South African Football Association

ANNUAL FINANCIAL REPORT incorporating
GROUP ANNUAL FINANCIAL STATEMENTS and
ASSOCIATION ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2017

Audited

SOUTH AFRICAN
FOOTBALL ASSOCIATION

South African Football Association

Annual Financial Report for the year ended 30 June 2017

In October 2016 Mamelodi Sundowns beat Egypt's Zamalek 3 – 1 on aggregate to lift the CAF Champions League title and qualify for the FIFA Club World Cup, the first SA side to do so. The Brazilians were named the 2016 CAF Club of the Year with Coach Pitso Mosimane collecting the 2016 CAF Coach of the Year Award. On 18 February 2017 the team were crowned CAF Super Cup Champions following a 1 – 0 defeat of the DR Congo's TP Mazembe at Loftus Versfeld Stadium in Pretoria.

Mr Thamsanqa Gay Mokoena

Chairman:
Finance and Procurement Committee

This report serves to present a financial overview of the year ended 30 June 2017. We have some good news. We have managed to turn the financial position from last year's deficit of R45.1m to a surplus of R23.1m. Credit must go to the President, the Council , Management and staff for working hard to turn around our fortunes. More importantly, it is all our members who have ensured that the Association obtains value for money by practising effective and efficient methods in all our aactivities.

The increase in revenue from Confederation of African Football ("CAF") and Fédération Internationale de Football Association ("FIFA") has contributed significantly to the achievements of the past financial year results. We would like to express our appreciation to these football organisations for their continued financial support.

In summary, we have exceeded our budgeted surplus of R1.2m by far. Our revenue exceeded budget by 8% and our costs were 2% below budget. We have, thus, managed to reduce costs in a number of areas which include travel and accommodation. We have continued to instil a Kaizen culture (continuous improvement) within the Association where employees at all levels of the Association work together proactively to achieve regular and incremental cost reduction.

We are still guided by our long-term strategy, which is Vision 2022. Whilst our specific pillar is the achievement of Financial Stability, we are working with other Committees to ensure that we achieve all the objectives of Vision 2022. Starting with the budgeting process, we endeavor to allocate our limited resources to the key areas which will assist us in realizing our strategic objectives. For example, despite the reduction in expenditure, we have ensured that transfers to members increased from R27m in 2016 to R31,5m in 2017 so that members can implement football development programmes. In pursuance of financial stability, we are continuously seeking solutions to reducing our current liabilities which impact on our cashflows negatively. The securing of unencumbered revenue is key to our solution.

We believe that the financial growth strategy to build the Association to a billion-rand organization is still intact. The infrastructure development at the National Technical Centre (NTC) is in progress. We are conducting a feasibility study to build a three star hotel at the Centre. The rationale for considering building such a hotel is that sponsorship funding is becoming scarce. The Association is therefore considering new ways of generating own revenues. Furthermore, we are investigating a funding model of the Povincial Football Academies that will be linked to the NTC. In terms of Vision 2022, each Province should establish an academy.

On behalf of the Finance and Procurement Committee, I would like to convey our sincere appreciation for the support and guidance we receive from the Presidency, the NEC, the CEO and his staff. We would also like to thank all our members and stakeholders for their contribution in building the Association. Personally, I would like to thank all my colleagues and members of the Finance and Procurement Committee for their commitment and dedication to their work. Thank you.

Mr Lucas Nhlapo

Chairman:
Audit and Risk Committee

On behalf of my fellow Audit and Risk Committee members, I would like to report on our assessment of the 2017 financial year. The Association and Group are both reporting a surplus and this is a significant improvement from the prior year. We also continue to assess our systems and we would like to assure you that the Group's systems, internal controls and risk management programme are sound.

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

The Committee continuously assessed the Group's systems and internal controls. We ensured that these were appropriate and adequate for the Group and also that they were being implemented throughout the year. The Committee continuously assessed the Group's risk profile and ensured that appropriate measures were taken to deal with any risk. The Committee is comfortable that proper and appropriate systems and internal controls are in place throughout the Group.

The Committee ensured that the Group financial statements for the year ended 30 June 2017 were prepared in compliance with all applicable legal and regulatory requirements and accounting standards. The Committee was also actively oversaw the external audit function by KPMG. This included approving the audit plan, monitoring the audit progress and reviewing KPMG's final report including the management report.

The Committee is further satisfied with the statutory compliance by the Association and the Group. These include compliance with the Income Tax Act, Value-Added Tax, Employees Tax, Compensation for Occupational Injuries and Diseases, Broad- Based Black Economic Empowerment and Employment Equity.

The Committee is also in the process of reviewing all its contracts with the objectives of maximising value from them and tightening controls around them. This process will be completed in the new financial year.

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

• Surplus from operations	R26.3m
• Surplus for the year	R21.9m
• Total assets	R188.7m
• Net current liabilities	R102.4m
• Retained earnings	R28.2m

We would like to thank the National Executive Committee for the confidence that it has shown in our Committee.

Mr Dennis A. Mumble

Chief Executive Officer

After last year's unsatisfactory results, resulting from a very challenging period occasioned by a weak economy and an abundance of commitments (development, 2016 Rio Olympics, national team activities, etc.), we outlined to you our financial growth strategy and we projected that we would deliver a surplus for the 2016/17 financial year. We are, therefore, glad to report that we achieved a surplus for both the Association and the Group.

It is important to note that this surplus was achieved without compromising the delivery of our mandates. As I reported to you last year, for us to achieve Vision 2022, it was important that football was played locally, regionally, provincially, nationally and internationally. We, therefore, ensured that this continued to happen in 2016/17. The Under 13, Under 15, Under 17 and Under 19 leagues continued in our Local Football Associations ("LFAs") and Regions, the national competitions were held and all our national teams were entered into FIFA, CAF and COSAFA tournaments.

