periods, the National Executive Committee (NEC) of the Association, under the leadership of President Danny Jordaan, promised a new beginning for the Association.

The NEC adopted an ambitious programme to place the Association on the right track to international success on a more permanent basis. A commercial turnaround strategy, vigorous oversight by the governance committees and efficient management of scarce resources, led to a quick turnaround in the first year of the new leadership. The Association managed to post a group profit of more than R12 million, R9.8 million of which was revenue contributed directly by the Football Association and R3 million by its associated entities, the SAFA Development Agency (SDA) and the 2013 Africa Cup of Nations Local Organising Committee (AFCON LOC).

The Administration was asked to ensure that all activities approved in the budget were executed with precision to ensure that the Association improved the results of the previous financial year.

New revenue came in the form of generous assistance from the 2010 FIFA World Cup Legacy Trust, who approved a grant of R82.5 million to purchase the Association's own National Technical Centre. With the continued support of the Motsepe Foundation, the entry of Grand Parade Investments (BURGER KING®) and a new broadcast agreement with the SABC, we were placed well on the road to producing better results than the previous year.

The acquisition of the new National Technical Centre will also significantly strengthen the asset base of the Association.

With an ambitious programme of competitions, leagues, coaches', referees' and administrators' training as well as an extensive national team programme, the additional revenue to fund some of these programmes was warmly welcomed.

We thank our long-time sponsors, South African Breweries (Castle Lager), SASOL, Tiger Brands (Energade) and Tsogo Sun for their unstinting support of the Association's programmes.

We are appreciative of the very strong support from EY, Nike, the Motsepe Foundation, Grand Parade Investments (BURGER KING®) and Avis for placing their trust in the Association.

Grand Parade Investments, through their BURGER KING® brand, renewed their partnership with the Association to sponsor the Men's Under 17 National Team and launched the partnership in September 2015. From 2016, BURGER KING® will adopt the Association's Under-19 programme, providing excellent opportunity for those players knocking on the doors of the various senior national teams.

We extend our gratitude to the 2010 FIFA World Cup Legacy Trust for helping the Association to activate the junior national teams for the continental qualifying programmes.

We were therefore able to deliver the busiest year ever for our national teams who participated in virtually every official international competition at all age group and senior levels. Banyana Banyana qualified for the 2014 CAF African Women's Championship in Namibia and have recently qualified for the 2016 Rio Olympic Games. Bafana Bafana qualified for the 2015 Africa Cup of Nations in Equatorial Guinea, the Men's Under 17 National Team qualified for the 2015 CAF African U-17 Championship in Niger and the 2015 FIFA U-17 World Cup in Chile, and the Men's Under 20 National Team qualified for the 2015 CAF African U-20 Championship in Senegal.

We trained more coaches in the period under review than ever before. We managed to maintain our leading role in producing referees for international duty, doubling our referees fitness testing programmes throughout the country. We worked with FIFA to train more administrators, met our Members at an Extraordinary Congress to improve our governance structures and to expand our role into all schools around the country and we strengthened our Technical Division by agreeing terms with a Technical Director who took up the position on 1 July 2015.

We are therefore pleased to report a profit for SAFA of R45,975,871.00 for the period under review. The net position for the Group (including the SDA and AFCON LOC) is R40,740,147.00.

This vastly improved position demonstrates the will of the NEC to place this Association on a stable financial footing on a more permanent basis.

A special word of thanks goes to the President of the Association, Dr Danny Jordaan, for the leadership he provided in securing the additional revenue that placed us in this most advantageous position this year.

We extend our eternal gratitude to the NEC for its leadership and we are particularly thankful to the Finance Committee, under the leadership of Mr Thamsanqa Mokoena, for its vigorous oversight role in demanding accountability from our team. We also continue to benefit greatly from the very capable support of EY in the day-to-day management of our finances.

We thank the SAFA staff, especially the General Managers, for their continued strong commitment to the well-being of the Association and their diligent support for the implementation of the financial recovery programme.

Whilst we are quite happy to report these positive results for the period under review, we face a daunting task to improve on this position in the next financial year as the South African economy continues to face serious challenges with corporate sponsorship spend continuing to decline year-on-year and more stringent conditions placed on sponsorship recipients to produce better returns on these sponsorships than the year before.

We are also concerned by the lack of new revenue for some of our core properties such as the junior national teams who are still mostly unsponsored. This promises to place further pressure on our operating cost structure which has been under severe strain due to the many unsponsored activities.

However, we feel strongly that the successes of our national teams over the past year, the development of new revenue streams from our digital platforms, improved management of the SDA's bottom line and the successful launch of the new National Technical Centre will contribute to present new opportunities to strengthen our balance sheet and will assist us to remain in the black for the foreseeable future.



Mr Gronie Hluyo

Chief Financial Officer

We are pleased to present to you an improved set of financial results for the year ended 30 June 2015. The Group's total comprehensive income increased 3.37 times compared to the prior year. This is mainly attributable to the grant that we received from the 2010 FIFA World Cup Legacy Trust for the purchase of the National Technical Centre land and buildings (Fun Valley).


Our subsidiary entities did not perform well during this financial year. The Africa Cup of Nations 2013 Local Organising Committee South Africa NPC ("AFCON") and the South African Football Association Development Agency ("SDA") both contributed negatively to the group's financial results. AFCON was in the process of winding down and therefore did not generate meaningful income. The SDA has not yet realised the revenue that it is projecting.

Overall our expenses have decreased mainly due to AFCON which is winding down and has minimum expenses. However, our national team expenses have increased compared to the prior year. This increase is attributable to an increase in national team activities. Our national teams have been very active by qualifying for and participating in different competitions around the continent and the world.

Our balance sheet is much stronger than the previous year. Our assets have grown by 76% to R274.8 million. Consequently our reserves have also grown from R7.9 million to R48.6 million. However we continue to work tirelessly in improving our net current assets position. We are confident that our current assets will exceed our current liabilities within the next few years to come.

We continued executing our Financial Growth Strategy with the focus on generating new revenue streams. We have invested substantial amounts in funding the SAFA Digital project. The returns on this investment will be realised within the next two years. We have also identified a funding source for the licensing and merchandising programme and this programme should be implemented within the new financial year.

Lastly, I would like to express my sincere gratitude to the Finance and Procurement Committee and the Audit and Risk Committee for the strategic oversight role and stewardship that they exercised during this financial period.



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working world



Mr Jaco van der Walt

EY Financial Platform Leader

The global spotlight has recently been focused on sport organisations. Governance, money and doping issues often grab the headlines.

No organisation can avoid being examined with the transparency and accountability required in the current climate, and the South African Football Association is not immune to such scrutiny. Just as no player can hide on the field.

The recent acquisition of the National Technical Centre from grant funding received from the 2010 FIFA World Cup Legacy Trust will greatly assist the Association in achieving its ambitions. It will also increase the spotlight on the leadership to ensure that it delivers on its mandate. It's a great opportunity to reap the benefits we worked so hard for in the run up to the 2010 World Cup.

The grant received strengthened the balance sheet, and has set the scene to develop a world class facility for football, and in time other sporting codes.

I trust that the transparency brought by the Financial Platform contributed to building a better Association.

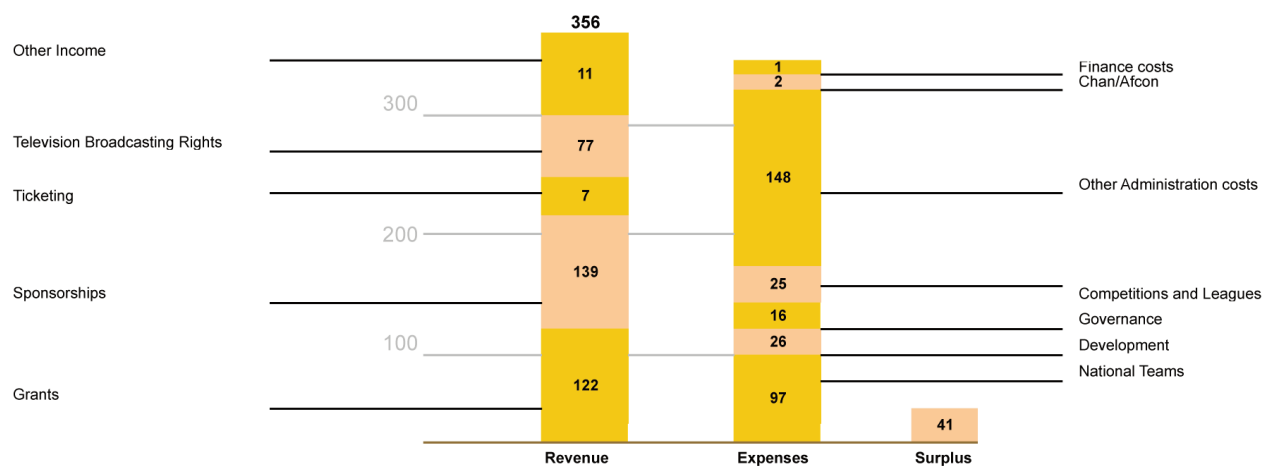
Our thanks go to the dedicated Financial Platform team members, and to the entire SAFA leadership for their guidance over the past financial year.

