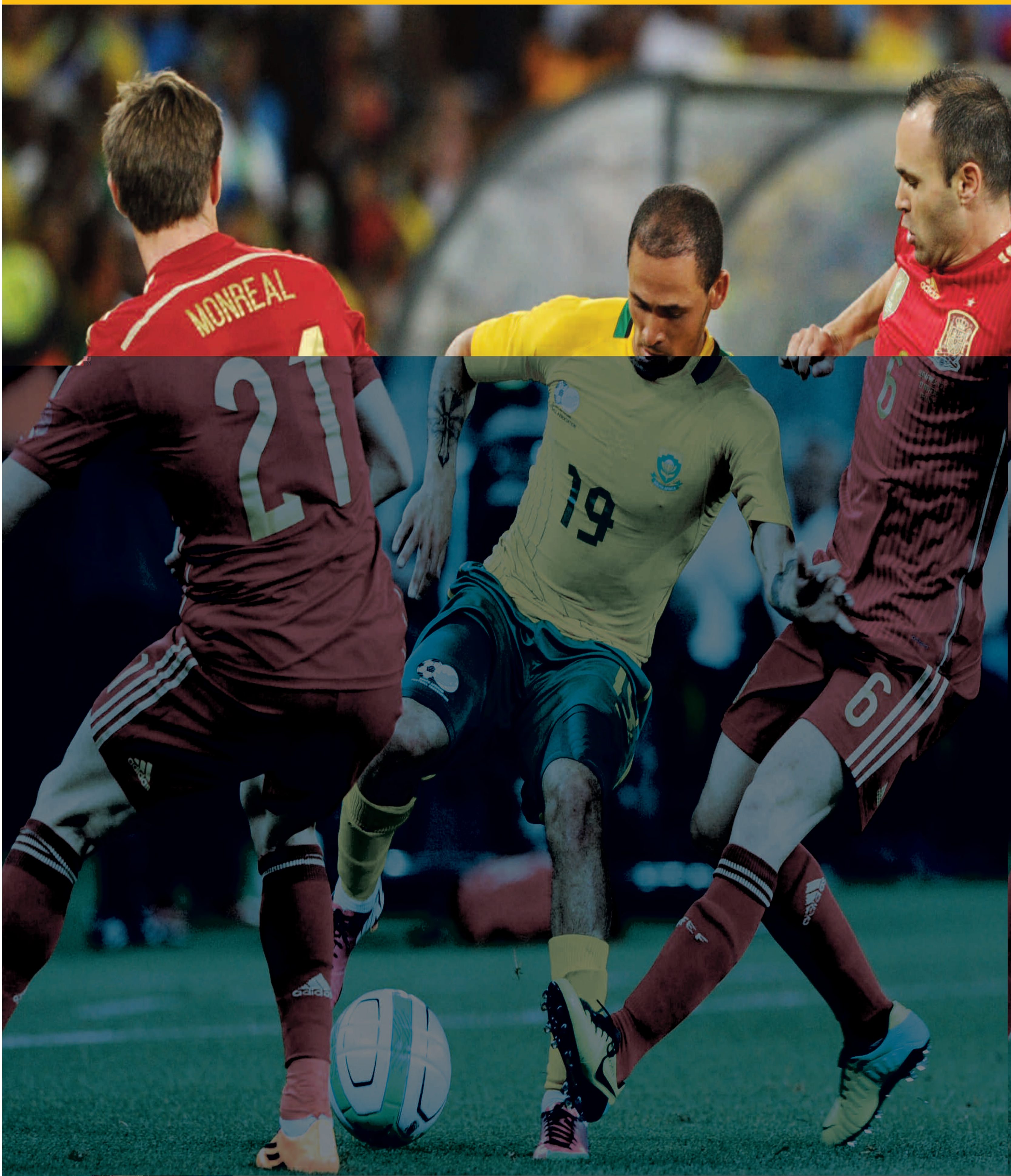
South African Football Association

ANNUAL FINANCIAL REPORT incorporating GROUP ANNUAL FINANCIAL STATEMENTS and ASSOCIATION ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2014

SOUTH AFRICAN
FOOTBALL ASSOCIATION


MONREAL

South African Football Association

Annual Financial Report for the year ended 30 June 2014

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Mr Thamsanqa Gay Mokoena

Chairman:
Finance and Procurement Committee

It is a great pleasure to report that, since the National Executive Committee (NEC) took office in September 2013, the Turnaround Strategy approved by the last Congress has assisted the Association to turn the loss into a surplus this year.

We have achieved a surplus of R12 million and this surplus improves our reserves to R8 million. Through the Turnaround Strategy, we undertook a number of measures to improve the financial performance of the Association. Among others, we undertook:

- To match expenses with secured revenue. More importantly, we improved our revenue through revised and/or new broadcast rights.
- To drive efficiencies by reviewing all the elements of our cost drivers. Through this exercise, we, among others, disposed of redundant assets.
- To restructure and align the organisation to be in line with affordable resources.

The efforts of the NEC, Management, the EY Financial Platform and Staff have all contributed significantly to the positive results. For example, the NEC restructured its committees and its workings. This step alone has contributed just over R4 million in savings. The restructuring exercise brought about a direct cost saving of R11 million. The financial performance of AFCON 2013 LOC has also contributed positively to the Group's results.

It is however too early to celebrate. There is still a lot to be done in order to maintain the sustainability of the Association. For instance, we need to achieve an operational surplus and improve the current ratio. For this reason, the NEC has adopted a Financial Growth Strategy that will be implemented in the next budget cycle. Through the Growth Strategy, we plan:

- To prioritize the identification of new and the broadening of existing streams of revenue.
- To maintain the cost curtailment measures.
- And to intensify the staff training and development so that our personnel can provide a world-class service.

The Growth Strategy will assist us to improve our financial position even further so that we could increase the resources we contribute to football development in our country.

I wish to thank my colleagues in the Finance and Procurement Committee for the hard work during the past year. We should also commend the Commercial Committee for its sterling work. Our work would have been much harder without the support and the guidance of the Presidency and the NEC. We express our gratitude to all.

Mr Desmond Golding

Chairman: Audit and Risk Committee

I am grateful for this opportunity to present the report of the Audit and Risk Committee to the members of the South African Football Association at the 2014 Annual Congress. This report is presented on the back of improved financial results of the Association and the Group. The Audit and Risk Committee has noticed and acknowledged that the implementation of the Financial Turnaround Strategy that was presented last year is bearing fruit. I urge the Association to continue with the implementation of this plan and also to put more effort in those areas where there is still room for improvement.

The Audit and Risk Committee is responsible, among other things, for ensuring the completeness and reliability of the financial accounting and reviewing the external auditor's report. The committee also provides an independent forum through which the independent auditor's report to the National Executive Committee is reviewed. The Committee is also responsible for risk management.

I am therefore reporting to you that we are satisfied with the completeness and reliability of the 2014 Group Annual Financial Statements and duly recommended that the National Executive Committee approves them. We also received the report of our auditor, KPMG Inc., and we accepted it. Risk Management is a continuing process and we continue to provide guidance to management in this area.

We are also delighted that the Association is finalising its comprehensive long term strategy which is dubbed Vision 2022 and is supported by the Association's National Development Plan which is also known as the Technical Master Plan. The Audit and Risk Committee will assist with the monitoring of the implementation of these key strategic documents including the Financial Growth Strategy. The successful implementation of the plans will secure long term financial sustainability, strong delivery of our programmes and stellar performances by our teams.

Lastly I would like to thank my colleagues on the Audit and Risk Committee for their unwavering support during the 2014 financial year. I would also like to thank management, the President and the members of the National Executive Committee for allowing us to perform our professional duties unhindered. I will wish you more success for the future.

Mr Dennis A Mumble

Chief Executive Officer

The Period under review covers July 2013 to June 2014

After a very difficult 2012 – 2013 financial year, the Association set out to change the manner in which it constructed its budgets, looking at ways to get better value for the money that it spent and to accelerate its search for new funds to support the revitalisation of the Association's development programmes.

Starting in July 2013, the Association adopted a new approach to ensure financial stability balancing spending to match secured revenue only. This meant that activities without funding were not approved. In addition, we adopted a zero-based budgeting approach, meaning that all departments in the administration had to justify their budgets from scratch as opposed to relying on receiving an increment on the previous year's budget. Therefore, no programmes were sacrosanct and came under complete review to ensure that old negative patterns of spending were not repeated.

Additionally, the Association adopted a series of cost reduction initiatives as part of its new budgeting principles. A series of spending cuts, optimisation of our procurement processes to ensure that we purchase wisely and utilising new technologies to manage processes at lower cost was a key focus area. We also engaged in a constant review of all major cost drivers to avoid wasteful spending and striving for cost efficiency.

The election of the new National Executive Committee (NEC), headed by the President, Dr Danny Jordaan, immediately presented several opportunities to increase corporate support for the Association.

As we closed out the year, the Association signed the largest ever broadcast sponsorship agreement in its history. The new deal will see all of the Association's national teams and other development programmes receive regular television exposure, leading to more commercial opportunities.

Central to our new growth strategy, we will continue to find ways to improve the commercial landscape for South African football by creating new products to take to market over the next financial year and expand native revenue streams as part of the long-term plan to reduce our reliance on sponsorships. We will look at new ways to generate more revenue from merchandising and licensing and other commercial ventures such as strategic investments to yield better income for our development programmes.