Our zero-budgeting approach paid dividends. Very lean budgets were allocated to our various departments and we encouraged them to deliver their programmes in more efficient and cost-effective ways. This was then followed by frequent reviews of our financial performances by management and overseen by the Finance and Procurement Committee. We also worked tirelessly to ensure that we would achieve cost-savings in a number of our operational areas. These areas included staff costs, where we did not fill some positions that were in our budget, and we also did not replace some staff members who left the Association. We have also embraced technology in a number of our operational areas and we realised some cost-savings. Our overall net cost-saving was achieved despite the extra legal costs that we incurred resulting from our cooperation with and assistance to the FIFA investigation into allegations of bribery and corruption in world football.

Our success would not have been achieved without the valued contribution of our partners. Therefore, we would like to express our sincere gratitude to Sasol, Castle Lager (AB-InBev/SA Breweries), South African Broadcasting Corporation (SABC), South African Airways (SAA), BURGER KING®(Grand Parade Investments), Nike, Motsepe Foundation, Netcare, Computicket, Avis and Energade (Tiger Brands). South African football would not be the same without them!

In the current financial year, we also continued to receive significant financial contributions to support our development programmes from the 2010 FIFA World Cup Legacy Trust, FIFA and CAF. The FIFA Forward funding is being utilised for operational costs, projects and national team travel costs. Our eternal gratitude goes out to them!

We have revised our financial growth strategy and we must advise that the South African economic conditions remain gloomy. Therefore, it is proving to be extremely difficult to raise sponsorships. We remain hopeful though that we will be able to generate some much-needed revenue to fund our programmes and to deliver on our Vision 2022 plan.

It is therefore key that we diversify our revenue streams and also that we continue looking for more cost-saving opportunities. The identified new revenue streams include broadcasting revenue where we need to exploit both our free-to-air and satellite rights domestically, continentally and worldwide. We should also be monetising our central database soon. We have already achieved some significant progress in the population of this database.

We will now expedite the implementation of our licensing and merchandising programme, the start-up costs being generously funded by FIFA to the tune of $300,000.00.

We will continue maximising our accommodation savings through the use of our upgraded National Technical Centre (Fun Valley). When the construction of football pitches, seating stands, ablution facilities and change rooms is completed, we will enjoy more cost-savings because we will no longer be hiring playing facilities.

We are also focusing on acquiring unencumbered funding so that we can commence addressing our liquidity challenges. We therefore look forward to achieving a small surplus for the 2017/18 financial year.

We trust that you will receive this report well and wish that you have productive deliberations at the Congress.

Mr Gronie Hluyo

Chief Financial Officer

I am glad to report to you that our financial performance for the 2017 financial year is excellent. This is in direct contrast to the prior year's results where we recorded a significant loss. It is important to understand that our performance will fluctuate in line with our activities. The football events are cyclical, meaning that there is a period for participating in qualification matches, followed by a period for preparing and participating at the tournament and then there is a passive period before the cycle starts again. This is, therefore, reflected in our financial years which fluctuate in line with our football cycles.

Our financial performance for 2017 was boosted hugely by the generous and much improved funding from both the Confederation of African Football ("CAF") and Fédération Internationale de Football Association ("FIFA"). The CAF funding is mainly for television rights which are grouped under different categories. Our participation in the FIFA World Cup Russia 2018™ qualifying matches resulted in us receiving an excellent share of the CAF television revenue. We have also enjoyed the full benefits of the new FIFA funding programme known as FIFA Forward. In the current financial year, we received FIFA Forward funding for operational costs, projects and travel expense reimbursements.

Our cost management programme is ongoing and it is achieving the desired results. We are constantly seeking value-adds within our supply chain. This includes broadening our database of suppliers and negotiating for better prices. We have also managed to reduce our accommodation costs because of our National Technical Centre, previously known as Fun Valley. We endeavour to accommodate most of our national teams there and to host some of our activities there as well. The South African Airways ("SAA") sponsorship, which is in the form of subsidised travel costs known as Travel Rands, has also assisted us in achieving a reduction in travel costs. We also had less activities within all our national teams due to the cycles which I explained in the first paragraph.

Our Balance Sheet is healthy with a significant portion being non-current assets, mainly property. Our non-current assets continue to increase due to the capital projects that are underway at the National Technical Centre. Due to funding constraints, we are developing the National Technical Centre in different stages, so the full value of the capital projects will be realised in the long-term. However, we are aware that our Current Liabilities far exceeds our Current Assets and this is of great concern to us. This untenable position directly impacts on our liquidity. We are continuously seeking solutions to remedy this position and we are already exploring various options.

Some of our sponsorship contracts still have a few years to run and this assists with our going concern. It is also paramount that we successfully renew or replace the sponsorship agreements that are coming to an end. The funding from FIFA and CAF will continue to be significant going into the future. A lot of progress has now been made in populating our players' database and the financial benefits will be realised soon, especially the monetising of the database. The licensing and merchandising programme is slowly taking shape.

Lastly, I would like to thank the Finance & Procurement Committee and the Audit & Risk Committee for their continued guidance on finance matters.

Mr Jaco van der Walt

EY Financial Platform Leader

EY
Building a better working world

In today's world compliance standards are much higher, requiring enhanced compliance monitoring and risk management by finding more efficient processes.

To this end SAFA has taken major step towards digital transformation as part of the MySAFA project. Finance are not being left behind, implementing the digital recording and approval of supporting documentation, which has proven to be more efficient in the flow of information and reduced printing costs.

FIFA and the 2010 FIFA World Cup Legacy Trust have assisted in capital improvements at the National Technical Centre to assist the Association in its ambitions in building a world class Technical Centre. The National Technical Centre provided increased accommodation of National Teams, officials, and hosted coaching and referees workshops.

We look forward to developing additional processes in the digital space with SAFA. Our thanks go out to the Financial Platform team and the SAFA leadership and for their guidance over the past financial year and our best wishes on your journey in implementing your strategy.

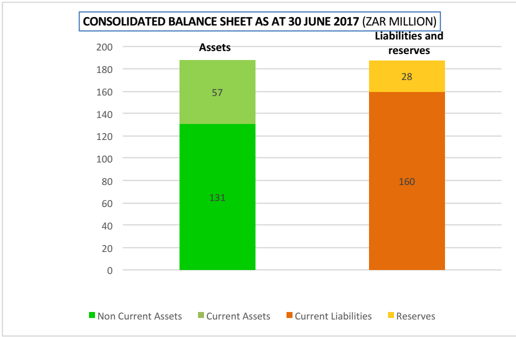
I trust that the Financial Platform has brought transparency and has contributed towards the Association in meeting its objectives for Vision 2022.