Our best wishes on your journey implementing your strategy.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2015 (ZAR MILLION)

Assets	275	Liabilities and reserves	275
Current assets	123	Current Liabilities	221
Non-current assets	152	Non Current Liabilities	5
		Reserves	49

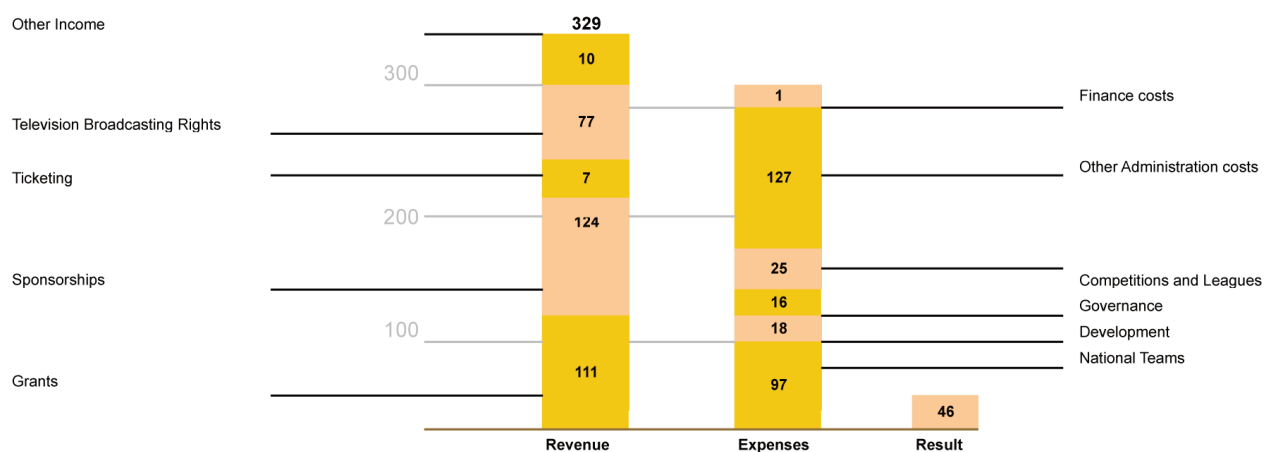
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2015 (ZAR MILLION)



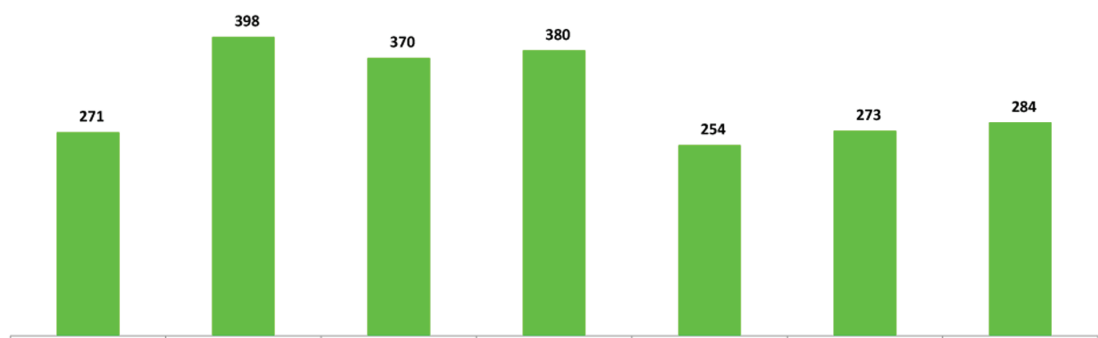
SOUTH AFRICAN FOOTBALL ASSOCIATION
BALANCE SHEET AS AT 30 JUNE 2015
(ZAR MILLION)

Assets	264	Liabilities and reserves	264
Current assets	112	Current Liabilities	207
Non-current assets	152	Non Current Liabilities	5
		Reserves	51

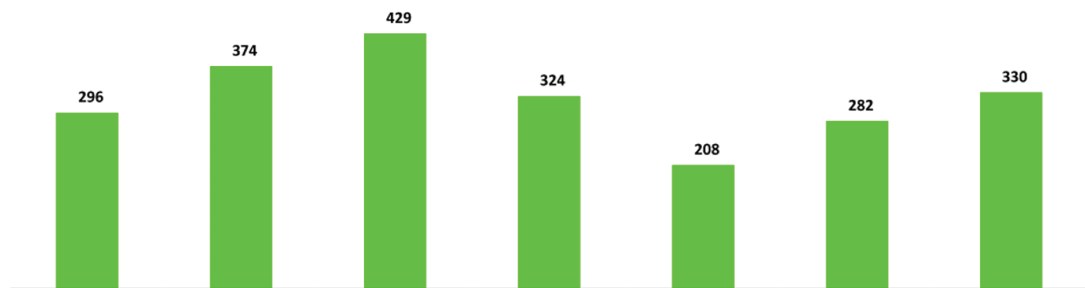
SOUTH AFRICAN FOOTBALL ASSOCIATION
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2015
(ZAR MILLION)



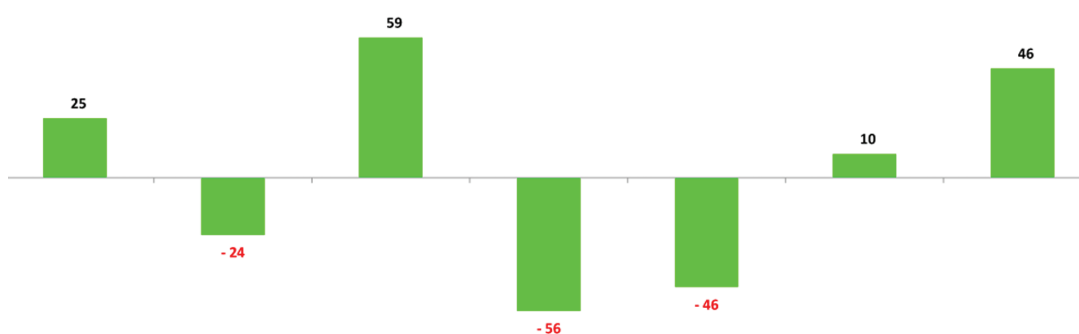
South African Football Association Income Statement - Expenses (ZAR Million)



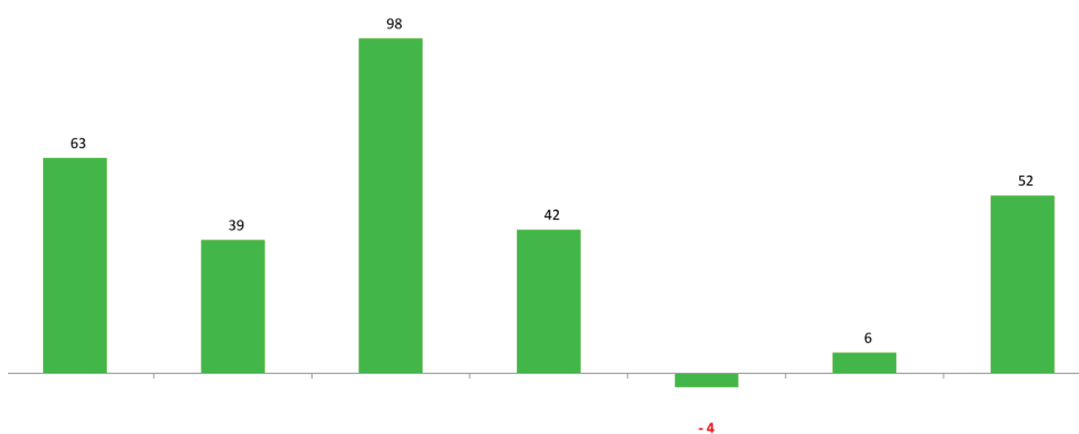
South African Football Association Income Statement - Revenue (ZAR Million)



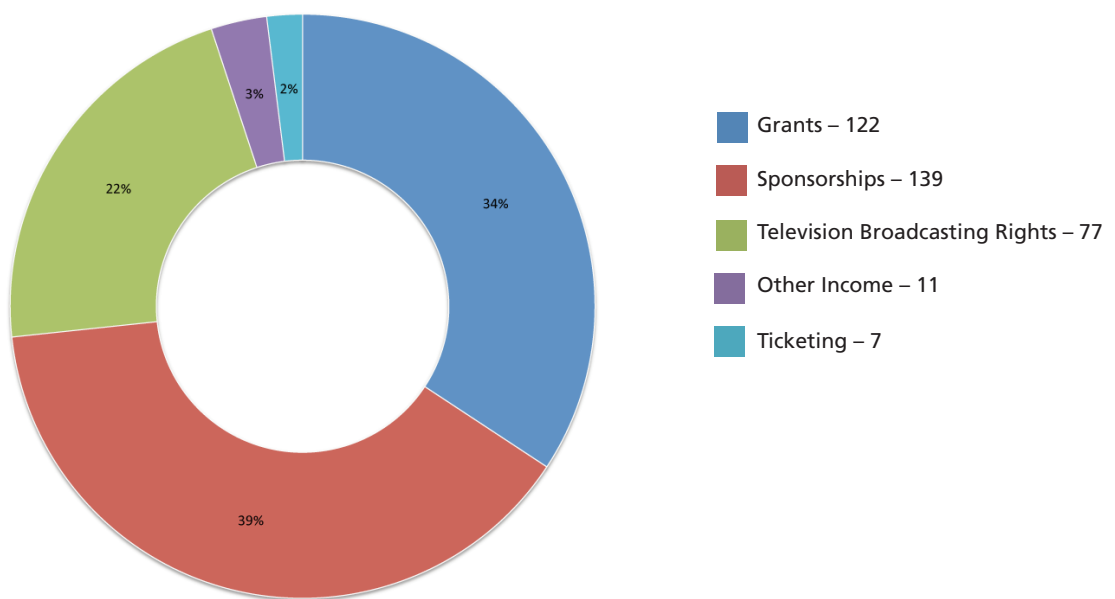
South African Football Association Income Statement - Result (ZAR Million)



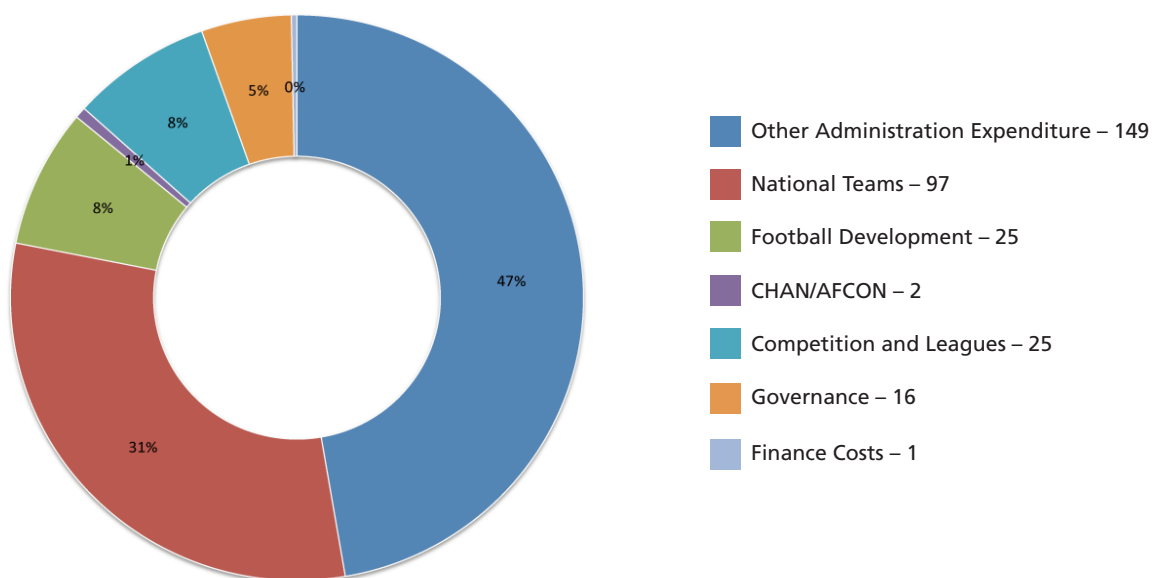
South African Football Association Income Statement - Reserves (ZAR Million)