We are in the process of revaluing and repackaging all commercial rights. Whilst we have definitely made great strides in improving the Association's financial position, we still believe that there is much more room for improvement and will continue to improve in the area of financial management and control.

We are therefore proud to present the financial results of the Association for the 2013 – 2014 financial year and look forward to working with all our partners over the next year to strengthen the Association's balance sheet even further.

Mr Gronie Hluyo

Chief Financial Officer

I am proud to comment on this set of annual financial statements which shows a significant improvement from the previous two financial periods. We are reporting a surplus of R9.8 million for the Association (Group: R12.1 million surplus). This was a commendable turnaround of the Association's finances, especially in view of the financial results that we reported in the previous two financial years. We reported losses of R56.5 million and R46.5 million for the 2012 and 2013 financial years respectively.

The financial turnaround strategy that was approved by the members at the 2013 Annual Congress is bearing some positive results. We will continue implementing this strategy, which is now dubbed the Financial Growth Strategy, and we plan to sustain the elements that have been successful. We are also making concerted efforts in realising some elements where there is room for improvement. The remarkable financial performance by the 2013 AFCON Organising Committee NPC contributed positively to both the Association and the Group's sterling results.

The cost management programme contributed significantly in achieving these positive results. This programme is underpinned by an effective budgeting process, procurement policies and regular financial reporting. The 2013–14 budgets were tailored to secured revenue only. This eliminated the pitfalls associated with unrealised revenue plans. The strict compliance with the Association's Procurement Policies also ensured that we source at the lowest possible costs. The monthly reporting comparing actual results against budgets assist us in keeping sight of our planned targets. It is also comforting that we have managed to reduce costs in a number of areas without affecting the quality of our outputs.

Our balance sheet has strengthened compared to the prior period's sheet. We have commenced rebuilding our reserves after reporting an accumulated deficit last year. We continued with the process of restructuring our balance sheet with the main focus being on disposing of idle assets. We are aware that our current liabilities exceed our current assets and we have plans in place to remedy this position. We are confident that within the next four years we will be reporting a net current asset position on our balance sheet.

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 that they exercised during this financial period. The expertise and experience of the members of these committees was very valuable and I am looking forward to benefitting from them in the ensuing financial year.

Mr Jaco van der Walt

EY Financial Platform Leader

Building a better working world

Sometimes, it's just a simple game. But football is much more than that.

It's full of life lessons. It teaches you about failure and disappointment when losing, but also about the excitement and thrill of winning. It's about maturity, teamwork, humility and selflessness. And nowhere is that more evident than at the South African Football Association.

It is pleasing to witness the fruits of the efforts to improve the financial operations of the South African Football Association, in this the second year of the three year appointment of the Financial Platform. The introduction of the Financial Platform, based on the format used during the 2010 FIFA World Cup™, by SAFA in July 2012, assisted the National Executive Committee to implement its reorganisation plan.

The positive financial result for the year ended 30 June 2014 hopefully signals that the difficult times experienced over the last few years are coming to an end, and will assist the organisation to deliver on its important mandate.

Although the financial result signals a turnaround, a lot of work is still required to build reserves in the organisation to ensure it has a solid foundation to support the beautiful game for all our national teams. Reserves are vital to achieve the objective to restructure the balance sheet. Such a solid foundation will ensure the Association continues to attract the attention of sponsors and broadcasters, but more importantly, the support of the fans. The Association has valuable physical and intangible assets, but cash flows remain under pressure in developmental organisations, so thanks need to be given to the many suppliers for their continued understanding and patience.

Nobody can hide on a football field: all your strengths, fears, and weakness are on the field of battle for everyone to see. The same applies to the finances of the Association. Hopefully the transparency brought by the Financial Platform contributes to building a better entity, an entity that knows where it stands.

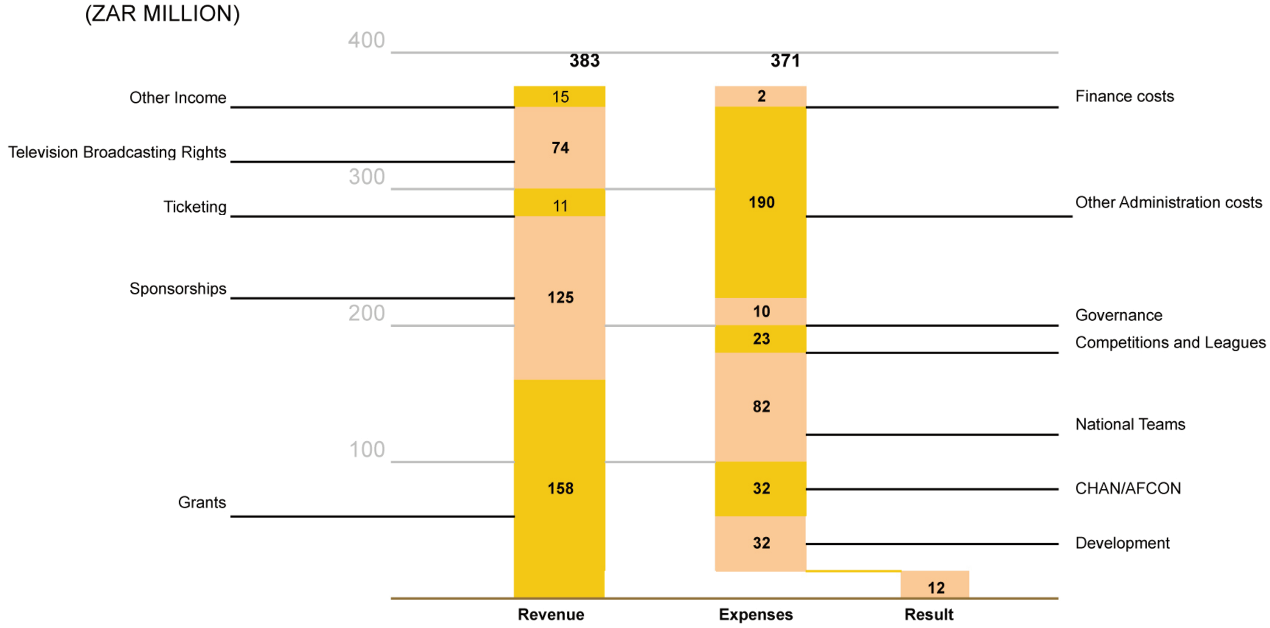
My thanks also go to the leadership of the National Executive Committee for their guidance, the various committees we interact with, management, and of course the dedicated members of our Financial Platform team.

As an official supplier sponsor of the Association we would like to express our best wishes on the implementation of the long term strategy and the national development plan, under the leadership of President Danny Jordaan.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2014
(ZAR MILLION)

Assets	156	Liabilities and reserves	156
Current assets	69	Current Liabilities	135
Non-current assets	87	Non Current Liabilities	13
		Reserves	8

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2014
(ZAR MILLION)