ASSETS

Current Assets	57
Non-current assets	131

LIABILITIES AND RESERVES

Current Liabilities	160
Reserves	28



ASSETS

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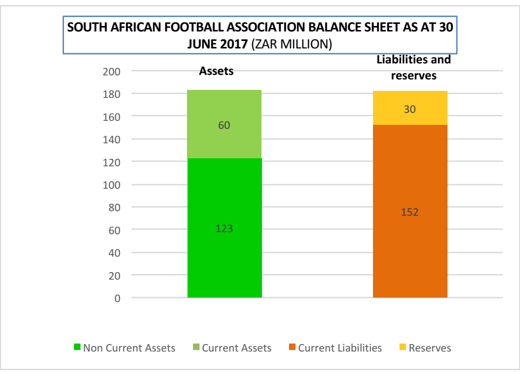


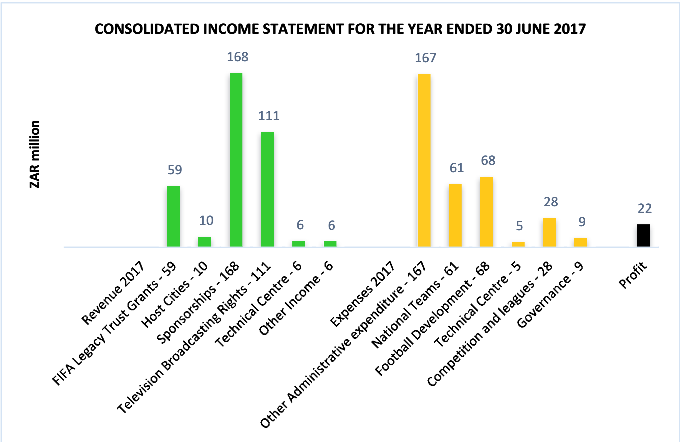
REVENUE 2017

FIFA Legacy Trust Grants	59
Host Cities	10
Sponsorships	168
Television Broadcasting Rights	111
National Technical Centre	6
Other Income	6

EXPENSES 2017

Other Admin Expenditure	167
National Teams	61
Football Development	68
National Technical Centre	5
Competitions & Leagues	28
Governance	9

PROFIT	**22**



REVENUE 2017

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Sponsorships	148
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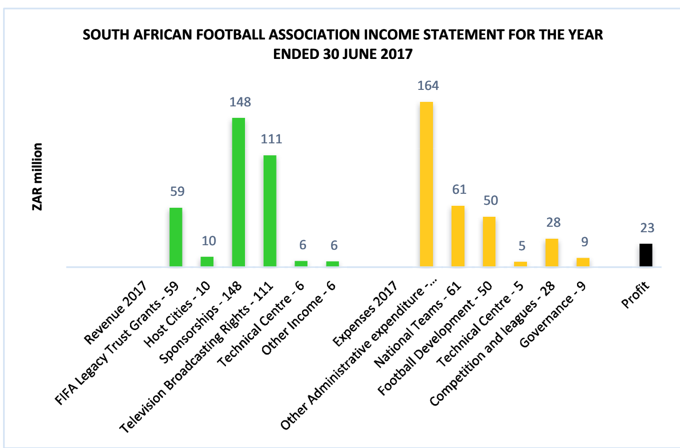
Other Income	6

EXPENSES 2017

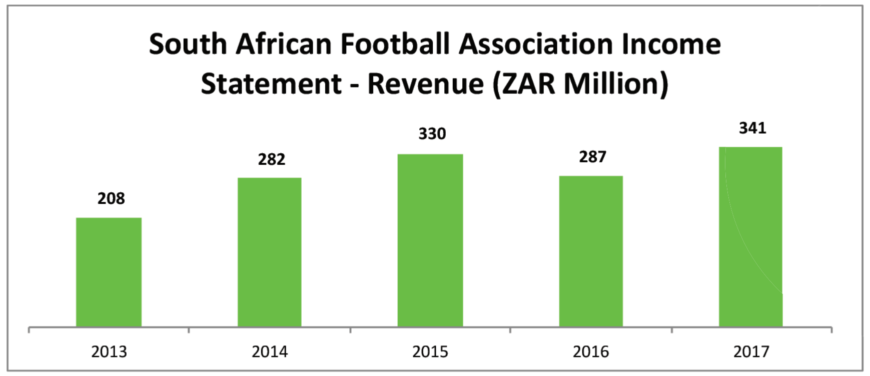
Other Admin Expenditure	164
National Teams	61
Football Development	50
National Technical Centre	5
Competitions & Leagues	28
Governance	9

PROFIT	**23**



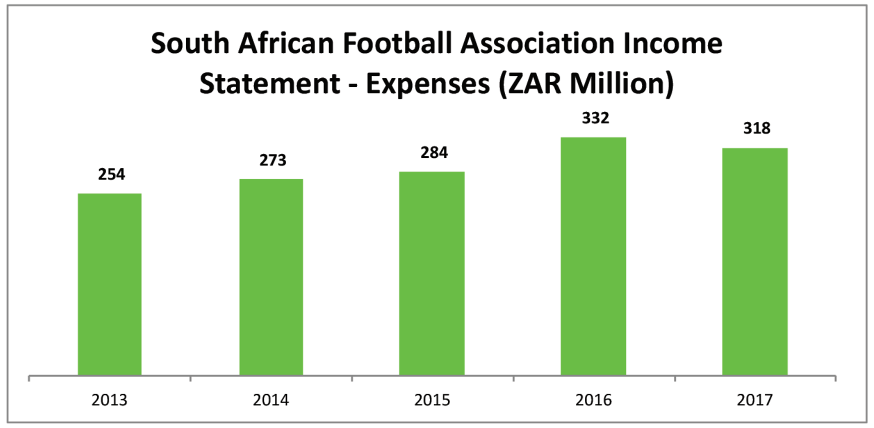
SAFA Income Statement – Revenue
(ZAR Million)