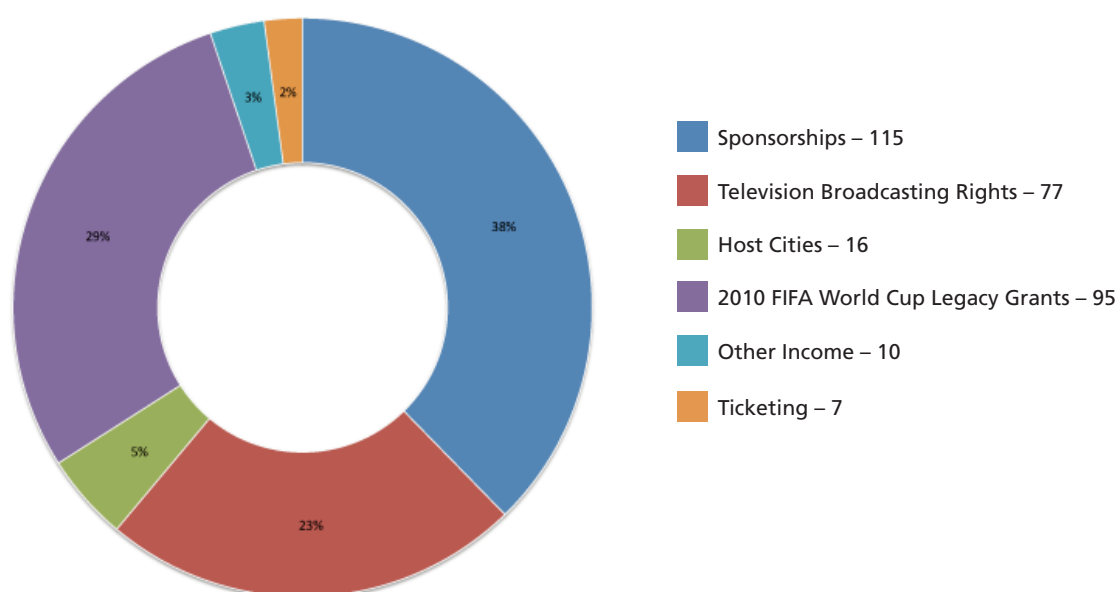
Group Revenue 2015 (ZAR Million)



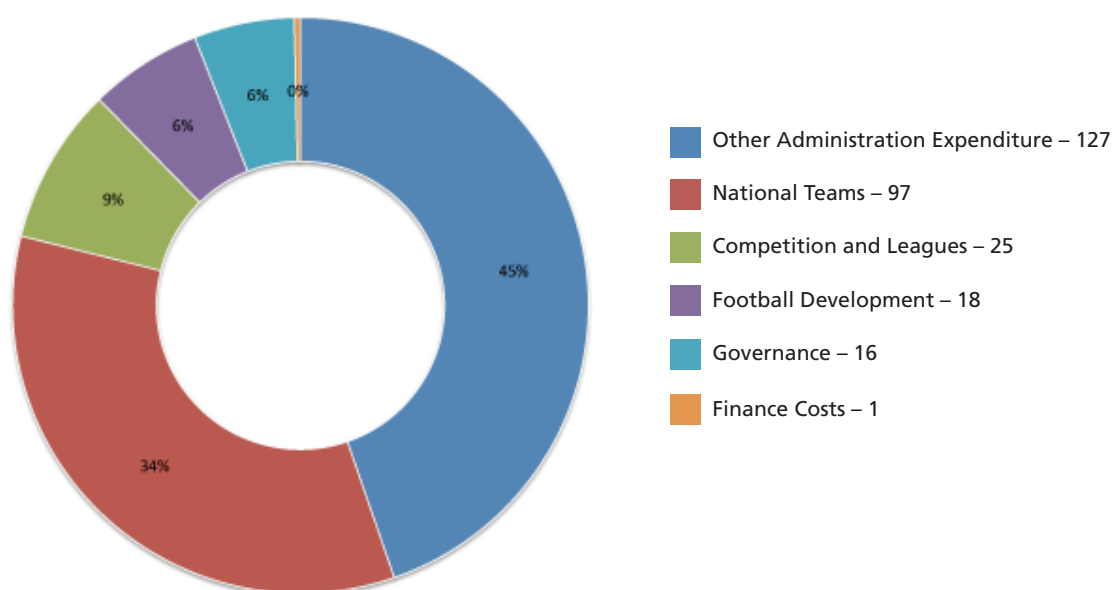
Group Expenses 2015 (ZAR Million)



South African Football Association Revenue 2015 (ZAR Million)



South African Football Association Expenses 2015 (ZAR Million)



South African Football Association

National Executive Committee's responsibility statement

The National Executive Committee is responsible for the preparation and fair presentation of the group financial statements and financial statements of South African Football Association, comprising the statements of financial position at 30 June 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards. In addition the National Executive Committee is responsible for preparing the report of the National Executive Committee and related reports.

The National Executive Committee is also responsible for such internal controls to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The National Executive Committee has made an assessment of the Association and its subsidiaries ability to continue as going concerns and for the reasons stated in the report of the National Executive Committee believe that the Association and its subsidiaries will be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group financial statements and financial statements of the South African Football Association are fairly presented in accordance with the applicable financial reporting framework.

Approval of the group financial statements and financial statements

The group financial statements and financial statements of South African Football Association for the year ended 30 June 2015 as identified in the first paragraph were approved by the National Executive Committee on 28 November 2015 and are signed by:



Dr Danny A. Jordaan
President



Mr Dennis A. Mumble
Chief Executive Officer

South African Football Association

National Executive Committee's statement on corporate governance

for the year ended 30 June 2015

The National Executive Committee supports the principles incorporated in the Code of Corporate Practices and Conduct as set out in King Code of Corporate Practices and Conduct. By supporting the Code, the Committee has recognised the need to conduct the Association with integrity and to issue financial statements which comply with International Financial Reporting Standards.

Group financial statements and financial statements

The members of the National Executive Committee are responsible for preparing the group financial statements and financial statements in a manner which fairly presents the state of affairs and results of the operations of the Group and the Association. The financial statements are prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted in the preparation of these group financial statements and financial statements are set out in note 2 to the financial statements.

The auditor's responsibility is to express an opinion on these financial statements based on an audit conducted in accordance with International Standards on Auditing.

Internal controls

The members of the National Executive Committee are responsible for maintaining adequate accounting records and for taking reasonable steps to safeguard the assets of the Association and its subsidiaries to prevent and detect fraud and other irregularities. The internal controls implemented operated effectively throughout the year.

Audit and Risk Committee

The committee members are appointed by the National Executive Committee.

The committee has met regularly over the past year to discuss accounting, auditing, internal control and other financial related matters. The committee provides an independent forum through which the independent auditor reports to the National Executive Committee.

Finance Committee

The committee members are appointed by the National Executive Committee.

The committee has met regularly over the past year to discuss accounting, auditing, internal control and other financially related matters.

Independent auditor's report to the members of the South African Football Association



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KPMG Crescent
85 Empire Road, Parktown, 2193
Private Bag 9, Parkview, 2122, South Africa

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Fax +27 (0)11 647 8000
Docex 472 Johannesburg

Independent auditor's report

To the members of the South African Football Association

We have audited the group financial statements and financial statements of the South African Football Association, which comprise the statements of financial position at 30 June 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 20 to 51.

National Executive Committee's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of South African Football Association at 30 June 2015, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG Inc.

Per N Keshav
Chartered Accountant (SA)
Registered Auditor
Director
28 November 2015

KPMG Inc is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

Policy Board:
Chief Executive: TH Hoole

Executive Directors: M Letsitsi, SL Louw, NKS Malaba,
M Oddy, CAT Smit

Other Directors: LP Fourie, N Fubu,
AH Jaffer (Chairman of the Board), FA Karreem,
ME Magondo, AMS Mokgabudi, GM Pickering,
JN Pierce

The company's principal place of business is at KPMG Crescent,
85 Empire Road, Parktown, where a list of the directors' names is
available for inspection.

South African Football Association

Composition of the National Executive Committee

for the year ended 30 June 2015

At the date of this report the composition of the National Executive Committee was as follows:

President

JORDAAN, Danny

Vice Presidents

KHOZA, Irvin
NHLAPO, Lucas
SHISHANA, Elvis

Chief Executive Officer

MUMBLE, Dennis

Members

ARENDSE, Norman
BAARTMAN, Aubrey
BANTU, David
BUSHWANA, Mlungisi
DON, Gerald
GOVINDASAMY, Poobalan
KUBEKA, Velaphi
LEDWABA, Ria
MADLALA, Mato
MAFORVANE, Mzwandile
MAHLANGU, Nomsa
MALULEKA, Jack
MANCHONYANE, Peter
MATTHEWS, Stanley
MOGOROSI, Letima
MOKOENA, Thamsanqa Gay
MONTSHIWA, Monde
MOOKA, William
MOTAUNG, Kaizer
MZIMKHULU, Fina
MZIMKHULU, Ndlelo
NGWENYA, Kwenzakwakhe
NKOMPELA, Xolile
NKONE, Paseka
PRINCE, Truman
RAKOMA, Abel
REEVES, Anthony
TSICHLAS, Anastasia
WHITE, Gladwyn
XABA, Simphiwe
ZULU, David

The above members, save for the position of the Chief Executive Officer, were elected onto the National Executive Committee on 28 September 2013. In terms of paragraph 13.23 of the Association's Statutes, these members will hold office for a period of four years. However, the Extraordinary Congress of 26 September 2015 resolved that the current NEC members' term should be extended until after the conclusion of the 2018 FIFA World Cup™.

South African Football Association

Report of the National Executive Committee

for the year ended 30 June 2015 (continued)

Nature of business

The South African Football Association ("the Association") is the governing body for football in South Africa. Its main aim and objectives are to promote, advance, administer, co-ordinate and generally encourage the game of football in South Africa in accordance with the principles as laid down in the statutes of FIFA. There was no major change in the nature of the business of the Association during the year.

Financial results

The Group's results, comprising the Association and its subsidiaries, are contained in the attached financial statements. The Group generated a profit for the year of R40.7 million (2014: R12.1 million).