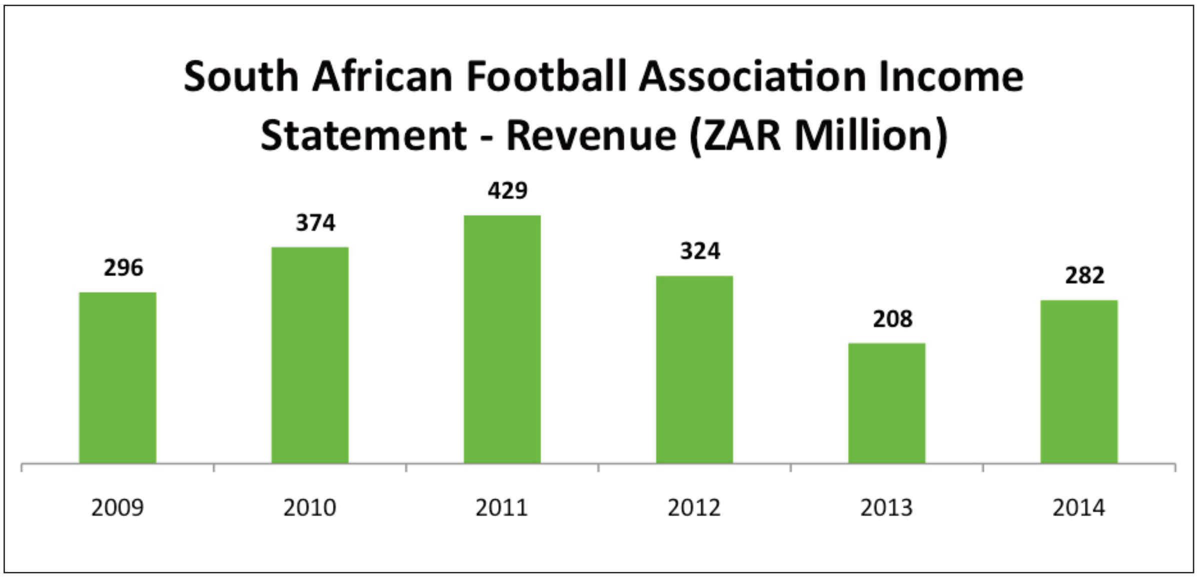
SOUTH AFRICAN FOOTBALL ASSOCIATION

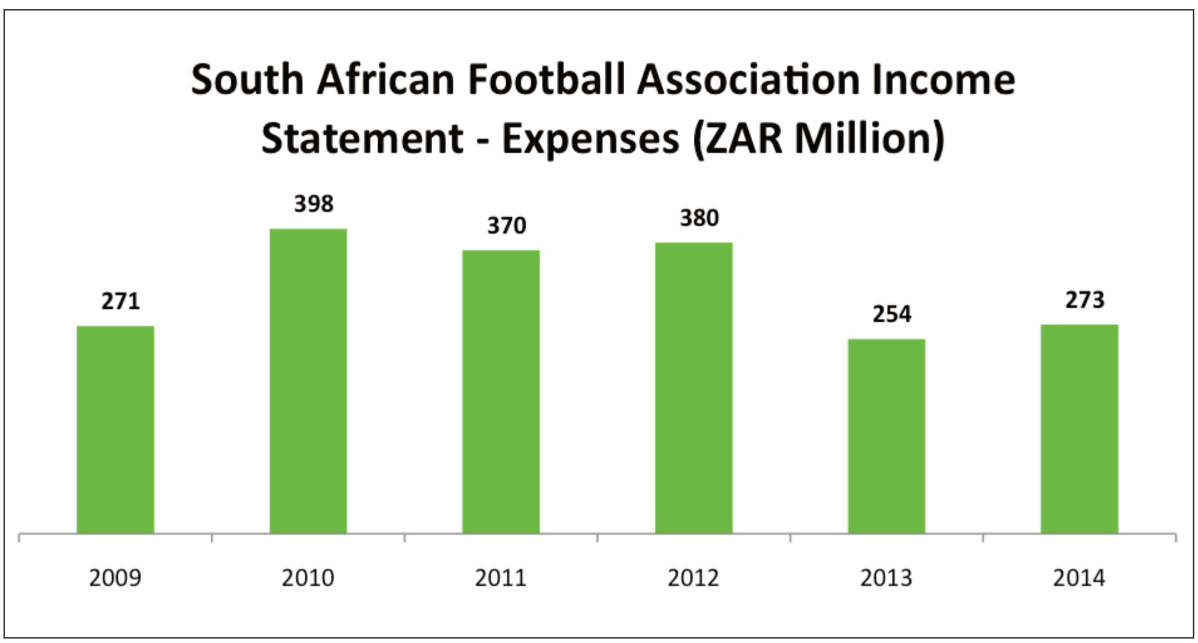
BALANCE SHEET AS AT 30 JUNE 2014
(ZAR MILLION)

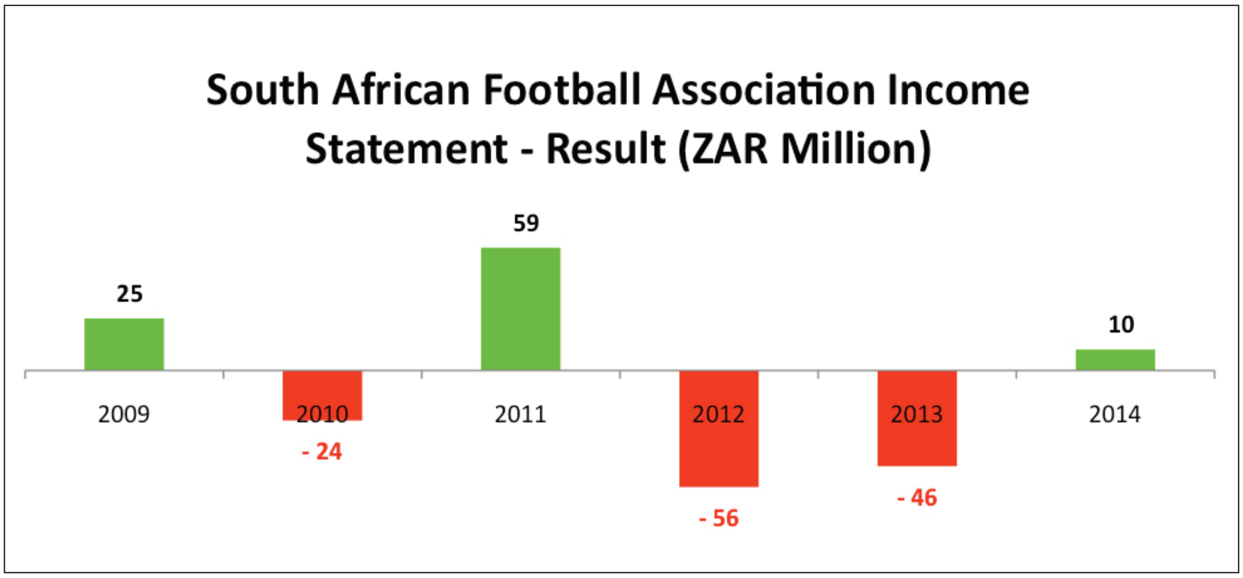
Assets	**136**	**Liabilities and reserves**	**136**
Current assets	49	Current Liabilities	117
Non-current assets	87	Non Current Liabilities	13
		Reserves	6

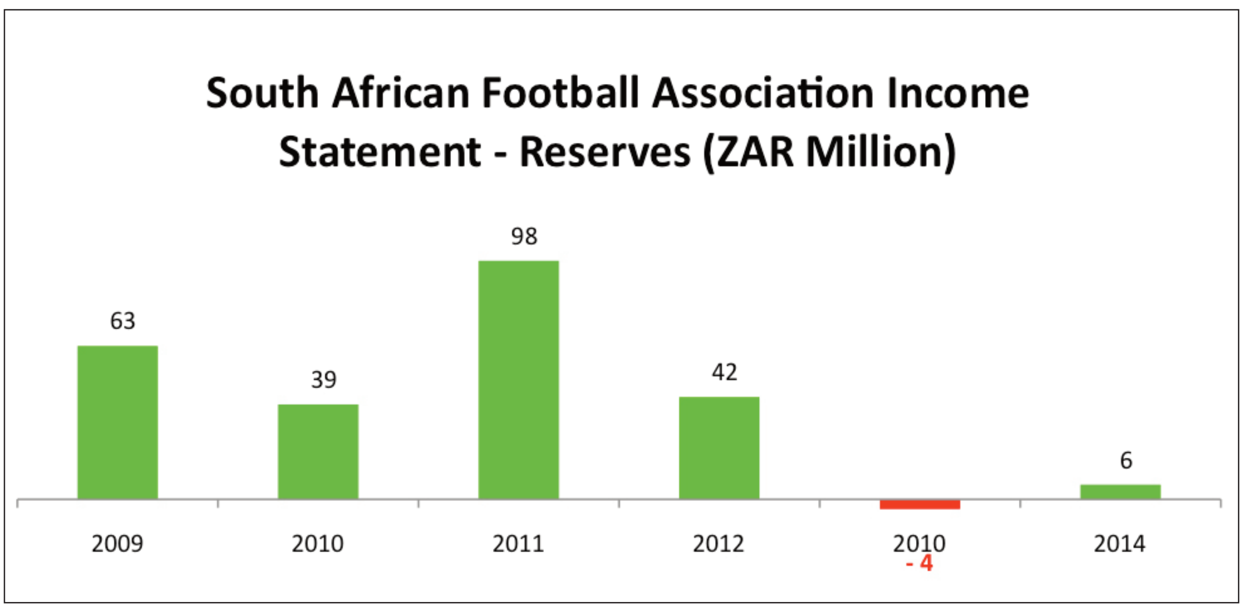
SOUTH AFRICAN FOOTBALL ASSOCIATION

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2014
(ZAR MILLION)

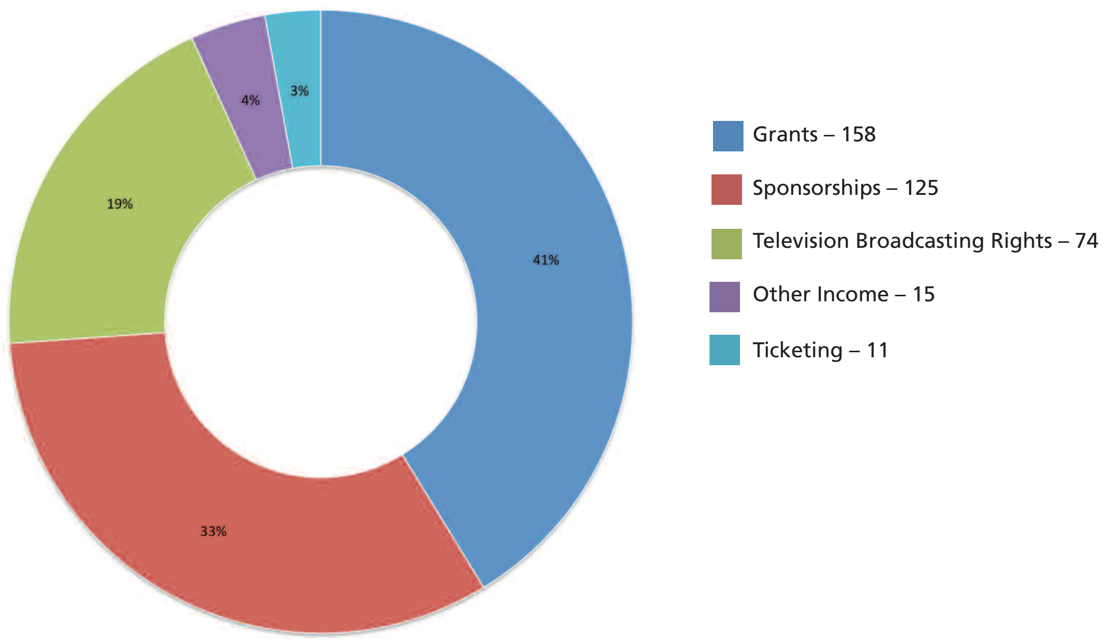

South African Football Association Income Statement - Revenue (ZAR Million)
296
374
429
324
208
282
2009
2010
2011
2012
2013
2014