2013:	208
2014:	282
2015:	330
2016:	287
2017:	341



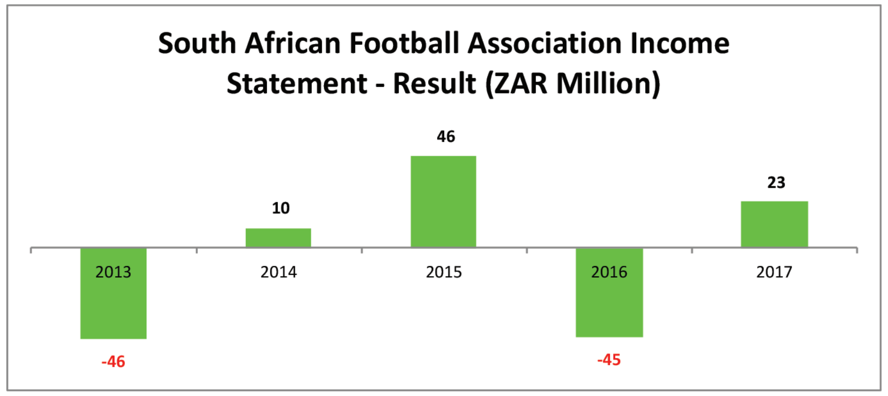
SAFA Income Statement – Expenses
(ZAR Million)

2013:	254
2014:	273
2015:	284
2016:	332
2017:	318



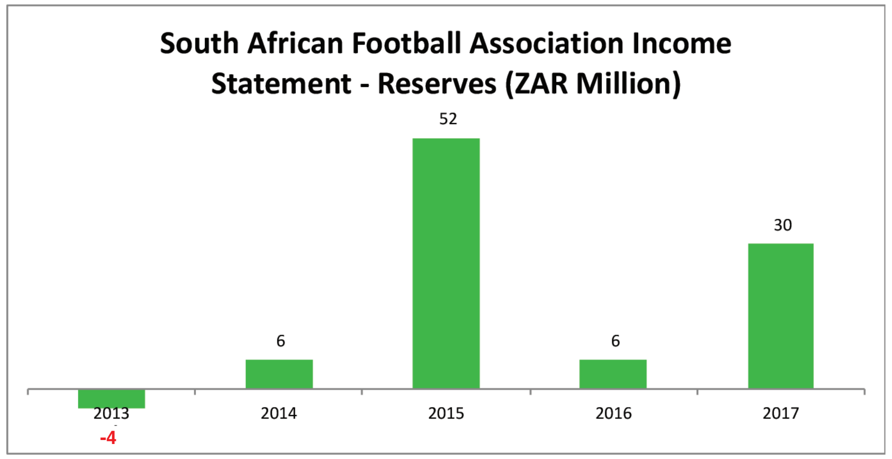
SAFA Income Statement – Result
(ZAR Million)

2013:	– 46
2014:	10
2015:	46
2016:	– 45
2017:	23

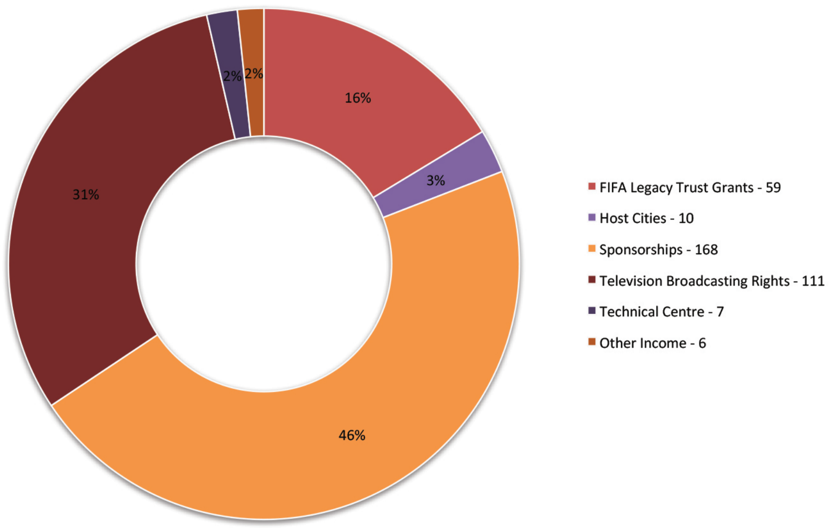


SAFA Income Statement – Reserves
(ZAR Million)

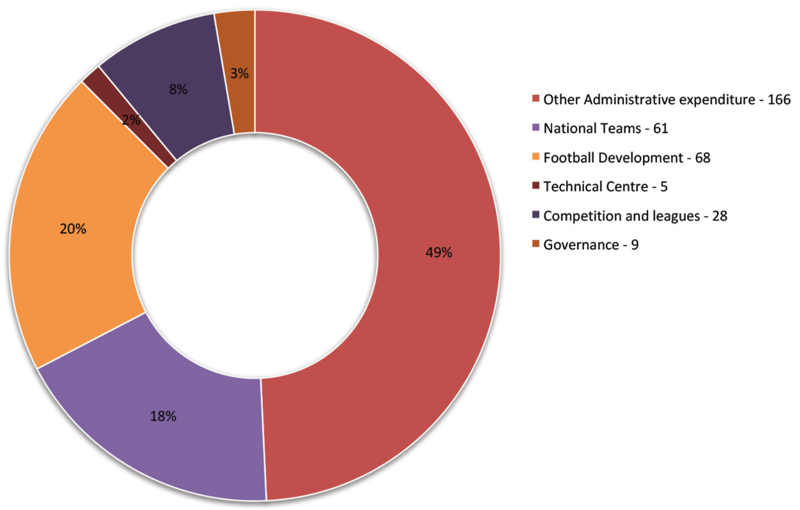
2013:	– 4
2014:	6
2015:	52
2016:	6
2017:	30