The Group's financial position reflects a net asset value of R48.6 million. The Group has again successfully managed to achieve a surplus despite continued tough global economic conditions. The increase in grants revenue, mainly received from the 2010 FIFA World Cup Legacy Trust, has assisted tremendously to achieve these positive results. However our main subsidiaries, namely the Africa Cup of Nations 2013 Local Organising Committee South Africa NPC ("AFCON") and the South African Football Association Development Agency ("SDA") have not been able to contribute positively to the Group's results. AFCON's main activities ended in February 2014, therefore it has not been able to generate any revenues during the year under review. It has only incurred losses as a result of the winding-down activities which are close to conclusion now. The SDA has not managed to realise its targeted revenue due to tough global economic conditions.

Going concern

The Group generated a profit of R40.7 million for the year ended 30 June 2015 and, as of that date, the Association's current liabilities, excluding income received in advance exceeded its current assets by R31.6 million. However subsequent to the financial year-end, management managed to settle most of these current liabilities. In addition, management successfully negotiated better repayment terms with some major service providers. The Association would like to improve this position and is determined to achieve a net current asset position within the next few years. Whilst the total assets far exceed total liabilities for both the Group and the Association, strategically the Association would like to achieve a position where the current assets exceed the current liabilities. This should result in the debts being settled more quickly. The Group has therefore set to achieve significant operating surplus during the next few years in order to achieve the net current assets position.

The Group has identified a number of revenue opportunities that it is now pursuing vigorously. This is in addition to the continued implementation of its financial recovery plan which has achieved a fair amount of success so far. We are thus in negotiations with a number of potential sponsors and we seem to be making gradual progress which should result in some sponsorship agreements being concluded. With the recent appointment of the Chief Operating Officer, the Chief Executive Officer will now, amongst others, strategically focus on creating partnership with potential sponsors and strengthening existing relationships.

South African Football Association

Report of the National Executive Committee

for the year ended 30 June 2015 (continued)

Going concern *(continued)*

During the financial year under review, the Association concluded a significant broadcast rights deal with the South African Broadcasting Corporation ("SABC"). The financial elements of this agreement are a huge improvement on the previous contracts with the SABC. After the close of the current financial period, the Association managed to extend its partnership with Grand Parade Investments ("GPI") to 2020. This clearly shows the success that was realised during the past sponsorship period.

The Group has long-term sponsorship contracts with most of its sponsors and this assures it of future revenue inflows. These sponsorships are expected to continue in view of the long-term nature and the mutual relationships that are long standing.

The Association is finalising its preparations to implement the merchandising and licensing programme. FIFA has a funding programme known as "FIFA Win-Win" and this programme seeks to provide seed capital to member associations for revenue generating projects. This will therefore be an enormous boost to kick start our licensing and merchandising programme which will result in additional, unencumbered and diversified revenue stream. This is very important for the long term financial stability and sustainability of the Group.

The Association has embarked on a SAFA Digital project which includes the creation of database for all our players and teams, the competition system and other modules. The SAFA Digital project is also a commercial project that will generate huge revenues for the Group. We estimate that this project has a payback period of 3 years. We are also in discussion with a few possible funders and if we are successful, this will reduce the payback period quite significantly. This will also result in additional, unencumbered and diversified revenue streams for the Group.

The 2010 FIFA World Cup Legacy Trust ("the Trust") continues to support our development activities. We have successfully applied for regular funding since 2013 and we expect this funding to continue in the future. This means that the Association's development programmes will continue unhampered by possible financial constraints. Therefore management's efforts can be channelled towards generating funds for other programmes and improving the current assets position of the Group.

The Association has recently acquired the property known as Fun Valley Resort for its National Technical Centre. This acquisition includes the land, property and business. The acquisition will make a significant contribution to the future financial position of the Group. Most of our local accommodation requirements will be catered for on this property, so this will save us huge amounts of accommodation costs that we have been incurring annually. The Fun Valley business, which we acquired as a going concern, has been quite profitable and we will ensure that it continues to generate surpluses that will help to build the Group's reserves. The planned construction of a SAFA National Technical Centre will result in a boosting of our asset base and significant cost savings (venue and training fields hire, travelling costs, etc) and additional revenue from hiring of facilities by other entities.

South African Football Association

Report of the National Executive Committee

for the year ended 30 June 2015 (continued)

Going concern (continued)

The Group continues to vigorously manage its costs by being innovative in the way that we carry our activities. Fiscal discipline is being practised across the full organisation's spectrum. This is strengthened by, among other tools, operating with an approved budget, enforcement of procurement policies and regular financial reporting. We are also creating value within the supply chain by working closely with our suppliers.

The Association has also successfully managed to restructure some of its debts by negotiating favourable repayment periods. This was achieved through the healthy partnerships that we have with our service providers.

The National Executive Committee ("NEC") is therefore confident that the Group is a going concern.

Property, plant and equipment

Details of changes in property, plant and equipment are shown in note 6 to the annual financial statements.

The Association received a grant from FIFA for the development of SAFA House during the 2006 financial year. SAFA House has been built on land to which the Association was granted a right to erect improvements. This land belongs to the Department of Public Works. There is an understanding that the land on which SAFA house was built, would ultimately be transferred to the Association. At the date of this report this has not happened. The Association is in the process of resolving this matter with the Government but currently there is no indication that the Government will request the Association to vacate the building. In the opinion of the National Executive Committee the matter does not affect the value of, or the Association's rights to SAFA House. The carrying value of SAFA House is R36.7 million, however the Association has received a valuation report indicating that the market value for SAFA House was R105 million in 2010. The National Executive Committee estimates that the current market value of SAFA House is approximately R135 million.

During the financial year under review, the Association received a grant from the 2010 FIFA World Cup Legacy Trust for the acquisition and development of the Fun Valley property with the intention of developing it into a SAFA National Technical Centre. Fun Valley Pleasure Resort is located on Plots 32 – 54, Olivantvlei, South of Johannesburg. The property size is 38 hectares and is currently being used as a public entertainment centre, self-catering accommodation, conferences, weddings, corporate functions, birthday parties, and beauty and spa salon. In addition to continuing with the business operations, the Association will develop its National Technical Centre that will cater for most of our technical and accommodation requirements. In addition to creating a technical "home" of SAFA, the centre will enhance the SAFA brand, result in huge cost savings and bring in additional, unencumbered and diversified stream of revenue for the Group.

Financial asset

Network Healthcare Holdings Limited ("Netcare") established the Healthy Lifestyle Trust as part of its Broad Based Black Economic Empowerment initiative. The Association was allocated 4 million trust units. This investment has been accounted for in terms of International Accounting Standard 39: "Financial Instruments: Recognition and Measurement". Refer to note 7.

The first 20% of the trust units vested in October 2010 and each year thereafter tranches of 20% vest until the full 100% has vested in October 2014. The Association disposed of 60% of its allocated Netcare shares for cash and converted an additional 20% trust units into Netcare shares. The Association is in the process of converting and additional 5% into Netcare shares; which vested in October 2014. The balance, which is 15%, will be held by the Trust on behalf of SAFA and to be used for funding of SAFA related projects. The Netcare shares will be retained by the Association since this is viewed as a strategic investment for future benefits. Management also continues to engage with Netcare in a bid to maximise mutual benefits from this strategic partnership.

South African Football Association

Report of the National Executive Committee

for the year ended 30 June 2015 (continued)

Group Annual Financial Statements

The Association has consolidated some of its subsidiaries and certain of its subsidiaries were excluded and the reasons for this are set out below.

Africa Cup of Nations 2013 Local Organising Committee South Africa NPC

Nature of activities and consolidation

The Africa Cup of Nations 2013 Local Organising Committee South Africa NPC was established to organise and host the Orange Africa Cup of Nations 2013 tournament in South Africa in 2013 and the African Nations Championship in 2014 ("CHAN"). The Association was granted the rights by Confédération Africaine de Football ("CAF") to host these tournaments and thereafter ceded these rights to the Africa Cup of Nations 2013 Local Organising Committee South Africa NPC ("the LOC"). The Association is the sole member of this entity and is presumed to have control over the LOC. The government was the major funder. This entity has therefore been consolidated.

The South African Football Association Development Agency

The Association has a 100% shareholding in the South African Football Association Development Agency (the Development Agency"). This entity was formed to implement and source funding for the Technical Master Plan ("TMP"). The TMP focuses on the development drive of the Association. This entity has been consolidated in the Group Annual Financial Statements.

SA Infrastructure Development Foundation

The Association has a 100% (one hundred per cent) shareholding in SA Infrastructure Development Foundation ("the Foundation"). The Foundation was established to rollout the infrastructure, mainly artificial turfs, for the benefit of football. This entity has been consolidated in the Group Annual Financial Statements.

Taxation matters

Tax status

On 03 June 2010, the Association was approved by the South African Revenue Services ("SARS") as a public benefit organization ("PBO") in terms of Section 30(3) of the Income Tax Act ("the Act"). This means that annual receipts and accruals will therefore be subject to section 10(1)(cN) of the Act and receipts and accruals from trading or business activities which fall outside the parameters of section 10(1)(cN) will be subject to tax. However, Section 11 (a) and 11 (E) provides for a deduction in respect of non-capital expenditure whether business or development related.

Addresses

Business address: SAFA House
76 Nasrec Road
Nasrec Ext 3
Johannesburg 2000

Postal address: PO Box 910
Johannesburg
2000

Subsequent events

No significant events have occurred after the 30 June 2015 that will have an impact on the reported financial results.

Auditors

The Association's auditors are KPMG Inc. and were appointed in terms of paragraph 9.13 of the Association's Statutes on 01 October 2011.