South African Football Association Income Statement - Expenses (ZAR Million)
271
398
370
380
254
273
2009
2010
2011
2012
2013
2014

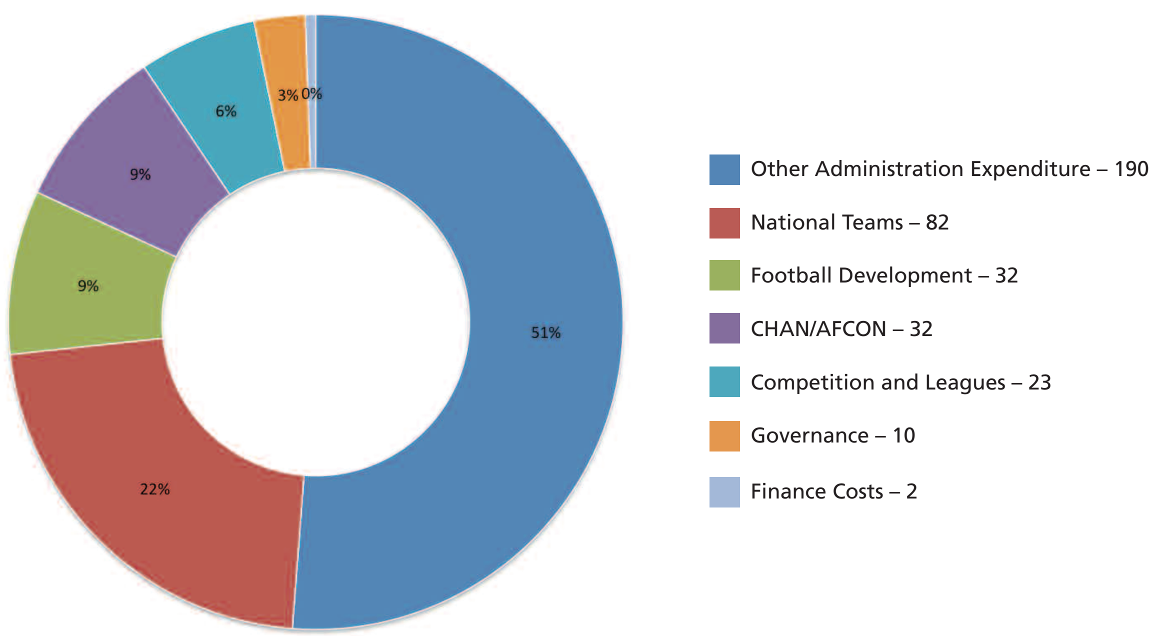

South African Football Association Income Statement - Result (ZAR Million)
25
- 24
59
- 56
- 46
10
2009
2010
2011
2012
2013
2014


South African Football Association Income Statement - Reserves (ZAR Million)
63
39
98
42
- 4
6
2009
2010
2011
2012
2010
2014

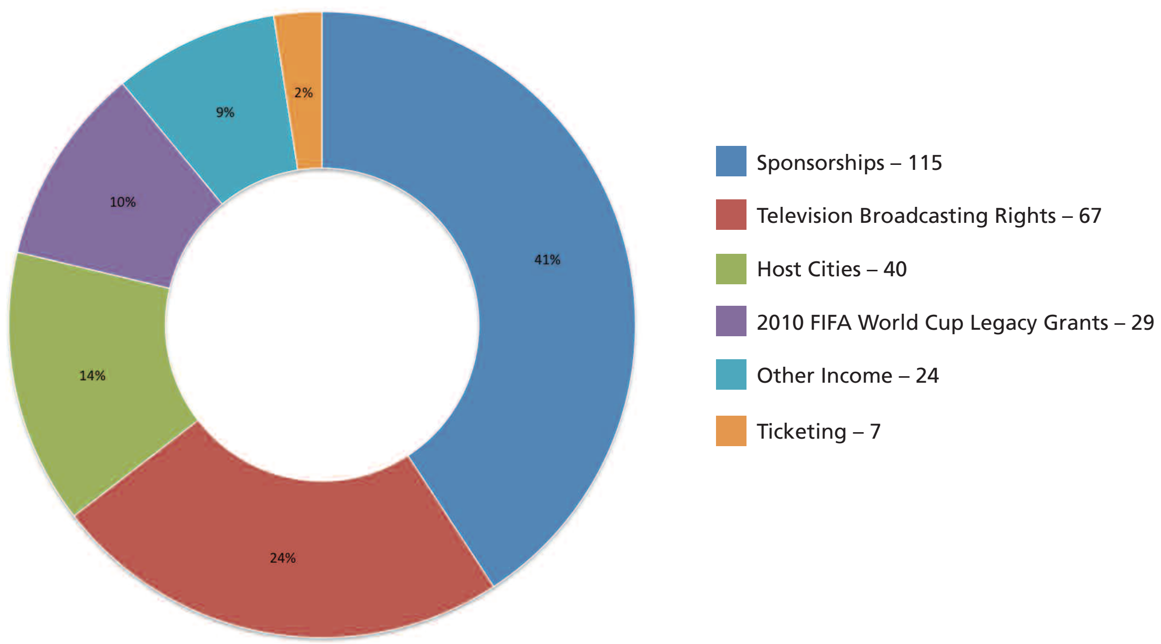
Group Revenue 2014 (ZAR Million)



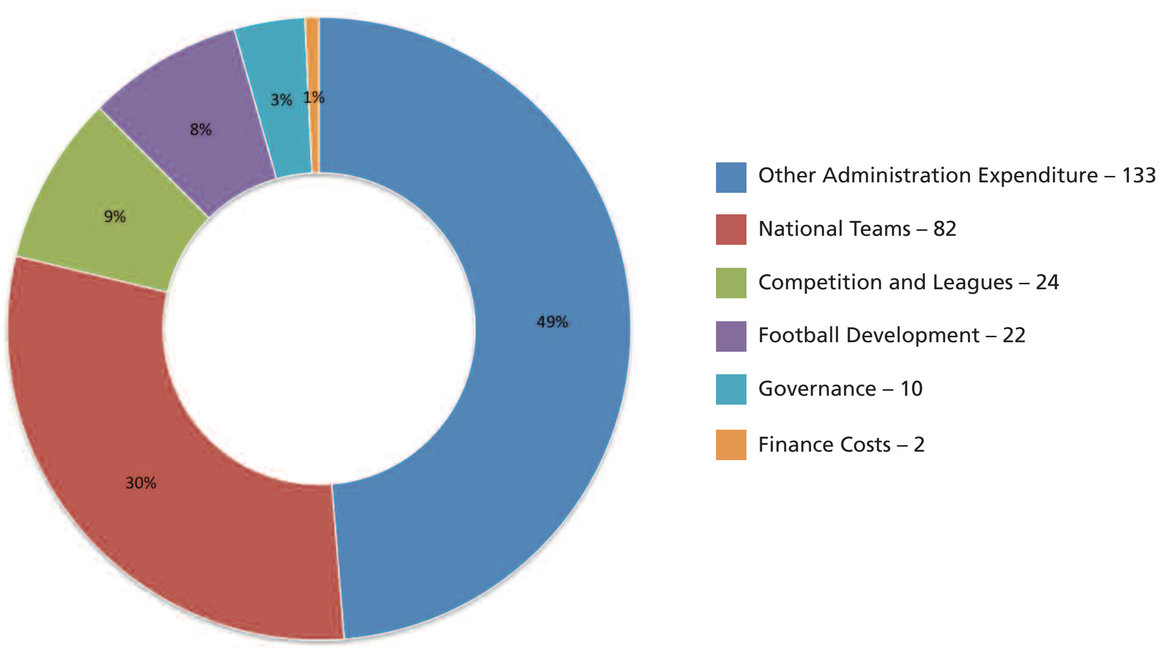
Group Expenses 2014 (ZAR Million)



South African Football Association Revenue 2014 (ZAR Million)



South African Football Association Expenses 2014 (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 annual financial statements and annual financial statements of South African Football Association, comprising the statements of financial position at 30 June 2014, 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, and the National Executive Committee report, in accordance with International Financial Reporting Standards.