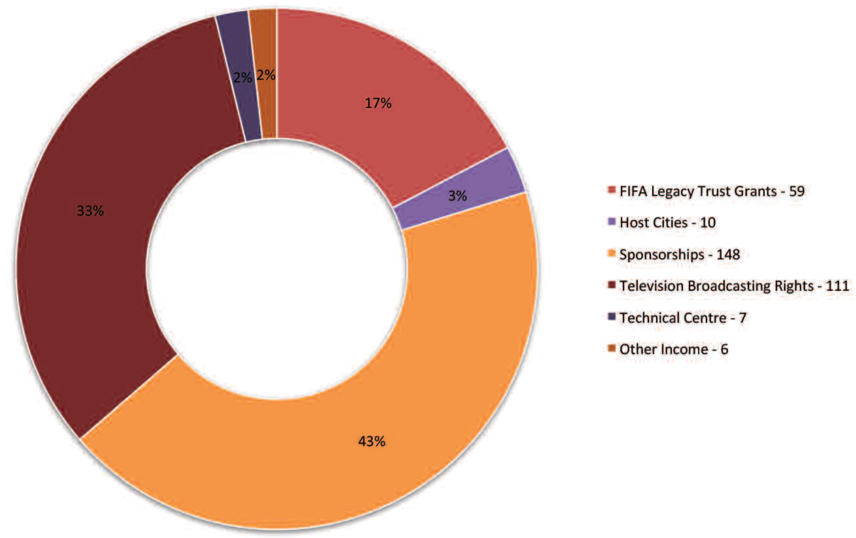
Group Revenue 2017 (ZAR Million)



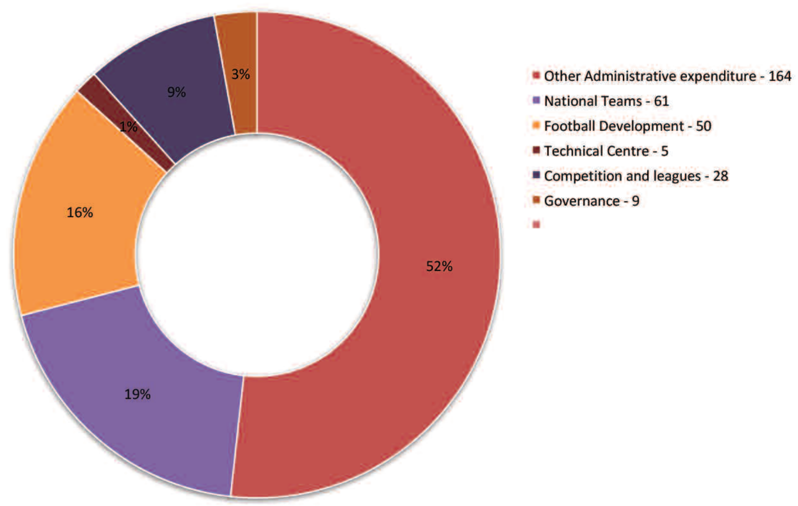
Group Expenses 2017 (ZAR Million)



South African Football Association Revenue 2017 (ZAR Million)



South African Football Association Revenue Expenses 2017 (ZAR Million)



National Executive Committee's responsibility statement

The National Executive Committee is responsible for the preparation and fair presentation of the Group financial statements and financial statements of South African Football Association, comprising the statements of financial position at 30 June 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards. In addition the National Executive Committee is responsible for preparing the report of the National Executive Committee, statement on corporate governance and composition of the National Executive Committee.

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

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

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

Approval of the Group financial statements and Association financial statements

The Group financial statements and Association financial statements of South African Football Association for the year ended 30 June 2017 as identified in the first paragraph were approved by the National Executive Committee on 21 November 2017 and are signed by:

Dr Danny A. Jordaan
President

Mr Dennis A. Mumble
Chief Executive Officer

South African Football Association

National Executive Committee's statement on corporate governance

for the year ended 30 June 2017

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

Group financial statements and Association financial statements

The members of the National Executive Committee are responsible for preparing the group financial statements and association 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 significant accounting policies adopted in the preparation of these group financial statements and association financial statements are set out in note 2 to the financial statements.

The National Executive Committee is also responsible for the assessment of the Association and its subsidiaries ability to continue as a going concern.

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 a 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.

South African Football Association

Composition of the National Executive Committee

for the year ended 30 June 2017

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

President

JORDAAN, Danny

Vice Presidents

KHOZA, Irvin
NHLAPO, Lucas
NKOMPELA, Xolile (Elevated to Vice President on 19 August 2017 from National List)
SHISHANA, Elvis

Chief Executive Officer

MUMBLE, Dennis

Members

ARENDSE, Norman
BAARTMAN, Aubrey
BANTU, David
BUSHWANA, Mlungisi
DON, Gerald
FINA, Mzimkhulu
GOVINDASAMY, Poobalan
KUBEKA, Velaphi
LEDWABA, Ria
MADLALA, Mato
MAFORVANE, Mzwandile
MAHLANGU, Nomsa
MALULEKA, Jack
MANCHONYANE, Peter
MATTHEWS, Stanley
MOGOROSI, Letima
MOKOENA, Thamsanqa Gay
MONTSHIWA, Monde
MOOKA, William
MOTAUNG, Kaizer
MXOLISI, Sibam (Elected 19 August 2017)
NDLELO, Mzimkhulu
NGWENYA, Kwenzakwakhe
NKONE, Paseka
PRINCE, Truman
RAKOMA, Abel
REEVES, Anthony
TSICHLAS, Anastasia
WHITE, Gladwyn
XABA, Simphiwe
ZULU, David

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

South African Football Association

Report of the National Executive Committee

for the year ended 30 June 2017 (continued)

Nature of business

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

Financial results

The Group's results, comprising the Association and its subsidiaries, are contained in the attached financial statements. The Group incurred a profit of R21.9 million (2016: loss: R42.3 million). The Group's financial position reflects a net asset value of R28.2 million (2016: R6.3 million). The Group's financial performance is satisfactory and this is mainly due to long-term sponsorship contracts that we have with our sponsors and much improved funding from FIFA and CAF. In addition, our main subsidiary, the South African Football Association Development Agency ("SDA") also made positive contribution to the Group's financial results.