South African Football Association

Statements of comprehensive income for the year ended 30 June 2015

		Group		Association	
	Note	2015 R	2014 R	2015 R	2014 R
Revenue					
Ticketing revenue		6 950 683	10 791 439	6 950 683	6 689 569
Government grants		–	45 000 000	–	–
Confédération Africaine de Football ("CAF") grants		1 670 015	21 103 007	–	–
Television broadcasting rights		76 735 955	74 177 775	76 735 955	67 241 393
Other grants		9 634 662	21 676 771	768 778	–
Host Cities' income		15 890 100	40 162 837	15 890 100	40 162 837
Sponsorship income		139 105 040	124 673 083	124 120 031	114 821 318
Rental income		86 500	314 051	86 500	314 051
2010 FIFA World Cup Legacy Trust – grants		94 938 170	29 098 862	94 938 170	29 098 862
		345 011 125	366 997 825	319 490 217	258 328 030
Expenses		(314 324 463)	(368 821 555)	(282 780 401)	(271 157 403)
CHAN/AFCON Tournament expenses		(2 314 969)	(31 835 441)	–	–
– gross expenses		(2 314 969)	(36 413 057)	–	–
– less: recoveries from Host Cities		–	4 577 616	–	–
National team costs		(97 396 780)	(82 118 477)	(97 396 780)	(82 118 477)
Competition and leagues costs		(25 105 736)	(23 428 013)	(25 105 736)	(23 428 013)
Football development costs		(25 365 526)	(31 562 281)	(17 720 941)	(22 236 285)
Governance costs		(15 834 469)	(10 346 656)	(15 834 469)	(10 346 656)
Other administration costs		(148 306 983)	(189 530 687)	(126 722 475)	(133 027 972)
Surplus/(deficit) from operations	3	30 686 662	(1 823 730)	36 709 816	(12 829 373)
Increase in fair value of financial asset		6 835 205	6 082 210	6 835 205	6 082 210
Profit on sale of assets classified as held for sale		2 063 117	5 140 725	2 063 117	5 140 725
Decrease in provision for losses in subsidiary		–	–	–	9 150 355
Other income		2 343 803	4 275 746	1 592 564	3 878 952
Finance costs	4	(1 428 072)	(1 821 320)	(1 399 633)	(1 771 115)
Finance income	4	239 432	249 298	174 802	178 324
Profit before taxation		40 740 147	12 102 929	45 975 871	9 830 078
Taxation	5	–	–	–	–
Profit for the year		40 740 147	12 102 929	45 975 871	9 830 078
Other comprehensive income		–	–	–	–
Total comprehensive income		40 740 147	12 102 929	45 975 871	9 830 078

South African Football Association

Statements of financial position at 30 June 2015

	Note	Group 2015 R	2014 R	Association 2015 R	2014 R
Assets					
Non-current assets					
Property, plant and equipment	6	114 396 358	57 103 315	114 351 018	57 103 315
Financial asset	8	32 267 415	25 432 210	32 267 415	25 432 210
Intangible asset	9	5 000 000	5 000 000	5 000 000	5 000 000
Investment in subsidiaries	10	–	–	–	1
Total non-current assets		151 663 773	87 535 525	151 618 433	87 535 526
Current assets					
Trade and other receivables	11	35 664 645	40 931 511	29 966 134	24 692 306
Bank balances and cash		87 431 640	24 481 363	82 470 515	20 903 946
Assets classified as held for sale	12	–	3 293 216	–	3 293 216
Total current assets		123 096 285	68 706 090	112 436 649	48 889 468
Total assets		274 760 058	156 241 615	264 055 082	136 424 994
Reserves					
Retained income		48 637 541	7 897 394	51 600 414	5 624 543
Liabilities					
Non-current liabilities					
Long-term loans	13	5 000 000	13 770 259	5 000 000	13 770 259
Total non-current liabilities		5 000 000	13 770 259	5 000 000	13 770 259
Current liabilities					
Trade and other payables	14	145 529 079	81 431 467	133 054 563	66 752 874
Short-term loans	13	9 232 929	9 186 208	9 232 929	9 186 208
Income received in advance	15	66 360 509	43 956 287	65 167 176	41 091 110
Total current liabilities		221 122 617	134 573 962	207 454 668	117 030 192
Total reserves and liabilities		274 760 058	156 241 615	264 055 082	136 424 994

South African Football Association

Statements of changes in equity *for the year ended 30 June 2015*

	(Accumulated deficit)/retained income R
Group	
Balance at 30 June 2013	(4 205 535)
Profit for the year	12 102 929
Other comprehensive income	—
Balance at 30 June 2014	7 897 394
Profit for the year	40 740 147
Other comprehensive income	—
Balance at 30 June 2015	48 637 541
Association	
Balance at 30 June 2013	(4 205 535)
Profit for the year	9 830 078
Other comprehensive income	—
Balance at 30 June 2014	5 624 543
Profit for the year	45 975 871
Other comprehensive income	—
Balance at 30 June 2015	51 600 414

South African Football Association

Statements of cash flows for the year ended 30 June 2015

	Note	Group 2015 R	2014 R	Association 2015 R	2014 R
Operating activities:					
Cash generated from operations	16	137 919 972	4 175 039	136 510 855	2 565 985
Finance income		239 432	249 298	174 802	178 324
Finance costs		(1 428 072)	(1 821 320)	(1 399 633)	(1 771 115)
Net cash generated from operating activities		136 731 332	2 603 017	135 286 024	973 194
Investing activities:					
Additions to property, plant and equipment	17	(70 413 850)	(688 916)	(70 352 250)	(688 916)
Proceeds from disposal of property, plant and equipment and non-current assets held for sale	18	5 356 333	11 478 867	5 356 333	11 478 867
Net cash (utilised by)/generated from investing activities		(65 057 517)	10 789 951	(64 995 917)	10 789 951
Financing activities:					
Decrease in loans		(8 723 538)	(8 849 655)	(8 723 538)	(8 849 655)
Net outflow from financing activities		(8 723 538)	(8 849 655)	(8 723 538)	(8 849 655)
Net increase in cash and cash equivalents		62 950 277	4 543 313	61 566 569	2 913 490
Cash and cash equivalents at beginning of the year		24 481 363	19 938 050	20 903 946	17 990 456
Cash and cash equivalents at end of the year		87 431 640	24 481 363	82 470 515	20 903 946

South African Football Association

Notes to the financial statements *for the year ended 30 June 2015*

1. Reporting entity

The South African Football Association ("Association") is domiciled in South Africa. The Association and Group financial statements for the year ended 30 June 2015 comprise the Association and its subsidiaries (together referred to as the "Group"). The Association is the governing body for football in South Africa. The main aim and objectives are to promote, advance, administer, co-ordinate and generally encourage the game of football in South Africa.

1.2 Basis of preparation

These financial statements are presented in South African Rands which is the functional currency of the Group and the Association and the presentation currency for the financial statements.

The group financial statements and financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on the historical cost basis, except for the revaluation of certain financial instruments which are stated at fair value.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these group financial statements and Association financial statements are set out below and are consistent in all material respects for the Group with those applied in the previous year.

2.1 Property, plant and equipment

Property, plant and equipment that have been acquired is stated at historical cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment that is received as donations are initially recorded at the fair value of the assets received.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives to their residual values, using the straight line method. The following rates are applied:

Buses	20%
Computer equipment	33,3%
Furniture and fittings	16,7%
General equipment	20%
Leasehold property – SAFA House	5%
Motor vehicles	20%
Office equipment	20%
Buildings	5%

Land and buildings are stated at cost less accumulated depreciation and impairment losses. Costs include expenditure that is directly attributable to the cost of the asset. Depreciation is charged so as to write-off the cost of property, plant and equipment over their expected useful life using the straight-line basis. Land is not depreciated. The expected useful lives, residual values and depreciation methods are reviewed at each reporting date.

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

2. Summary of significant accounting policies (continued)

2.1 Property, plant and equipment (continued)

Subsequent expenditure is recognised at cost in the carrying amount of property, plant and equipment if it is probable that future economic benefits embodied in the item will flow to the Association and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense.

Leasehold improvements are capitalised and written-off at 5% per annum. The expected useful lives, residual values and depreciation method are reviewed at each reporting date. The effect of any changes in estimate is accounted for in the year the change occurs.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.2 Trademarks

Trademarks acquired by the Group, which have an indefinite useful life, are measured at the cost less accumulated impairment losses. These trademarks are not amortised but are tested annually for impairment.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands is recognised in profit or loss as incurred.

2.3 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired.

Any goodwill that arises is tested annually for impairment and any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred.

2.4 Basis of consolidation

Investment in subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group financial statements incorporate the assets, liabilities and results of the operations of the Association and its subsidiaries. The results of subsidiaries acquired and disposed of during a financial year are included from the effective dates of acquisition and to the effective dates of disposal.

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation (continued)

Transactions eliminated on consolidation

Intra group balances and any unrealised gains and losses or income and expenses arising from intra group transactions, are eliminated in preparing the consolidated financial statements.

2.5 Non-current assets held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale if they are to be disposed of within the next twelve months. Immediately before classification as held for sale, the assets are remeasured in accordance with the Association's accounting policies. Thereafter the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

2.6 Impairment

At each reporting date, the Group reviews the carrying amounts of its tangible, trademarks and goodwill to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

2.7 Income received in advance

Funds received from sponsors and other contract suppliers, which do not meet the recognition of revenue associated with contracts, are deferred and recorded as "income received in advance".

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

2. Summary of significant accounting policies (continued)

2.8 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group has become party to the contractual provisions of the instrument.

Financial assets at fair value through profit or loss

The financial asset is classified as at the fair value through profit or loss as designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's investment strategy. Financial assets at fair value through profit and loss are measured at fair value and changes therein, attributable transaction costs, dividend income and gains and losses on sale of shares are recognised in profit or loss.

Trade and other receivables

Trade and other receivables are measured at amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade and other payables

Trade and other payables are measured at amortised cost.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks and bank overdrafts. Bank overdrafts that are repayable on demand and form part of an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2.9 Foreign exchange

Transactions in currencies other than the Group's functional currency (Rands) are initially recorded at the rates of exchange ruling on the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at rates at reporting date.

Exchange rate differences arising from the settlement of monetary items or on reporting the Group's monetary items at rates different from those at which they are initially recorded are recognised as profit or loss in the period in which they arise.

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

2. Summary of significant accounting policies (continued)

2.10 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue comprises sponsorship revenue from various sponsors, sale of television broadcasting rights, ticket sales, income from Confédération Africaine de Football ("CAF"), income for Host Cities, royalties, gate revenue from competitions, club affiliation fees, advertising fees, government and other grants and the cash equivalent value of non-cash items supplied to the Group.

Revenue from sponsors and others, which is receivable in terms of contracts, is recognised on a straight-line basis over the term of such contracts.

Revenue received from affiliation, match and other fees is recognised in profit or loss when the Group is entitled to such revenue.

Revenue received from Confédération Africaine de Football ("CAF") in respect of the national teams qualification in terms of CAF tournament is recognised in profit or loss once the event has occurred and the group is entitled to such revenue.

Grants that compensate the Group for expenses incurred are recognised in the profit or loss as other income on a systematic basis in the period which the expenses are recognised.

Revenue in respect of ticket sales is accounted for when the risks and rewards of ownership of the tickets is transferred to the buyer and it is probable that economic benefits will flow to the Group.

Government grants are recognised in profit or loss on a systematic basis in the period in which the expense is recognised and there is reasonable assurance that the entity will comply with the conditions attached and the grant will be received.

The Group recognises a grant related to an asset on a business acquisition in profit or loss when the Group has complied with the conditions attached to the grant and the grant becomes receivable.

2.10 Revenue recognition (continued)

Revenue from television broadcasting rights are recognised when the relevant event is broadcast to the public and there is reasonable assurance that the Group will comply with the conditions attached to the broadcasting rights.