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 annual financial statements and annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the group annual financial statements and annual financial statements

The group annual financial statements and annual financial statements of South African Football Association for the year ended 30 June 2014 set out on pages 21 to 51 were approved by the National Executive Committee on 24 August 2014 and are signed by:

Dr Danny Jordaan
President

Mr Dennis Mumble
Chief Executive Officer

National Executive Committee's statement on corporate governance

for the year ended 30 June 2014

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 annual financial statements and annual financial statements

The members of the National Executive Committee are responsible for preparing the group annual financial statements and annual 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 annual financial statements and annual financial statements are set out in note 2 to the annual 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

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

Telephone +27 (0)11 647 7111
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 2014, 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, and report of the National Executive Committee, as set out on pages 21 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 2014, 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
24 August 2014

Composition of the National Executive Committee

for the year ended 30 June 2014

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

President

Danny Jordaan

Vice Presidents

Elvis Shishana
Irvin Khoza
Lucas Nhlapo
Mwelo Nonkonyana

Members

Abel Rakoma	
Anastasia Tsichlas	(elected 28 September 2013)
Anthony Reeves	
Aubrey Baartman	
David Bantu	(elected 28 September 2013)
David Zulu	
Dennis Mumble	(Chief Executive Officer)
Gay Mokoena	(elected 28 September 2013)
Gerald Don	
Gladwyn White	(elected 28 September 2013)
Jack Maluleka	(elected 28 September 2013)
Kaizer Motaung	
Kwenzakwakhe Ngwenya	(elected 28 September 2013)
Letima Mogorosi	(elected 28 September 2013)
Mato Madlala	
Mlungisi Bushwana	(elected 28 September 2013)
Monde Montshiwa	(elected 28 September 2013)
Mzimkhulu Fina	(elected 28 September 2013)
Mzimkhulu Ndlelo	
Mzwandile Maforvane	
Nomsa Mahlangu	
Norman Arendse	(elected 28 September 2013)
Paseka Nkone	
Peter Manchonyane	(elected 28 September 2013)
Poobalan Govindasamy	
Ria Ledwaba	(elected 28 September 2013)
Simphiwe Xaba	(elected 28 September 2013)
Stanley Matthews	
Truman Prince	
Velaphi Kubeka	
William Mooka	(elected 28 September 2013)
Xolile Nkompela	(elected 28 September 2013)

South African Football Association

Composition of the National Executive Committee

for the year ended 30 June 2014 (continued)

Honorary Presidents

Lesole Gadinabokao
Molefi Oliphant

Honorary Member

Leepile Taunyane (deceased 30 October 2013)

The above members, save for the position of the Chief Executive Officer and National Soccer League representatives, and where indicated otherwise were elected onto the National Executive Committee on 28 September 2013. In terms of paragraph 13.23 of the Association's constitution, these members will hold office for a period of four years.

Furthermore, the following members were not re-elected during the elections held on 28 September 2013:

Alpha Mchunu
Andile Ndengezi
Eric Mtshatsha
Fanyana Sibanyoni
Henry Mosese
Jan Koopman
Jeremiah Mdlalose
Khorommbi Nemavhola
Kirsten Nematandani
Lefore Lerefolo
Mandla Mazibuko
Morris Tshabalala
Samuel Masitenyane
Theodore Khupe
Vincent Tseka
Xolani Mtumtum

Report of the National Executive Committee

for the year ended 30 June 2014

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 incurred a surplus of R12.1 million (2013: R46.5 million loss) and the Association incurred a surplus of R9.8 million (2013: R46.5 million loss).

The Group has successfully managed to achieve a surplus despite some very tough global economic conditions. The achievement of this set of good results is a clear indication that the Group's financial turnaround strategy, as presented last year, is bearing some positive results. The austerity measures aimed at reducing costs have resulted in the Group reducing its costs to well below budget without affecting the implementation or quality of our activities. The financial performance by our subsidiary, Africa Cup of Nations 2013 Local Organising Committee South Africa NPC, was excellent and it contributed positively to the Group's positive financial results. The future expected revenue streams as noted below, are likely to improve the Group's results in the ensuing years.

Going concern

The Group incurred a surplus of R12.1 million for the year ended 30 June 2014 and, as of that date, the Association's current liabilities exceeded its current assets by R68.1 million. The Group will continue implementing its financial recovery plan which has already bore some positive results in the last 12 months.

During he current financial period, a number of key sponsorship deals were concluded. These include the following sponsorship contracts:

- Nike – Technical Sponsor
- Motsepe Foundation – ABC Motsepe League
- Siyaya TV – Broadcast Partner
- Grand Parade Investments – Under 17 and 19 Inter-Provincial tournaments
- Avis – Motor Vehicle Sponsor
- EY – Financial Platform

Most of these sponsorship contracts were finalised during the second half of the financial period, therefore we did not realise the full 12 month benefits. The annual contracts' revenue was apportioned according to the contracts' commencement date. The Group will therefore recognise the full annual contracts' value in the ensuing financial year.

The broadcast contract that the Association signed with Siyaya TV will bring significant financial value into the Association. The revenue for the Pay TV rights will continue to flow in the forthcoming financial year. A portion of the annual terrestrial TV rights revenue will be realised in the ensuing financial year and the full annual revenue will be realised in the year after.

The Group continues to vigorously manage its costs by being innovative in the way that it carries its 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.

We still have available a number of commercial rights to our national teams, leagues and referees and we are putting

South African Football Association

Report of the National Executive Committee

for the year ended 30 June 2014 (continued)

Going concern *(continued)*

in every effort to sell these. We are also establishing new revenue streams and part of these benefits will be enjoyed in the ensuing financial year. 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 2010 FIFA World Cup Legacy Trust ("the Trust") continues to support our development activities. Its Board of Trustees recently approved a significant amount to support the Association's development programmes. The bulk of this cash will flow in the ensuing financial year.

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 R39.8 million, however the Association 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.

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 has already disposed of 60% of its allocated Netcare shares for cash. During the current financial year, the Association converted an additional 20% trust units into Netcare shares. The Association has taken a decision to convert the remaining trust units into Netcare shares when the units vest in October 2014. The view is that the Association must keep this strategic investment for future benefits. Management is also engaging with Netcare in a bid to maximise mutual benefits from this strategic partnership.

Group Annual Financial Statements

The following operating subsidiaries have been consolidated:

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 ("AFCON") tournament in South Africa in 2013 and the African Nations Championship in 2014 ("CHAN"). The Association was granted the rights by Confederation 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.

Report of the National Executive Committee

for the year ended 30 June 2014 (continued)

Group Annual Financial Statements *(continued)*

The South African Football Association Development Agency

Nature of activities and consolidation
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

Nature of activities and consolidation
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.

SA Commercial Holdings (Pty) Ltd

Nature of activities and consolidation
The SA Commercial Holdings (Pty) Ltd is an entity that was set up by the Association for commercial ventures and sponsorship income. The Association has a 100% (one hundred per cent) shareholding in SA Commercial Holdings (Pty) Ltd and therefore needs to be consolidated. However there has been no trading activity in this entity and therefore has not been consolidated.

Taxation matters

Tax status

On the 3rd 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. This approval means that more funds will now be available for the development of football which is in line with the key objectives of the Association.

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 2014 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 constitution on the 1 October 2011.

South African Football Association

Statements of comprehensive income *for the year ended 30 June 2014*

	Note	Group 2014 R	Group 2013 R	Association 2014 R	Association 2013 R
Revenue					
Ticketing revenue		**10 791 439**	48 042 176	**6 689 569**	1 064 972
Government grants		**45 000 000**	102 474 000	–	–
Confederation Africaine de Football ("CAF") grants		**21 103 007**	54 000 000	**–**	–
Television broadcasting rights		**74 177 775**	108 822 642	**67 241 393**	50 221 173
Other grants		**21 676 771**	15 126 512	**–**	–
Host Cities' income		**40 162 837**	11 191 638	**40 162 837**	11 191 638
Sponsorship income		**124 673 083**	125 139 010	**114 821 318**	125 139 010
Rental income		**314 051**	198 021	**314 051**	198 021
2010 FIFA World Cup Legacy Trust – grants		**29 098 862**	3 427 600	**29 098 862**	3 427 600
		366 997 825	468 421 599	**258 328 030**	191 242 414
Expenses		**(368 821 555)**	(526 667 415)	**(271 157 403)**	(246 399 661)
Direct ticketing cost		**–**	(20 319 702)	**–**	–
CHAN/AFCON Tournament expenses		**(31 835 441)**	(212 843 995)	**–**	–
– gross expenses		**(36 413 057)**	(232 487 273)	**–**	–
– less: recoveries from Host Cities		**4 577 616**	19 643 278	**–**	–
National team costs		**(82 118 477)**	(64 211 562)	**(82 118 477)**	(64 211 562)
Gross expenses		**(82 118 477)**	(70 266 306)	**(82 118 477)**	(70 266 306)
Less: value in kind received from Host Cities		**–**	6 054 744	**–**	6 054 744
Competition and leagues costs		**(23 428 013)**	(16 009 687)	**(23 428 013)**	(16 009 687)
Football development costs		**(31 562 281)**	(22 680 828)	**(22 236 285)**	(22 680 828)
Governance costs		**(10 346 656)**	(14 129 249)	**(10 346 656)**	(14 129 249)
Other administration costs		**(189 530 687)**	(176 472 392)	**(133 027 972)**	(129 368 335)
Loss from operations	3	**(1 823 730)**	(58 245 816)	**(12 829 373)**	(55 157 247)
Increase in fair value of financial asset		**6 082 210**	6 942 719	**6 082 210**	6 942 719
Loss on sale of financial asset		**–**	(2 702 390)	**–**	(2 702 390)
Profit on sale of assets classified as held for sale		**5 140 725**	–	**5 140 725**	–
Decrease/(increase) in provision for losses in subsidiary				**9 150 355**	(3 215 246)
Other income		**4 275 646**	6 210 388	**3 878 952**	5 827 259
Finance costs	4	**(1 821 320)**	(2 878 743)	**(1 771 115)**	(2 331 448)
Finance income	4	**249 298**	1 713 327	**178 324**	1 675 838
Profit/(loss) before taxation		**12 102 929**	(48 960 515)	**9 830 078**	(48 960 515)
Taxation	5	**–**	2 460 993	**–**	2 460 993
Profit/(loss) for the year		**12 102 929**	(46 499 522)	**9 830 078**	(46 499 522)
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income		**12 102 929**	(46 499 522)	**9 830 078**	(46 499 522)