Going concern

The Group generated a profit of R21.9 million for the year ended 30 June 2017 and, as of that date, the Group's current liabilities exceeded its current assets by R76.6 million (excluding income received in advance). The Group continues to pursue its plans of improving this position and is still determined to achieve a net current asset position within the next few years. It is quite important for this position to be achieved because it would result in the debts being settled quicker. The Group has therefore set to achieve significant operating surplus during the next few years in order to achieve the net current asset position.

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 Group has also commenced exploiting a number of revenue opportunities that it identified previously. This is in addition to the continued implementation of its financial growth plan which has achieved a fair amount of success so far.

FIFA recently announced a vastly improved financial support programme for its member associations which is known as FIFA Forward. The current FIFA Forward funding cycle is January 2016 to December 2019; therefore, we have guaranteed funding until December 2019. We have already started receiving these funds and they are a huge cost relief as they partly cover the Association's normal operational costs. In addition, the FIFA Forward projects funding assists us to invest in projects that will provide future returns, including financial, to the Association. In this regard, FIFA has approved funds for the construction of certain elements at our National Technical Centre, the replacement of the SAFA House IT Network system, the repairs and renovations of the SAFA House building and the acquisition of the Conference Sound System.

The funding from CAF has also been improved quite significantly. The TV revenue allocated to CAF's members is now increased. This means that the CAF members are guaranteed of increased TV revenue for participating in CAF competitions and tournaments. The Association has already started enjoying these financial benefits which have already accrued to it.

The Group is also using its internal efforts to generate sponsorships. The strategy is to identify areas where we do not have funding and/or areas that are under-funded and put more effort there. These efforts have started to bear some fruits as we were received some keen interest from prospective sponsors for some of our national teams, referees and under 19 Women Inter-Provincial tournaments. We also continue to highlight the importance of funding development programmes by the corporate entities.

South African Football Association

Report of the National Executive Committee

for the year ended 30 June 2017 (continued)

Going concern *(continued)*

Whilst our broadcast agreement with the South African Broadcasting Corporation ("SABC") terminates during the early part of 2018, we have already commenced discussions with the relevant stakeholders to ensure that this matter is satisfactorily concluded before termination date. In addition, we have a long-term relationship with Siyaya Free-to-Air TV Proprietary Limited and we continue to engage them around various elements of our contractual relationship. We are quite optimistic that we will maintain or improve the revenue from broadcasters for our free-to-air broadcast rights from 1 May 2018.

We have also amplified our broadcast strategy so that we can maximise the broadcast rights returns. This strategy on satellite TV is to segment them into domestic, continental and world-wide rights. With the changing broadcasting landscape which is mainly due to emerging broadcast companies and the impending changes in legislation, we have identified opportunities and we have commenced working on them in order to maximise our broadcast rights returns. Globalisation also presents opportunities within the continental and word-wide markets. In addition, technological advancements also present vast opportunities for our broadcast rights to be sold on new platforms.

With the assistance of seed funding from FIFA, we have commenced with the implementation of our licensing and merchandising programme. The merchandise range will include national team jerseys, tracksuits, casual wear, formal wear clothing accessories, supporters and other accessories like cups, pens, rings, balls, etc. We will establish the distribution networks, implement the licensing of outlets and manage the rights protection aspects. We expect this programme to gain momentum in the forthcoming year.

The nationwide player registration is progressing well. Most of our LFA players have been registered on the Central Players Database ("CPD"). This is part of our SAFA Digital project and it includes the creation of database for all our players and teams, the competition system and other modules. The SAFA Digital project is also a commercial project that will generate huge revenues for the Group. Once the CPD is sufficiently populated, we will be in a position to commence monetising it. We estimate that this project has a payback period of three years. We are also in discussion with a few possible funders and if we are successful, this will reduce the payback period quite significantly. This will also result in additional, unencumbered and diversified revenue streams for the Group.

The developments at the SAFA National Technical Centre ("the Centre") are continuing. The following construction projects are in progress:

- boundary wall and guard house
- artificial football pitch
- 2 natural grass pitches

These assets will strengthen our statement of financial position. The Centre is also providing the much needed financial relief to the Group in the form of significant savings in accommodation costs. The Fun Valley business is also profitable and is contributing to the Association's bottom line and cash flows. With the completion of various milestones at the Centre, the financial benefits will increase and these include:

- Increased savings in accommodation costs as we would be able to accommodate all our teams and for all our activities
- Cost savings for field hire
- Additional revenue from hiring our facilities to other sporting codes and any other interested parties

South African Football Association

Report of the National Executive Committee

for the year ended 30 June 2017 (continued)

Going concern *(continued)*

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

The Group's stream of grant revenue from other sources is becoming more consistent. Sport and Recreation South Africa is offering an annual grant for development programmes. The National Lotteries Commission ("NLC") has also started to fund the Group's programmes and our relationship with them has improved. The Group is trying to get more funding from CATHSETA which will be either in cash or in kind.

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

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

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

Property, plant and equipment

Details of changes in property, plant and equipment are shown in note 6 to the 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 and the Association is in discussions with the Minister of Sport regarding the transfer of the property to SAFA.

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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 for further details.

The Netcare shares will be retained by the Association since this is viewed as a strategic investment for future benefits. Management also continues to engage with Netcare in a bid to maximise mutual benefits from this strategic partnership.

Group Annual Financial Statements

The Association has consolidated some of its subsidiaries and the reasons for this are set out over.

South African Football Association

Report of the National Executive Committee

for the year ended 30 June 2017 (continued)

Africa Cup of Nations 2013 Local Organising Committee South Africa NPC

The Africa Cup of Nations 2013 Local Organising Committee South Africa NPC was established to organise and host the Orange Africa Cup of Nations 2013 tournament in South Africa in 2013 and the African Nations Championship in 2014 ("CHAN"). The Association was granted the rights by 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 has control over the LOC. The government was the major funder. This entity has therefore been consolidated. This entity is currently winding down operations.