Revenue from CAF for share of sponsorship income is recognised in profit or loss when the Group is entitled to such revenue and there is reasonable assurance that the entity complies with the conditions attached to the share of income.

Revenue from Host Cities for sponsorship of events is recognised in the period in which the event takes place.

Recoveries from Host Cities are offset against the related expenses that have been incurred.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

Notes to the financial statements for the year ended 30 June 2015 (continued)

2. Summary of significant accounting policies (continued)

2.11 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at the lower fair value and the present value of minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total minimum lease payments and the present value of the minimum lease payments, are recognised in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each reporting period.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

2.12 Finance income and expenses

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is probable that such income will accrue to the Group.

2.13 Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Current tax is recognised as an expense or income in profit or loss, except when it relates to items recognised directly to equity or other comprehensive income, in which case the tax is also recognised directly in equity, or other comprehensive income or where they are from the initial accounting for a business combination.

2.14 Employee benefits

Current employee benefits

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service.

The accruals for employee entitlements to wages, salaries and annual leave represent the amount which the Group has a present obligation to pay as a result of employees' services provided to the statement of financial position date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

Retirement benefits

Contributions to retirement contribution funds are recognised in profit or loss in the period when the employees have rendered service entitling them to the contributions.

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

2. Summary of significant accounting policies (continued)

2.15 Significant accounting judgements and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the notes.

Assets lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Impairment of assets

Property, plant and equipment are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and specific usage requirements.

Valuation of financial asset

The Group's interest in the financial asset is a form of trust units which is accounted for as options and equity shares.

The valuation of options has been performed by independent valuers based on the Monte Carlo method of simulation. The simulation method is dependent on a number of variables including share price volatility, interest rates and dividends. The equity shares are valued at the market value at reporting date.

Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorneys, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

Revenue recognition

Refer revenue recognition note under accounting policies.

Trademarks

The Association's management performs annual assessments as to possible impairments of the Bafana Bafana trademark taking into consideration the estimated fair value.

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

	Group		Association	
	2015 R	2014 R	2015 R	2014 R
3. Surplus/ (deficit) from operations				
This is arrived at after taking the following items into account:				
Auditors' remuneration:	1 029 995	1 108 007	896 500	820 000
Compensation of key management personnel – short term and termination benefits	9 685 415	5 259 019	7 099 845	5 259 019
National Executive Committee	5 552 743	3 964 318	5 552 743	3 964 318
– Honoraria	4 199 000	1 870 000	4 199 000	1 870 000
– Allowances	1 353 743	2 094 318	1 353 743	2 094 318
Depreciation	13 120 807	15 713 032	13 104 547	15 713 032
– Furniture and fittings	336 707	325 563	336 707	325 563
– Leasehold property – SAFA House	3 030 783	3 030 779	3 030 783	3 030 779
– Motor vehicles	3 440 676	4 992 879	3 440 676	4 992 879
– Office equipment	44 531	44 358	44 531	44 358
– Computer equipment	229 598	700 262	213 338	700 262
– General equipment	179 105	215 239	179 105	215 239
– Buses	5 859 407	6 403 952	5 859 407	6 403 952
Legal and consulting fees	17 492 328	20 413 845	17 492 328	16 895 081
Profit on disposal of property, plant and equipment	(2 063 117)	(5 140 725)	(2 063 117)	(5 140 725)
Retirement benefit costs	6 354 336	5 564 506	6 149 248	5 564 506
Other employee costs	72 084 833	87 257 671	51 099 220	65 527 063
4. Finance (costs)/income				
<i>Finance costs</i>				
Interest paid – bank and finance charges	(281 403)	(161 105)	(252 964)	(110 900)
Interest paid – suppliers	(529 272)	(843 575)	(529 272)	(843 575)
Foreign exchange profit	41 288	–	41 288	–
Interest paid – 2010 FIFA World Cup Legacy Trust	(658 685)	(816 640)	(658 685)	(816 640)
	(1 428 072)	(1 821 320)	(1 399 633)	(1 771 115)
<i>Finance income</i>				
Interest received – bank	239 432	249 298	174 802	178 324
	239 432	249 298	174 802	178 324

South African Football Association

Notes to the financial statements *for the year ended 30 June 2015 (continued)*

5. Taxation

On 03 June 2010, the Association was approved by the South African Revenue Services ("SARS") as a public benefit organisation ("PBO") in terms of Section 30(3) of the Income Tax Act ("the Act"). This means that annual receipts and accruals in relation to the principle business of development of amateur football will therefore be subject to section 10(1)(cN) of the Act and receipts and accruals, from trading or business activities which fall outside the parameters of section 10(1)(cN) will be subject to tax. However, Section 11 (a) and 11 (E) provides for a deduction in respect of non-capital expenditure whether business or development related.

The Africa Cup of Nations 2013 Local Organising Committee South Africa NPC and the South African Football Association Infrastructure Development Foundation have also been approved by SARS as public benefit organisations ("PBOs") in terms of Section 30 of the Income Tax Act and the receipts and accruals with therefore not be subject to section 10(1)(cN) of the Act.

The South African Football Association Development Agency Trust is also in the process of applying for PBO status.

No provision has been made for 2015 taxation as the Group is in a computed loss position. A deferred tax asset in respect of computed tax losses of tax losses has not been recognised as it is not probable that future taxable profit will be available against which the Group could utilise this asset.

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

6. Property, plant and equipment

Group

	Land and buildings R	Leasehold property - SAFA House R	Furniture and fittings R	Motor vehicles R	Office equipment R	Computer equipment R	General equipment R	Buses R	Total R
2015									
Cost									
At 1 July 2014	–	60 615 571	2 201 161	17 949 481	475 112	8 399 688	1 637 372	32 382 844	123 661 229
Additions	65 500 000	–	1 691 682	1 175 144	20 588	1 378 712	55 620	592 104	70 413 850
Disposals	–	–	–	–	–	–	–	(2 643 851)	(2 643 851)
At 30 June 2015	65 500 000	60 615 571	3 892 843	19 124 625	495 700	9 778 400	1 692 992	30 331 097	191 431 228
Accumulated depreciation and impairment									
At 1 July 2014	–	20 855 203	1 578 619	13 059 720	409 694	8 201 528	1 358 700	21 094 450	66 557 914
Depreciation	–	3 030 783	336 707	3 440 676	44 531	229 598	179 105	5 859 407	13 120 807
Disposals	–	–	–	–	–	–	–	(2 643 851)	(2 643 851)
At 30 June 2015	–	23 885 986	1 915 326	16 500 396	454 225	8 431 126	1 537 805	24 310 006	77 034 870
Carrying value									
At 1 July 2014	–	39 760 368	622 542	4 889 761	65 418	198 160	278 672	11 288 394	57 103 315
At 30 June 2015	65 500 000	36 729 585	1 977 517	2 624 229	41 475	1 347 274	155 187	6 021 091	114 396 358

SAFA House has been erected on land that is not owned by the Association and therefore disclosed as leasehold property. Refer to the National Executive Committee Report regarding title. In the opinion of the National Executive Committee, the market value of SAFA House is significantly higher than the carrying value. Land and buildings relates to the National Technical Centre (Fun Valley) property situated at portion 45 at Olifantsvlei 316, Gauteng.

South African Football Association

Notes to the financial statements for the year ended 30 June 2014 (continued)

6. Property, plant and equipment (continued)

Association

2015	Land and buildings R	Leasehold property - SAFA House R	Furniture and fittings R	Motor vehicles R	Office equipment R	Computer equipment R	General equipment R	Buses R	Total R
Cost									
At 1 July 2014	–	60 615 571	2 201 161	17 949 481	475 112	8 399 688	1 637 372	32 382 844	123 661 229
Additions	65 500 000	–	1 691 682	1 175 144	20 588	1 317 112	55 620	592 104	70 352 250
Disposals	–	–	–	–	–	–	–	(2 643 851)	(2 643 851)
At 30 June 2015	65 500 000	60 615 571	3 892 843	19 124 625	495 700	9 716 800	1 692 992	30 331 097	191 369 628
Accumulated depreciation and impairment									
At 1 July 2014	–	20 855 203	1 578 619	13 059 720	409 694	8 201 528	1 358 700	21 094 450	66 557 914
Depreciation	–	3 030 783	336 707	3 440 676	44 531	213 338	179 105	5 859 407	13 104 547
Disposals	–	–	–	–	–	–	–	(2 643 851)	(2 643 851)
At 30 June 2015	–	23 885 986	1 915 326	16 500 396	454 225	8 414 866	1 537 805	24 310 006	77 018 610
Carrying value									
At 1 July 2014	–	39 760 368	622 542	4 889 761	65 418	198 160	278 672	11 288 394	57 103 315
At 30 June 2015	65 500 000	36 729 585	1 977 517	2 624 229	41 475	1 301 934	155 187	6 021 091	114 351 018

SAFA House has been erected on land that is not owned by the Association and therefore disclosed as leasehold property. Refer to the National Executive Committee Report regarding title. In the opinion of the National Executive Committee, the market value of SAFA House is significantly higher than the carrying value. Land and buildings relates to the National Technical Centre (Fun Valley) property situated at portion 45 at Olifantsvlei 316, Gauteng.

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

6. Property, plant and equipment (continued)

Group and Association (continued)

	Land and buildings R	Leasehold property - SAFA House R	Furniture and fittings R	Motor vehicles R	Office equipment R	Computer equipment R	General equipment R	Buses R	Total R
2014									
Cost									
At 1 July 2013	-	60 615 571	2 150 889	26 401 581	475 112	8 264 178	1 625 092	35 376 381	134 908 804
Additions	-	-	50 272	472 900	-	153 464	12 280	-	688 916
Disposals	-	-	-	(8 925 000)	-	(17 954)	-	(2 993 537)	(11 936 491)
At 30 June 2014	-	60 615 571	2 201 161	17 949 481	475 112	8 399 688	1 637 372	32 382 844	123 661 229
Accumulated depreciation and impairment									
At 1 July 2013	-	17 824 424	1 253 056	12 868 491	365 336	7 515 978	1 143 461	17 045 339	58 016 085
Depreciation	-	3 030 779	325 563	4 992 879	44 358	700 262	215 239	6 403 952	15 713 032
Disposals	-	-	-	(4 801 650)	-	(14 712)	-	(2 354 841)	(7 171 203)
At 30 June 2014	-	20 855 203	1 578 619	13 059 720	409 694	8 201 528	1 358 700	21 094 450	66 55 7914
Carrying value									
At 1 July 2013	-	42 791 147	897 833	13 533 090	109 776	748 200	481 631	18 331 042	76 892 719
At 30 June 2014	-	39 760 368	622 542	4 889 761	65 418	198 160	278 672	11 288 394	57 103 315

SAFA House has been erected on land that is not owned by the Association and therefore disclosed as leasehold property. Refer to the National Executive Committee Report regarding title. In the opinion of the National Executive Committee, the market value of SAFA House is significantly higher than the carrying value.