Statements of financial position *at 30 June 2014*

		Group		Association	
	Note	**2014**	2013	**2014**	2013
		R	R	**R**	R
Assets					
Non-current assets					
Property, plant and equipment	*6*	**57 103 315**	76 892 719	**57 103 315**	76 892 719
Financial asset	*7*	**25 432 210**	19 350 000	**25 432 210**	19 350 000
Intangible asset	*8*	**5 000 000**	5 000 000	**5 000 000**	5 000 000
Investment in subsidiaries	*9*			**1**	101
Total non-current assets		**87 535 525**	101 242 719	**87 535 526**	101 242 820
Current assets					
Trade and other receivables	*10*	**40 931 511**	61 205 007	**24 692 306**	25 886 419
Bank balances and cash		**24 481 363**	19 938 050	**20 903 946**	17 990 456
Assets classified as held for sale	*11*	**3 293 216**	4 866 070	**3 293 216**	4 866 070
Total current assets		**68 706 090**	86 009 127	**48 889 468**	48 742 945
Total assets		**156 241 615**	187 251 846	**136 424 994**	149 985 765
Reserves					
Retained income/(accumulated deficit)		**7 897 394**	(4 205 535)	**5 624 543**	(4 205 535)
Liabilities					
Non-current liabilities					
Long-term loans	*12*	**13 770 259**	8 073 300	**13 770 259**	8 073 300
Total non-current liabilities		**13 770 259**	8 073 300	**13 770 259**	8 073 300
Current liabilities					
Trade and other payables	*13*	**81 431 467**	117 352 231	**66 752 874**	80 086 150
Short-term loans	*12*	**9 186 208**	23 732 822	**9 186 208**	23 732 822
Income received in advance	*14*	**43 956 287**	42 299 028	**41 091 110**	42 299 028
Total current liabilities		**134 573 962**	183 384 081	**117 030 192**	146 118 000
Total reserves and liabilities		**156 241 615**	187 251 846	136 424 994	149 985 765

South African Football Association

Statements of changes in equity *for the year ended 30 June 2014*

	Total Retained income (accumulated deficit) R
Group	
Balance at 30 June 2012	42 293 987
Loss for the year	(46 499 522)
Other comprehensive income	–
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**
Association	
Balance at 30 June 2012	42 293 987
Loss for the year	(46 499 522)
Other comprehensive income	–
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**

Statements of cash flows *for the year ended 30 June 2014*

	Note	Group 2014 R	Group 2013 R	Association 2014 R	Association 2013 R
Operating activities:					
Cash generated from/(utilised in) operations	*15*	**4 175 039**	(50 194 481)	**2 565 985**	(49 649 601)
Finance income		**249 298**	1 713 327	**178 324**	1 675 838
Finance costs (excluding foreign exchange losses)		**(1 821 320)**	(3 502 556)	**(1 771 115)**	(2 505 261)
Taxation paid	*16*	**–**	9 384 061	**–**	9 384 061
Net cash generated from/ (utilised in) operating activities		**2 603 017**	(42 599 649)	**973 194**	(41 094 963)
Investing activities:					
Additions to property, plant and equipment	*17*	**(688 916)**	(292 809)	**(688 916)**	(292 809)
Proceeds from disposal of property, plant and equipment and non-current assets held for sale	*18*	**11 478 867**	18 547 430	**11 478 867**	18 547 430
Proceeds from disposal of financial asset		**–**	16 640 329	**–**	16 640 329
Net cash generated by investing activities		**10 789 951**	34 894 950	**10 789 951**	34 894 950
Financing activities:					
Increase in long-term liabilities		**5 696 959**	3 227 291	**5 696 959**	3 227 291
(Decrease)/increase in current portion of long-term liabilities		**(14 546 614)**	21 501 689	**(14 546 614)**	21 501 689
Net inflow (outflow) / inflow from financing activities		**(8 849 655)**	24 728 980	**(8 849 655)**	24 728 980
Net increase in cash and cash equivalents		**4 543 313**	17 024 281	**2 913 490**	18 528 967
Cash and cash equivalents at beginning of the year		**19 938 050**	2 913 769	**17 990 456**	(538 511)
Cash and cash equivalents at end of the year		**24 481 363**	19 938 050	**20 903 946**	17 990 456

South African Football Association

Notes to the financial statements *for the year ended 30 June 2014*

1. Reporting entity

The South African Football Association ("Association") is domiciled in South Africa. The Association and Group annual financial statements for the year ended 30 June 2014 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 annual financial statements.

The group annual financial statements and annual 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 annual financial statements and Association annual financial statements are set out below and are consistent in all material respects for the Group with those applied in the previous year, except as detailed in the adoption of new standards and interpretations paragraph below:

2.1 Adoption of new standards and interpretations

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

- IFRS 10 Consolidated Financial Statements (2011)
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)

The nature and effects of the changes are explained below.

Subsidiaries

As a result of the adoption of IFRS 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of IFRS 10 (2011), the Group reassessed the control conclusion for its investees at 1 January 2013. There were no changes to the control conclusion for the Group investees.

There has been no impact on the disclosures in these financial statements as a result of IFRS 12, as all subsidiaries are 100% owned.

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

2. **Summary of significant accounting policies** *(continued)*

2.1 Adoption of new standards and interpretations *(continued)*

Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7. As a result, the Group has included additional disclosures in this regard.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no material impact on the measurements of the Group's assets and liabilities.

Presentation of items of other comprehensive income ("OCI").

As a result of the amendments to IAS 1, the Group has modified the presentation of items of OCI in its statement of profit or loss and OCI, to present separately items that would be reclassified to profit or loss from those that would never be. Comparative information has been restated accordingly.

2.2 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 properties - SAFA House	5%
Motor vehicles	20%
Office equipment	20%

Land and buildings are stated at historical 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 2014 (continued)*

2. Summary of significant accounting policies *(continued)*

2.2 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 on a prospective basis.

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.

2.3 Intangible asset

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.

2.4 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 annual 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.

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.

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

2. Summary of significant accounting policies *(continued)*

2.6 Impairment

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets 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".

2.8 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be reliably estimated. Provisions are measured as the Group's best estimate of the expenditure required to settle the obligation at reporting date, and are discounted to present value where the effect is material.

2.9 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.

South African Football Association

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

2. Summary of significant accounting policies *(continued)*

2.9 Financial instruments *(continued)*

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.

2.10 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.

2.11 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 Confederation 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.

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

2. Summary of significant accounting policies *(continued)*

2.11 Revenue recognition (*continued)*

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 Confederation 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 Association 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.

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.

2.12 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.

2.13 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.

South African Football Association

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

2. Summary of significant accounting policies *(continued)*

2.14 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate 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.

2.15 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.

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

2. Summary of significant accounting policies *(continued)*

2.15 Employee benefits *(continued)*

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.

2.16 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 has been performed by independent valuators 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.

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.

South African Football Association

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

		Group		Association	
		2014	2013	**2014**	2013
		R	R	**R**	R
3.	**Loss from operations**				
	This is arrived at after taking the following items into account:				
	Auditors' remuneration:	**1 108 007**	1 448 908	**820 000**	795 750
	Compensation of key management personnel – short term and termination benefits	**5 259 019**	7 850 725	**5 259 019**	7 850 725
	National Executive Committee	**3 964 318**	7 915 234	**3 964 318**	7 915 234
	– Honoraria	**1 870 000**	4 620 000	**1 870 000**	4 620 000
	– Allowances	**2 094 318**	3 295 234	**2 094 318**	3 295 234
	Legal and consulting fees	**20 413 845**	18 977 595	**16 895 081**	9 278 174
	Depreciation	**15 713 032**	17 528 239	**15 713 032**	17 528 239
	– Buildings	**–**	325 864	**–**	325 864
	– Furniture and fittings	**325 563**	333 557	**325 563**	333 557
	– Leasehold property – SAFA House	**3 030 779**	3 030 779	**3 030 779**	3 030 779
	– Motor vehicles	**4 992 879**	5 294 308	**4 992 879**	5 294 308
	– Office equipment	**44 358**	55 625	**44 358**	55 625
	– Computer equipment	**700 262**	1 336 788	**700 262**	1 336 788
	– General equipment	**215 239**	262 543	**215 239**	262 543
	– Buses	**6 403 952**	6 888 775	**6 403 952**	6 888 775
	(Profit)/loss on disposal of property, plant and equipment	**(5 140 725)**	62 042	**(5 140 725)**	62 042
	Retirement benefit costs	**5 564 506**	5 351 742	**5 564 506**	5 351 742
	Other payroll costs	**85 718 734**	87 257 671	**56 617 836**	46 142 013
4.	**Finance (costs)/income**				
	Finance costs				
	Interest paid – bank and finance charges	**(161 105)**	(1 511 290)	**(110 900)**	(963 995)
	Interest on SARS liabilities	**–**	(810 552)	**–**	(810 552)
	Interest paid – suppliers	**(843 575)**	(348 522)	**(843 575)**	(348 522)
	Foreign exchange profit /(losses)	**–**	173 813	**–**	173 813
	Interest paid – 2010 FIFA World Cup Legacy Trust	**(816 640)**	(382 192)	**(816 640)**	(382 192)
		(1 821 320)	(2 878 743)	**(1 771 115)**	(2 331 448)
	Finance income				
	Interest received – bank	**249 298**	317 998	**178 324**	280 509
	Interest received – FIFA grants	**–**	423 160	**–**	423 160
	Interest received – SARS	**–**	972 169	**–**	972 169
		249 298	1 713 327	**178 324**	1 675 838

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

5. Taxation

On the 3 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") effective from 1 July 2009. 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.