The South African Football Association Development Agency Trust

The Association has a 100% interest in the South African Football Association Development Agency ("the Development Agency"). This entity was formed to implement and source funding the Technical Master Plan ("TMP"). The TMP focuses on the development drive of the Association. This entity has been consolidated in the Group Financial Statements. The Development Agency is expected to wind down operations by 31 December 2017 and its activities will be integrated within SAFA.

The trustees have resolved that the Trust be dissolved and agreed that upon dissolution, that the trust will transfer the rights and obligations of the leasehold asset to the founder, South African Football Association, as settlement of the loan.

SA Infrastructure Development Foundation Trust

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. The Foundation did not operate in the current year and is in the process of being deregistered.

Tax status

On 03 June 2010, the association was approved by the South African Revenue Services ("SARS") as a public benefit organisation ("PBO") in terms of Section 30(3) of the Income Tax Act ("the Act"). This means that annual receipts and accruals 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. 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 30 June 2017 that will have an impact on the reported financial results.

Auditors

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

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Independent auditor's report

To the members of the South African Football Association

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of South African Football Association ("the Group and Association") set out on pages 24 to 54, which comprise the statements of financial position at 30 June 2017, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of South African Football Association at 30 June 2017, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Association in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The National Executive Committee is responsible for the other information. The other information comprises National Executive Committee's statement on corporate governance, the composition of the National Executive Committee, the report of the National Executive Committee and the National Executive Committee's responsibility statement. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the National Executive Committee for the consolidated and separate financial statements

The National Executive Committee is responsible for the preparation and fair presentation of the consolidated and separate 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the National Executive Committee is responsible for assessing the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the National Executive Committee either intend to liquidate the Group and/or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the National Executive Committee.

- Conclude on the appropriateness of the National Executive Committee's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicated with the Audit Executive Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Inc.

Per N Keshav
Chartered Accountant (SA)
Registered Auditor
Director
21 November 2017

South African Football Association

Statements of profit or loss and other comprehensive income *for the year ended 30 June 2017*

	Note	Group 2017 R	Group 2016 R	Association 2017 R	Association 2016 R
Revenue					
Ticketing revenue		**1 964 589**	297 544	**1 964 589**	297 544
Television broadcasting rights		**111 474 222**	98 897 084	**111 474 222**	98 897 084
Host Cities' income		**10 228 070**	5 691 770	**10 228 070**	5 691 770
Sponsorship income		**167 535 726**	141 666 250	**148 345 354**	118 183 998
Rental income		**653 068**	180 495	**653 068**	180 495
2010 FIFA World Cup Legacy Trust – grants		**59 200 982**	52 933 510	**59 200 982**	52 444 036
Technical Centre – day visitors and use of facilites		**6 617 352**	6 384 487	**6 617 352**	6 384 487
		357 674 009	306 051 140	**338 483 637**	282 079 414
Expenses		**(331 384 235)**	(345 264 158)	**(310 978 257)**	(323 995 180)
National Team costs		**(61 268 337)**	(87 891 000)	**(61 268 337)**	(80 107 623)
Competition and leagues costs		**(27 931 279)**	(29 115 891)	**(27 931 279)**	(29 115 891)
Football development costs		**(68 386 953)**	(35 348 405)	**(50 261 996)**	(16 692 762)
Governance costs		**(9 133 448)**	(9 005 584)	**(9 133 448)**	(9 005 584)
Technical Centre		**(5 262 979)**	(3 956 837)	**(5 262 979)**	(3 956 837)
Other administration costs		**(159 401 239)**	(179 946 441)	**(157 120 218)**	(185 116 483)
Surplus/(deficit) from operations	3	**26 289 774**	(39 213 018)	**27 505 380**	(41 915 766)
Decrease in fair value of financial asset	7	**(5 546 333)**	(6 323 285)	**(5 546 333)**	(6 323 285)
Loss on sale of non-current assets		**(184 239)**	(578 688)	**(184 239)**	(578 688)
Other income		**1 170 173**	2 371 127	**1 170 172**	2 371 127
Finance costs	4	**(1 680 261)**	(1 231 207)	**(1 596 326)**	(1 229 000)
Finance income	4	**1 850 376**	2 646 002	**1 789 118**	2 513 530
(Profit)/loss before taxation		**21 899 490**	(42 329 069)	**23 137 772**	(45 162 082)
Taxation	5		–		–
(Profit)/loss for the year		**21 899 490**	(42 329 069)	**23 137 772**	(45 162 082)
Other comprehensive income			–		–
Total comprehensive income		**21 899 490**	(42 329 069)	**23 137 772**	(45 162 082)

South African Football Association

Statements of financial position *at 30 June 2017*

	Note	Group 2017 R	Group 2016 R	Association 2017 R	Association 2016 R
Assets					
Non-current assets					
Property, plant and equipment	6	**105 891 061**	100 383 376	**97 838 415**	100 358 849
Financial asset	7	**20 397 797**	25 944 130	**20 397 797**	25 944 130
Intangible asset	8	**5 000 000**	5 000 000	**5 000 000**	5 000 000
Investment in subsidiaries	9	**–**	–	**–**	–
Total non-current assets		**131 288 858**	131 327 506	**123 236 212**	131 302 979
Current assets					
Trade and other receivables	10	**49 091 439**	50 582 099	**53 084 526**	40 149 556
Bank balances and cash		**8 298 499**	23 437 632	**6 568 841**	20 349 833
Total current assets		**57 389 938**	74 019 731	**59 653 367**	60 499 389
Total assets		**188 678 796**	205 347 237	**182 889 579**	191 802 368
Reserves					
Retained income		**28 207 962**	6 308 472	**29 576 104**	6 438 332
Liabilities					
Non-current liabilities					
Interest-bearing loans	11	**726 641**	1 952 192	**726 641**	1 952 192
Total non-current liabilities		**726 641**	1 952 192	**726 641**	1 952 192
Current liabilities					
Trade and other payables	12	**126 486 053**	113 193 163	**120 027 382**	100 384 614
Short-term portion of interest-bearing loans	11	**7 524 660**	11 457 011	**7 524 660**	11 457 011
Income received in advance	13	**25 733 480**	72 436 399	**25 034 792**	71 570 219
Total current liabilities		**159 744 193**	197 086 573	**152 586 834**	183 411 844
Total reserves and liabilities		**188 678 796**	205 347 237	**182 889 579**	191 802 368