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

7. Acquisition of business

On 29 June 2015 the Group acquired the National Technical Centre property and business (Fun Valley) for a total consideration of R66,5 million.

On acquisition of this property and business the group assessed the fair value of assets and liabilities as required in terms of IFRS3 Business Consideration.

	Fair value on acquisition R
Land and buildings	65 500 000
Equipment	1 000 000
	<hr/>
Fair value of identifiable assets and liabilities	66 500 000
Consideration transferred	66 500 000
Goodwill/bargain purchase	<hr/>
	-

Asset/liability	Valuation technique	Significance Unobservable date
Land and buildings	Market comparison technique and cost technique – the valuations model considers quoted market prices for similar items when available.	Remaining useful lives

Due to the fact that the acquisition was effective at reporting date the fair value of the assets and liabilities relating to the business acquisition have not been finalised and final values are still in the process of being completed. Final fair values are expected to be completed by 30 June 2016.

8. Financial asset

	Group		Association	
	2015 R	2014 R	2015 R	2014 R
Fair value through profit or loss				
Fair value at beginning of the year	25 432 210	19 350 000	25 432 210	19 350 000
Increase in fair value during the year	6 835 205	6 082 210	6 835 205	6 082 210
Fair value at end of the year	32 267 415	25 432 210	32 267 415	25 432 210
	<hr/>	<hr/>	<hr/>	<hr/>
Financial assets measured at fair value comprises:				
Equity shares	16 537 415	12 419 317	16 537 415	12 419 317
Trust units	15 730 000	13 012 893	15 730 000	13 012 893
	<hr/>	<hr/>	<hr/>	<hr/>
	32 267 415	25 432 210	32 267 415	25 432 210
	<hr/>	<hr/>	<hr/>	<hr/>

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

8. Financial asset (continued)

Network Healthcare Holdings Limited ("Netcare") established the Healthy Lifestyle Trust as part of its Broad Based Black Economic Empowerment initiative. SAFA is a beneficiary of the Trust and was allocated 4 million trust units linked to a corresponding number of Netcare shares. During the current financial year the Association owned 433 484 equity securities and is entitled to 650 000 trust units. The equity shares were valued at reporting date at the market value of the shares and the trust units were valued by independent valuers based on the Monte Carlo simulation method. The vesting of these trust units are subject to certain qualifying criteria and vesting conditions and the Association and Trustees are satisfied that the trust units will vest on due dates.

9. Intangible asset

	Group		Association	
	2015 R	2014 R	2015 R	2014 R
Bafana trademark	5 000 000	5 000 000	5 000 000	5 000 000

The trademark was acquired in 2011 and the Association has sole rights and exclusive usage. The trademark is considered to have an indefinite useful life as it is associated with the senior men's national football team. The name is widely known and popular. Football is one of the most popular sports in South Africa and internationally and therefore the team will continue to receive the support of the majority of people, including the Government for many years. Management considers the fair value of the trademark to be excess of its carrying value.

10. Investment in subsidiaries

			Association	
			2015 R	2014 R
At cost				
Name of subsidiary	Issued share capital R	Proportion of ownership %		
SA Football Commercial Holdings Proprietary Limited*	–	–	–	1
SA Infrastructure Development Foundation^	–	100	–	–
SA Football Proprietary Limited	100	100	–	–
Africa Cup of Nations 2014 Local Organising Committee				
South Africa NPC ^	–	100	–	–
The South African Football Association Development Agency^	–	100	–	–
			–	1
National Executive Committee valuation			–	1

* Dormant, # No major financial transactions, ^ consolidated

During the current financial year, SA Football Commercial Holdings Proprietary Limited was deregistered.

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

	Group		Association	
	2015 R	2014 R	2015 R	2014 R
11. Trade and other receivables				
Sponsorships and related income	33 500 633	15 893 460	27 802 123	15 893 460
Confédération Africaine de Football ("CAF")	–	13 839 002	–	–
Value added taxation	–	33 074	–	–
Other receivables	2 164 011	11 165 975	2 164 011	6 798 846
African Cup of Nations 2014 Local Organising Committee SA NPC	–	–	–	2 000 000
	35 664 644	40 931 511	29 966 134	24 692 306

Trade and other receivables are shown net of a provision for doubtful debts of R8 618 326 (2014 – R6 342 268).

The National Executive Committee considers that the carrying amount of trade and other receivables approximate their fair values.

The average credit period on receivables is 30 days. No interest is charged on trade receivables from the date of invoice. Generally, trade receivables more than 120 days old are provided for with reference to past default experience.

There are no receivables which are past due at the reporting date for which the Group has not provided. There has not been significant change in credit quality and amounts are still considered recoverable. The Group does not hold any collateral over these balances.

	Group		Association	
	2015 R	2014 R	2015 R	2014 R
Not past due	20 114 572	4 896 499	13 583 680	4 896 499
Past due 30 – 90 days	2 664 720	7 532 131	2 664 720	7 532 131
120 + day	12 885 352	17 303 832	13 717 734	3 464 830
	35 664 644	29 732 462	29 966 134	15 893 460
Movement in the provision for impairment:				
Balance at beginning of the year	6 342 268	18 551 584	2 024 476	10 601 225
Net movement in provision for impairment	2 276 058	(12 209 316)	36 746	(8 576 749)
	8 618 326	6 342 268	2 061 222	2 024 476

The National Executive Committee believes that there is no further impairment required of receivables.

12. Assets classified as held for sale

The prior year amount relates to property comprising of Erf 209 The Raphael, extension 49 Sandton. The Association subsequently disposed all its obligations in the sublease of Erf 209 The Raphael, extension 49 Sandton and the property on 24 July 2014.

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

	Group		Association	
	2015 R	2014 R	2015 R	2014 R
13. Long-term loans				
Mortgage bond – Standard Bank and Rand Merchant Bank	–	1 929 350	–	1 929 350
Less: current portion included under current liabilities	–	(1 929 350)	–	(1 929 350)
	–	–	–	–
Tuks Sport (Pty) Ltd	4 183 614	8 027 117	4 183 614	8 027 117
Less: current portion included under current liabilities	(4 183 614)	(4 256 858)	(4 183 614)	(4 256 858)
	–	3 770 259	–	3 770 259
The 2010 FIFA World Cup Legacy Trust	10 049 315	13 000 000	10 049 315	13 000 000
Less: current portion	(5 049 315)	(3 000 000)	(5 049 315)	(3 000 000)
	5 000 000	10 000 000	5 000 000	10 000 000
Long-term portion of long-term loans	5 000 000	13 770 259	5 000 000	13 770 259
Current portion of long-term loans	9 232 929	9 186 208	9 232 929	9 186 208

The Tuks Sport Proprietary Limited, is unsecured bearing interest at 9% (2014 – 9%) per annum and is payable monthly with instalments of R397 813 over a period of three years.

The 2010 FIFA World Cup Legacy Trust is unsecured bearing interest at 6% per annum. R5 million per annum is payable over 3 years by 30 September ending on 30 September 2016.

Minimum payments

	Within 1 year R	2 – 5 years R	5 years and over R	Total R
2015				
Total loans	9 232 929	5 000 000	–	14 232 929
2014				
Total loans	9 186 208	13 770 259	–	22 956 467

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

	Group		Association	
	2015 R	2014 R	2015 R	2014 R
14. Trade and other payables				
Trade payables	77 158 990	73 261 962	72 368 959	60 955 594
Sundry payables	61 031 209	2 681 003	53 346 624	308 778
Value Added Taxation	3 494 936	2 691 293	3 494 936	2 691 293
Salary-related payables	3 844 044	2 797 209	3 844 044	2 797 209
	145 529 079	81 431 467	133 054 563	66 752 874
15. Income received in advance				
EY	–	1 011 247	–	1 011 247
FIFA Financial Assistance Programme	7 276 725	–	7 276 725	–
Grand Parade Investments	–	1 000 000	–	1 000 000
PPC	400 000	–	–	–
Sasol	–	1 065 000	–	–
Sasol Gert Sibande	150 000	–	–	–
South African Breweries Limited	7 731 476	8 091 901	7 731 476	8 091 901
South African Broadcasting Corporation Limited	23 032 098	15 766 654	23 032 098	15 766 654
The 2010 FIFA World Cup Legacy Trust	26 928 277	17 021 485	26 928 277	15 221 308
Total Sports Core funding	350 000	–	–	–
Total Sports – Football development	293 333	–	–	–
	66 360 509	43 956 287	65 167 176	41 091 110
16. Cash generated from operations				
Profit before taxation	40 740 147	12 102 929	45 975 871	9 830 078
Adjustments for:				
Depreciation for property, plant and equipment	13 120 807	15 713 032	13 104 547	15 713 032
Decrease in provision of losses in subsidiary	–	–	–	(9 150 355)
Profit on disposal of property, plant and equipment	(2 063 117)	(5 140 725)	(2 063 117)	(5 140 725)
Impairment of investment in subsidiary	–	–	–	100
Finance income	(239 432)	(249 298)	(174 802)	(178 324)
Finance costs	1 428 072	1 821 320	1 399 633	1 771 115
Increase in fair value of derivative financial asset	(6 835 205)	(6 082 210)	(6 835 205)	(6 082 210)
Operating profit before working capital changes	46 151 272	18 165 048	51 407 028	6 762 711
Adjustments for working capital changes: Decrease/(increase) in trade and other receivables	5 266 866	20 273 496	(5 273 828)	1 194 113
Increase/(decrease) in trade and other payables	64 097 612	(35 920 764)	66 301 689	4 182 921
Increase/(decrease) in income received in advance	22 404 222	1 657 259	24 076 066	(1 207 918)
	137 919 972	4 175 039	136 510 855	2 565 985

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

	Group		Association	
	2015 R	2014 R	2015 R	2014 R
17. Additions to property, plant and equipment				
Land and Buildings	65 500 000	–	65 500 000	–
Furniture and fittings	1 691 682	50 272	1 691 682	50 272
Motor Vehicles	1 175 744	472 900	1 175 744	472 900
Office Equipment	82 588	–	20 588	–
Computer equipment	1 317 112	153 464	1 317 112	153 464
General equipment	55 620	12 280	55 620	12 280
Buses	592 105	–	592 105	–
	70 413 851	688 916	70 352 251	688 916
18. Proceeds on disposal of property, plant and equipment and non-current assets held for sale				
Carrying value of property, plant and equipment and non-current assets held for sale disposed	3 293 216	6 338 142	3 293 216	6 338 142
Profit on disposal of property, plant and equipment and non-current assets held for sale	2 063 117	5 140 725	2 063 117	5 140 725
Proceeds on disposal of property, plant and equipment and non-current assets held for sale	5 356 333	11 478 867	5 356 333	11 478 867
19. Related parties				
19.1 Related party balances				
During the year the Association, in the ordinary course of business, entered into the following related party transactions. These transactions were no less favourable than those arranged with third parties.				
National Executive Committee – Receivable in respect of motor vehicles	1 162 049	–	1 162 049	–
National Executive Committee – Honoraria payable	–	4 180 000	–	4 180 000
Africa Cup of Nations 2014 Local Organising Committee SA NPC	–	–	–	2 000 000
19.2 Related party transactions				
National Executive Committee – Honoraria	5 552 743	3 964 318	5 552 743	3 964 318
– Allowances	4 199 000	1 870 000	4 199 000	1 870 000
	1 353 743	2 094 318	1 353 743	2 094 318
Key management personnel remuneration	9 685 415	5 259 019	7 099 845	5 259 019

Related party transactions are defined as transactions with members of the National Executive Committee, sub committees and affiliated Associations over which there is significant influence or control.