No provision has been made for 2014 taxation as the Group is in an 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.

The Africa Cup of Nations 2013 Local Organising Committee South Africa NPC has also been approved by SARS as a public benefit organisation ("PBO") 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.

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

6. Property, plant and equipment

Group and Association

2014	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 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		1 534 641	12 280		688 916
Assets transferred to assets classified as held for sale									
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
Assets transferred to assets classified as held for sale									
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	66 655 914
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	198 690	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. In the opinion of the National Executive Committee, the market value of SAFA House is significantly higher than the carrying value. Motor vehicles are encumbered as disclosed in note 12 to the annual financial statements.

6. **Property, plant and equipment** *(continued)*

Group and Association *(continued)*

2013	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 2012	7 909 199	60 615 571	2 150 889	27 136 878	475 112	8 161 280	1 610 181	36 183 285	144 242 395
Additions	–	–	–	175 000	–	102 898	14 911	–	292 809
Assets transferred to assets classified as held for sale	(7 909 199)	–	–	–	–	–	–	–	(7 909 199)
Disposals	–	–	–	(910 297)	–	–	–	(806 904)	(1 717 201)
At 30 June 2013	–	60 615 571	2 150 889	26 401 581	475 112	8 264 178	1 625 092	35 376 381	134 908 804
Accumulated depreciation and impairment									
At 1 July 2012	2 717 265	14 793 645	919 499	7 885 903	309 711	6 179 190	880 918	10 552 573	44 238 704
Depreciation	325 864	3 030 779	333 557	5 294 308	55 625	1 336 788	262 543	6 888 775	17 528 239
Assets transferred to assets classified as held for sale	(3 043 129)	–	–	–	–	–	–	–	(3 043 129)
Disposals	–	–	–	(311 720)	–	–	–	(396 009)	(707 729)
At 30 June 2013	–	17 824 424	1 253 056	12 868 491	365 336	7 515 978	1 143 461	17 045 339	58 016 085
Carrying value									
At 1 July 2012	5 191 934	45 821 926	1 231 390	19 250 975	165 401	1 982 090	729 263	25 630 712	100 003 691
At 30 June 2013	–	42 791 147	897 833	13 533 090	109 776	748 200	481 631	18 331 042	76 892 719

SAFA House has been erected on land that is not owned by the Association and therefore disclosed as leasehold property. In the opinion of the National Executive Committee, the market value of SAFA House is significantly higher than the carrying value. Motor vehicles are encumbered as disclosed in note 12 to the annual financial statements.

South African Football Association

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

	Group 2014 R	Group 2013 R	Association 2014 R	Association 2013 R
7. Financial asset				
Fair value at beginning of the year	**19 350 000**	31 750 000	**19 350 000**	31 750 000
Sale of trust units and shares	**–**	(19 342 719)	**–**	(19 342 719)
Increase in fair value during the year	**6 082 210**	6 942 719	**6 082 210**	6 942 719
Fair value at end of the year	**25 432 210**	19 350 000	**25 432 210**	19 350 000
Financial assets measured at fair value comprises:				
Equity shares	**12 419 317**	–	**12 419 317**	–
Options	**13 012 893**	19 350 000	**13 012 893**	19 350 000
	25 432 210	19 350 000	**25 432 210**	19 350 000

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 800 000 trust units in October 2014. The equity shares were valued at reporting date at the market value of the shares and the trust units were valued by independent valuators based on the Monte Carlo simulation method. The vesting of these trust units are subject to certain qualifying criteria and the Association and Trustees are satisfied that the trust units will vest on due dates.

	Group 2014 R	Group 2013 R	Association 2014 R	Association 2013 R
8. Intangible asset				
Bafana 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.

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

			Association 2014 R	Association 2013 R
9. Investment in subsidiaries				
At cost				
Name of subsidiary	**Issued share capital R**	**Proportion of ownership %**		
SA Football Commercial Holdings Proprietary Limited*	**1**	**100**	**1**	**1**
SAFA Infrastructure Development Foundation^	**–**	**100**		–
SA Football Proprietary Limited	**100**	**100**	**–**	100
Africa Cup of Nations 2013 Local Organising Committee South Africa NPC ^	**–**	**100**	**–**	–
The South African Football Association Development Agency^	**–**	**100**	**–**	–
			1	101
National Executive Committee valuation			**1**	101

* Dormant, # No major financial transactions, ^ consolidated

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

	Group 2014 R	Group 2013 R	Association 2014 R	Association 2013 R
10. Trade and other receivables				
Sponsorships and related income	**15 893 460**	4 766 642	**15 893 460**	4 766 462
Confederation Africaine de Football ("CAF")	**13 839 002**	20 799 993	**–**	–
Host Cities	**–**	17 751 727	**–**	–
Value added taxation	**33 074**	4 491 670	**–**	–
Other receivables	**11 165 975**	13 394 975	**6 798 846**	13 017 929
African Cup of Nations 2013 Local Organising Committee SA NPC	**–**	–	**2 000 000**	8 102 028
	40 931 511	61 205 007	**24 692 306**	25 886 419

South African Football Association

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

10. **Trade and other receivables** *(continued)*

Trade and other receivables are shown net of a provision for doubtful debts of R6 342 268 (2013 – R18 551 584).

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 Association has not provided. There has not been significant change in credit quality and amounts are still considered recoverable. The Association does not hold any collateral over these balances.

	Group		**Association**	
	2014	2013	**2014**	2013
	R	R	**R**	R
Not past due	**4 896 499**	4 395 834	**4 896 499**	4 395 834
Past due 30 – 90 days	**7 532 131**	370 628	**7 532 131**	370 628
120 + days	**17 303 832**	38 551 720	**3 464 830**	–
	29 732 462	43 318 182	**16 163 460**	4 766 462
Movement in the provision for impairment:				
Balance at beginning of the year	**18 551 584**	2 791 537	**14 713 692**	2 791 537
Net movement in provision for impairment	**(12 209 316)**	15 760 047	**(8 576 749)**	11 922 155
	6 342 268	18 551 584	**6 136 943**	14 713 692

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

11. Assets classified as held for sale

In the current year this relates to property comprising of Erf 209 The Raphael, extension 49 Sandton and is encumbered as disclosed in note 12. The Association subsequently disposed all its rights and obligations in the sublease of Erf 209 The Raphael, extension 49 Sandton on 24 July 2014.

The prior year amounts relate to property comprising of Erf 135 Hyde Park, extension 5 Sandton and Erf 209 The Raphael, extension 49 Sandton. Erf 125 Hyde Park, extension 5 Sandton was sold in the current financial year.

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

	Group		Association	
	2014	2013	**2014**	2013
	R	R	**R**	R
12. Long-term loans				
Instalment sale agreements	**–**	1 094 350	**–**	1 094 350
Less: current portion included under current liabilities	**–**	(1 094 350)	**–**	(1 094 350)
	–	–	**–**	–
Mortgage bond – Standard Bank and Rand Merchant Bank	**1 929 350**	3 738 760	**1 929 350**	3 738 760
Less: current portion included under current liabilities	**(1 929 350)**	(3 738 760)	**(1 929 350)**	(3 738 760)
	–	–	**–**	–
Tuks Sport (Pty) Ltd	**8 027 117**	11 973 012	**8 027 117**	11 973 012
Less: current portion included under current liabilities	**(4 256 858)**	(3 899 712)	**(4 256 858)**	(3 899 712)
	3 770 259	8 073 300	**3 770 259**	8 073 300
The 2010 FIFA World Cup Legacy Trust	**13 000 000**	15 000 000	**13 000 000**	15 000 000
Less: current portion	**(3 000 000)**	(15 000 000)	**(3 000 000)**	(15 000 000)
	10 000 000	–	**10 000 000**	–
Long-term portion of long-term loans	**13 770 259**	8 073 300	**13 770 259**	8 073 300
Current portion of long-term loans	**9 186 208**	23 732 822	**9 186 208**	23 732 822

South African Football Association

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

12. Long-term liabilities *(continued)*

The instalment sale agreements that were secured over motor vehicles detailed in note 6, with a carrying value of R156 502 (2013 – R1 079 241) were settled in full during the current financial year.

The mortgage bond loan is secured by a mortgage bond registered against 209 The Raphael, Sandown extension, 49 Township. Interest is charged at an average rate of 6.3% (2013 – 6.3%) per annum and the total amount of the loan is repayable at R72 566 per month (2013 – R72 566) as the property, 209 The Raphael, Sandown extension, 49 Township was transferred on 24 July 2014.

The Tuks Sport (Pty) Ltd, is unsecured bearing interest at 9% (2013 – 8.25%) per annum and is payable monthly 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, R3 million is due by 30 September 2014.

Minimum payments

	Within 1 year R	2 – 5 years R	5 years and over R	Total R
2014				
Total loans	**9 186 208**	**13 770 259**	**–**	**22 956 467**

	Within 1 year R	2 – 5 years R	5 years and over R	Total R
2013				
Total loans	23 732 822	8 073 300	–	31 806 122

	Group		Association	
	2014 R	2013 R	**2014 R**	2013 R
13. Trade and other payables				
Trade payables	**73 261 962**	100 530 690	**60 955 594**	54 984 512
Provision for losses in subsidiary	**–**	–	**–**	9 150 456
Sundry payables	**2 681 003**	308 778	**308 778**	308 778
Value Added Taxation	**2 691 293**	1 227 083	**2 691 293**	1 227 083
Salary-related payables	**2 797 209**	15 285 680	**2 797 209**	14 415 321
	81 431 467	117 352 231	**66 752 874**	80 086 150

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

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

		Group		Association	
		2014	2013	**2014**	2013
		R	R	**R**	R
14.	**Income received in advance**				
	EY	**1 011 247**	–	**1 011 247**	–
	Grand Parade Investments	**1 000 000**	–	**1 000 000**	–
	South African Breweries Limited	**8 091 901**	7 059 997	**8 091 901**	7 059 997
	South African Broadcasting Corporation Limited	**15 766 654**	14 666 658	**15 766 654**	14 666 658
	Supersport International (Pty) Ltd	**–**	4 000 000	**–**	4 000 000
	2010 FIFA World Cup Legacy Trust	**17 021 485**	16 572 373	**15 221 308**	16 572 373
	Sasol	**1 065 000**	–	**–**	–
		43 956 287	42 299 028	**41 091 110**	42 299 028
15.	**Cash utilised in operations**				
	Profit/(loss) before taxation	**12 102 929**	(48 960 515)	**9 830 078**	(48 960 515)
	Adjustments for:				
	Depreciation for property, plant and equipment	**15 713 032**	17 528 239	**15 713 032**	17 528 239
	(Decrease) in increase in provision of losses in subsidiary	–	–	**(9 150 456)**	3 215 246
	Loss/(profit) on disposal of property, plant and equipment	**(5 140 725)**	62 042	**(5 140 725)**	62 042
	Deregistered subsidiary	**–**	–	**100**	–
	Loss on disposal of financial asset	**–**	2 702 390	**–**	2 702 390
	Finance income	**(249 298)**	(1 713 327)	**(178 324)**	(1 675 838)
	Finance costs (excluding foreign exchange losses)	**1 821 320**	3 502 556	**1 771 115**	2 505 261
	Increase in fair value of derivative financial asset	**(6 082 210)**	(6 942 719)	**(6 082 210)**	(6 942 719)
	Operating profit/(loss) before working capital changes	**18 165 048**	(33 821 334)	**6 762 711**	(31 565 894)
	Adjustments for working capital changes:				
	(Increase)/decrease in trade and other receivables	**20 273 496**	(14 579 521)	**1 194 113**	29 067 391
	Decrease in trade and other payables	**(35 920 764)**	(22 600 677)	**4 182 921**	(67 958 149)
	(Decrease)/increase in income received in advance	**(1 657 259)**	20 807 051	**(1 207 918)**	20 807 051
		4 175 038	(50 194 481)	**2 565 985**	(49 649 601)

South African Football Association

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

		Group		Association	
		2014	2013	**2014**	2013
		R	R	**R**	R
16.	**Taxation refunded**				
	Amount receivable at beginning of the year	**–**	(3 599 130)	**–**	(3 599 130)
	Credit to the statement of comprehensive income	**–**	(5 784 931)	**–**	(5 784 931)
	Amount receivable at end of the year	**–**	–	**–**	–
		–	(9 384 061)	**–**	(9 384 061)
17.	**Additions to property, plant and equipment**				
	Furniture and fittings	**50 272**	–	**50 272**	–
	Computer equipment	**153 464**	102 898	**153 464**	102 898
	General equipment	**12 280**	14 911	**12 280**	14 911
	Motor vehicles	**472 900**	175 000	**472 900**	175 000
		688 916	292 809	**688 916**	292 809
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	**6 388 143**	18 609 472	**6 388 143**	18 609 472
	(Loss)/profit on disposal of property, plant and equipment and non-current assets held for sale	**5 140 725**	(62 042)	**5 140 725**	(62 042)
	Proceeds on disposal of property, plant and equipment and non-current assets held for sale	**1 152 868**	18 547 430	**1 152 868**	18 547 430

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.

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

		Group		Association	
		2014	2013	**2014**	2013
		R	R	**R**	R
19.	**Related parties** *(continued)*				
19.1	Related party balances *(continued)*				
	National Executive Committee – Honoraria payable	**4 180 000**	4 620 000	**4 180 000**	4 620 000
	Africa Cup of Nations 2013 Local Organising Committee SA NPC	**–**	–	**2 000 000**	8 102 028
19.2	Related party transactions				
	National Executive Committee	**3 964 318**	7 915 234	**3 964 318**	7 915 234
	– Honoraria	**1 870 000**	4 620 000	**1 870 000**	4 620 000
	– Allowances	**2 094 318**	3 295 234	**2 094 318**	3 295 234
	Directors and prescribed officers' remuneration	**5 259 019**	7 850 725	**5 259 019**	7 850 725

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.

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 2014.

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.

South African Football Association

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

21. Financial instruments *(continued)*

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 Confederation 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.

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
2014					
Trade and other payables	**81 431 467**	**81 431 467**	**81 431 467**	**–**	**–**
2013					
Trade and other payables	117 352 231	117 352 231	117 352 231	–	–

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

21. Financial instruments *(continued)*

Liquidity risk *(continued)*

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	
	2014 R	2013 R	**2014 R**	2013 R
Long-term loans	**13 770 259**	8 073 300	**13 770 259**	8 073 300
Short-term loans	**9 186 208**	23 732 822	**9 186 208**	23 732 822
	22 956 467	31 806 122	**22 956 467**	31 806 122

Terms and debt repayment schedule

Group and Association

The terms and conditions of outstanding loans were as follows:

				2014		2013	
	Currency	**Nominal interest rate**	**Year of maturity**	**Face value R**	**Carrying amount R**	**Face value R**	**Carrying amount R**
Mortgage bonds	**ZAR**	**6.30%**	**2014**	**1 929 350**	**1 929 350**	3 738 760	3 738 760
Instalment sales	**ZAR**	**6.30%**	**2013**	**–**	**–**	1 094 350	1 094 350
Tuks Sport (Pty) Ltd	**ZAR**	**9.00%**	**2015**	**8 027 117**	**8 027 117**	11 973 012	11 973 012
2010 FIFA World Cup Legacy Trust	**ZAR**	**6.00%**	**2016**	**13 000 000**	**13 000 000**	15 000 000	15 000 000
Total non-interest and interest bearing liabilities				**22 956 467**	**22 956 467**	31 806 122	31 806 122

South African Football Association

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

21. Financial instruments *(continued)*

Liquidity risk *(continued)*

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
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**	**13 770 259**	**–**
	104 387 934	**113 237 589**	**90 617 675**	**13 770 259**	**–**

	Carrying amount R	Contractual cash flows R	12 months or less R	1 to 5 years R	More than 5 years R
2013					
Trade and other payables	117 352 231	117 352 231	117 352 231	–	–
Loans payable	31 806 122	33 525 268	24 773 380	8 751 888	–
	149 158 353	150 877 499	142 125 611	8 751 888	–

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 2014.

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

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

22. Contingent liability

The Association is a defendant in a case where Fli-Afrika is claiming R14 million from the Association. This relates 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. 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 annual financial statements.

23. Standards and interpretations not yet affective

In terms of International Financial Reporting Standards the Group is required to include in its annual 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 2014, the following applicable Standards and Interpretations were in issue but not yet effective:

Standard/Interpretation		Effective date
IFRS 19	*Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to 6 standards	*Improvement to IFRSs 2010-2012 Cycle*	1 July 2014
Amendments to 4 standards	*Improvement to IFRSs 2011-2013 Cycle*	1 July 2014
IFRS 9 (2009)	*Financial Instruments*	To be decided
IFRS 9 (2010)	*Financial Instruments*	To be decided

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.

Bafana Bafana - Men's Senior National Team Sponsors

Banyana Banyana - Women's Senior National Team Sponsor

SAFA Competition Sponsors

SAFA Official Suppliers & Partners

SAFA Corporate Social Investment Partner