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

20. Post retirement benefits

The pension scheme has been registered in terms of the Pension Fund Act 24 of 1956. The scheme is a defined contribution plan. The South African Football Association makes monthly contributions to the scheme at a rate of 15% of members' salaries as defined in the rules of the scheme. The Association has no liability to the pension scheme as at 30 June 2015.

21. Financial instruments

Overview

The Group has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The National Executive Committee has overall responsibility for the establishment and oversight of the Group's risk management framework.

Credit risk

Credit risk is the risk of financial loss to the Group if a sponsor, donor or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables.

Trade and other receivables

The Group on an ongoing basis seeks sponsors based on their public profile. Final agreements are entered into which set out the deliverables and conditions of the sponsorship.

Funding for the tournaments are obtained from Confédération Africaine de Football, Government and other sponsorships. Formal agreements are entered into which set out the terms and conditions of the funding.

The Group establishes an allowance for impairment for possible losses in respect of receivables.

The majority of the Group's sponsors and donors have been transacting with the Group since inception and there have been no major losses on trade receivables.

The Group establishes an allowance for impairment for possible losses in respect of trade and other receivables.

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

21. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial and other obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association's reputation.

In the case of cash flow difficulties, the Group's creditors are notified of the situation and remedial action put in place.

The Group however ensures that it has sufficient current assets which will realise in future to meet financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

	Carrying amount R	Contractual cash flows R	12 months or less R	1 to 5 years R	More than 5 years R
2015					
Trade and other payables	145 529 079	145 529 079	145 529 079	–	–
2014					
Trade and other payables	81 431 467	81 431 467	81 431 467	–	–

Loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings, which are measured at amortised cost.

	Group		Association	
	2015 R	2014 R	2015 R	2014 R
Long-term loans	5 000 000	13 770 259	5 000 000	13 770 259
Short-term loans	9 232 929	9 186 208	9 232 929	9 186 208
	14 232 929	22 956 467	14 232 929	22 956 467

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

21. Financial instruments (continued)

Terms and debt repayment schedule

Group and Association

The terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest rate	Year of maturity	2015		2014	
				Fair value R	Carrying amount R	Fair value R	Carrying amount R
Mortgage bonds	ZAR	6.30%	2014	–	–	1 929 350	1 929 350
Tuks Sport (Pty) Ltd	ZAR	9.00%	2015	4 183 614	4 183 614	8 027 117	8 027 117
2010 FIFA World Cup Legacy Trust	ZAR	6.00%	2016	10 049 315	10 049 315	13 000 000	13 000 000
Total non-interest and interest bearing liabilities				14 232 929	14 232 929	22 956 467	22 956 467

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

Non derivative financial liabilities – Group

	Carrying amount R	Contractual cash flows R	12 months or less R	1 to 5 years R	More than 5 years R
2015					
Trade and other payables	145 529 079	145 529 079	145 529 079	–	–
Loans payable	14 232 929	14 232 929	9 232 929	5 000 000	–
	159 762 008	159 762 008	154 762 008	5 000 000	–
2014					
Trade and other payables	81 431 467	81 431 467	81 431 467	–	–
Loans payable	22 956 467	31 806 122	9 186 208	22 619 914	–
	104 387 934	113 237 589	90 617 675	22 619 914	–

Fair value hierarchy

Level 1 hierarchy represents unadjusted quotes prices in active markets for identical assets or liabilities.

Level 2 Hierarchy represents inputs that are unobservable for the asset either directly or indirectly.

Valuation technique and significant observable inputs

Equity shares – The valuation is based on the market price at 30 June 2015.

Options – The valuation is based on the Monte Carlo method of simulation. Unobservation inputs included share price volatility, exercise price and interest rate fluctuation.

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

22. Contingent liability

The Association was a defendant in a case where Fli-Afrika is claiming R14 million from the Association. This related to an agreement entered into in 2007 which intended to establish a joint venture relating to the 2010 Fifa World Cup packages. There was a subsequent settlement agreement in 2010 which cancelled the initial agreement.

The claim is subject to a court hearing in February 2015 however Fli-Afrika did not attend the court hearing. Should Fli-Afrika pursue this matter, based on legal advice received the National Executive Committee is of the opinion that it is confident that the Association will defend this case successfully.

The Association is a defendant in various cases relating to unfair dismissal charges. The cases have not been finalised, however based on legal advice received, the National Executive Committee is of the opinion that outcomes of these proceedings will have no effect on the Association's financial statements.

Based on opinion obtained from the legal advisors, the Association is of the opinion that cases referred to above will be successfully defended. Accordingly no provision for the costs has been made in the financial statements.

23. Standards and interpretations not yet effective

In terms of International Financial Reporting Standards the Group is required to include in its financial statements disclosure about the future impact of Standards and Interpretations issued but not yet effective at the reporting/issue date.

At the date of authorisation of the financial statements of Group for the year ended 30 June 2015, the following applicable Standards and Interpretations were in issue but not yet effective:

Standard/Interpretation		Effective date Periods beginning on or after
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2017
IFRS 9	Financial Instruments	1 January 2018
Amendments to 4 standards	Improvements to IFRSs 2012-2014 Cycle	1 January 2016
IAS 1	Disclosure Initiative	1 January 2016

All standards will be considered for adoption at their effective date. At this stage, the National Executive Committee does not consider these statements to have a material impact on the Group.

South African Football Association

Notes to the financial statements *for the year ended 30 June 2015 (continued)*

24. Going concern

The Group generated a profit of R40.7 million for the year ended 30 June 2015 and, as of that date, the Group's current liabilities, excluding income received in advance exceeded its current assets by R31.6 million. However subsequent to the financial year-end, management managed to settle most of these current liabilities. In addition, management successfully negotiated better repayment terms with some major service providers. The Association would like to improve this position and is determined to achieve a net current asset position within the next few years. Whilst the total assets far exceed total liabilities for both the Group and the Association, strategically we would like to achieve a position where the current assets exceed the current liabilities. This should result in the debts been settled quicker. The Group has therefore set to achieve operating surplus during the next few years in order to achieve the net current assets position.

The Group has identified a number of revenue opportunities that it is now pursuing vigorously. This is in addition to the continued implementation of its financial recovery plan which has achieved a fair amount of success so far. We are thus in negotiations with a number of potential sponsors and we seem to be making gradual progress which should result in some sponsorship agreements being concluded. With the recent appointment of the Chief Operating Officer, the Chief Executive Officer will now, amongst others, strategically focus on creating partnership with potential sponsors and strengthening existing relationships.

During the financial year under review, the Association concluded a significant broadcast rights deal with the South African Broadcasting Corporation ("SABC"). The financial elements of this agreement are a huge improvement on the previous contracts with the SABC. After the close of the current financial period, the Association managed to extend its partnership with Grand Parade Investments ("GPI") to 2020. This clearly shows the success that was realised during the past sponsorship period.

The Group has long-term sponsorship contracts with most of its sponsors and this assures it of future revenue inflows. These sponsorships are expected to continue in view of the long-term nature and the mutual relationships that are long standing.

The Association is finalising its preparations to implement the merchandising and licensing programme. FIFA has a funding programme known as "FIFA Win-Win" and this programme seeks to provide seed capital to member associations for revenue generating projects. This will therefore an enormous boost to kick start our licensing and merchandising programme which will result in additional, unencumbered and diversified revenue stream. This is very important for the long term financial stability and sustainability of the Group.

The Association has embarked on a SAFA Digital project which includes the creation of database for all our players and teams, the competition system and other modules. The SAFA Digital project is also a commercial project that will generate huge revenues for the Group. We estimate that this project has a payback period of 3 years. We are also in discussion with a few possible funders and if we are successful, this will reduce the payback period quite significantly. This is will also result in additional, unencumbered and diversified revenue streams for the Group.

South African Football Association

Notes to the financial statements for the year ended 30 June 2015 (continued)

24. Going concern (continued)

The 2010 FIFA World Cup Legacy Trust ("the Trust") continues to support our development activities. We have successfully applied for regular funding since 2013 and we expect this funding to continue in the future. This means that the Association's development programmes will continue unhampered by possible financial constraints. Therefore management's efforts can be channelled towards generating funds for other programmes and improving the current assets position of the Group.

The Association has recently acquired the property known as Fun Valley Resorts for its National Technical Centre. This acquisition includes the land, property and business. The acquisition will make a significant contribution to the future financial position of the Group. Most of our local accommodation requirements will be catered for on this property, so this will save us huge amounts of accommodation costs that we have been incurring annually. The Fun Valley business, which we acquired as a going concern, has been quite profitable and we will ensure that it continues to generate surpluses that will help to build the Group's reserves. The planned construction of a SAFA National Technical Centre will result in a boosting of our asset base and significant cost savings (venue and training fields hire, travelling costs, etc) and additional revenue from hiring of facilities by other entities.

The Group continues to vigorously manage its costs by being innovative in the way that we carry our activities. Fiscal discipline is being practised across the full organisation's spectrum. This is strengthened by, among other tools, operating with an approved budgets, enforcement of procurement policies and regular financial reporting. We are also creating value within the supply chain by working closely with our suppliers.

The Association has also successfully managed to restructure some of its debts by negotiating favourable repayment periods. This was achieved through the healthy partnerships that we have with our service providers.

The National Executive Committee ("NEC") is therefore confident that the Group is a going concern.

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