South African Football Association

Statements of changes in equity *for the year ended 30 June 2017*

	Retained income R
Group	
Balance at 30 June 2015	48 637 541
Loss for the year	(42 329 069)
Other comprehensive income	–
Balance at 30 June 2016	6 308 472
Profit for the year	**21 899 490**
Other comprehensive income	–
Balance at 30 June 2017	**28 207 962**
Association	
Balance at 30 June 2015	51 600 414
Loss for the year	(45 162 082)
Other comprehensive income	–
Balance at 30 June 2016	6 438 332
Profit for the year	**23 137 772**
Other comprehensive income	–
Balance at 30 June 2017	**29 576 104**

South African Football Association

Statements of cash flows *for the year ended 30 June 2017*

		Group		**Association**	
	Note	**2017 R**	2016 R	**2017 R**	2016 R
Operating activities:					
Cash generated from/(utilised by) operations	*14*	**3 702 982**	(56 292 179)	**(3 710 086)**	(54 288 588)
Finance income		**1 850 376**	2 646 002	**1 789 118**	2 513 530
Finance costs		**(1 680 261)**	(1 231 207)	**(1 596 326)**	(1 229 000)
Net cash generated/(utilised by) operating activities		**3 873 097**	(54 877 384)	**(3 517 294)**	(53 004 058)
Investing activities:					
Additions to property, plant and equipment	*15*	**(14 192 823)**	(8 426 250)	**(5 444 291)**	(8 426 250)
Proceeds from disposal of property, plant and equipment	*16*	**338 495**	133 352	**338 495**	133 352
Net cash utilised by investing activities		**(13 854 328)**	(8 292 898)	**(5 105 796)**	(8 292 898)
Financing activities:					
Repayment of interest-bearing loans		**(5 157 902)**	(823 726)	**(5 157 902)**	(823 726)
Net outflow from financing activities		**(5 157 902)**	(823 726)	**(5 157 902)**	(823 726)
Net decrease in cash and cash equivalents		**(15 139 133)**	(63 994 008)	**(13 780 992)**	(62 120 682)
Cash and cash equivalents at beginning of the year		**23 437 632**	87 431 640	**20 349 833**	82 470 515
Cash and cash equivalents at end of the year		**8 298 499**	23 437 632	**6 568 841**	20 349 833

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017*

1. Reporting entity

The South African Football Association ("Association") is domiciled in South Africa. The Association and Group financial statements for the year ended 30 June 2017 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.

The financial statements were authorised for issue by the National Executive Committee on 21 November 2017.

1.2 Basis of preparation

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

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

2. Summary of significant accounting policies

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

2.1 Property, plant and equipment

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

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

Buses	20%
Computer equipment and software	33,3%
Furniture and fittings	16,7%
General equipment	20%
Leasehold property – SAFA House	5%
Leasehold property – Alex Hub	10%
Motor vehicles	20%
Office equipment	20%
Buildings – National Technical Centre	5%

Land and buildings are stated at cost less accumulated depreciation and impairment losses. Costs include expenditure that is directly attributable to the cost of the asset.

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

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

2.1 Property, plant and equipment *(continued)*

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.

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 in accordance with the expected lease period. The expected useful lives, residual values and depreciation method are reviewed at each reporting date. The effect of any changes in estimate is accounted for in the year the change occurs.

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

2.2 Trademarks

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

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

2.3 Basis of consolidation

Investment in subsidiaries

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

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

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.

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

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

2.4 Impairment

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

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

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

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

2.5 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".

2.6 Financial instruments

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

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

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

Trade and other payables
Trade and other payables are initially measured at fair value and at subsequently amortised cost.

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

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

2.6 Financial instruments *(continued)*

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 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.

2.7 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.

2.8 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.

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.

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

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

2.8 Revenue recognition *(continued)*

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

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

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

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

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.

Revenue from the technical centre comprises accommodation facilities, rental and daily visitors' entrance fees and is recognised when the services are provided.

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

2.9 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.

2.10 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 2017 (continued)*

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

2.11 Taxation

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

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

2.12 Employee benefits

Current employee benefits

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

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

Retirement benefits

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

2.13 Significant accounting judgements and estimates

The preparation of the Group financial statements and 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.

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

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

2.13 Significant accounting judgements and estimates *(continued)*

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

The valuation of options has been performed by independent 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. The equity shares are valued at the market value at reporting date.

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

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

3. (Surplus)/deficit from operations

	Group		Association	
	2017 R	2016 R	**2017 R**	2016 R
This is arrived at after taking the following items into account:				
Auditors' remuneration:				
– current year	**960 000**	930 000	**920 000**	870 000
– prior year under provision	**308 855**	367 500	**308 855**	367 500
Accounting fees	**13 781 693**	11 500 000	**12 970 578**	11 500 000
Compensation of key management personnel – short term and termination benefits	**9 670 708**	12 375 978	**9 670 708**	12 375 978
National Executive Committee	**5 933 302**	5 652 994	**5 933 302**	5 652 994
– Honoraria	**4 762 497**	4 450 940	**4 762 497**	4 450 940
– Allowances	**1 170 805**	1 202 054	**1 170 805**	1 202 054
Depreciation	**8 162 404**	13 683 792	**7 441 991**	13 662 979
– Furniture and fittings	**453 810**	514 828	**453 810**	514 828
– Leasehold property – SAFA House	**3 035 114**	3 030 778	**3 035 114**	3 030 778
– Leasehold propoerty – Alex Hub	**699 882**	–		–
– Land and buildings	**2 748 140**	2 702 380	**2 748 140**	2 702 380
– Motor vehicles	**472 057**	1 769 846	**472 057**	1 769 846
– Office equipment	**8 365**	24 081	**8 365**	24 081
– Computer equipment	**313 393**	605 802	**292 862**	584 989
– General equipment	**162 813**	120 633	**162 813**	120 633
– Buses	**268 830**	4 915 444	**268 830**	4 915 444
Legal and consulting fees	**17 659 207**	7 571 435	**17 659 207**	7 571 435
Other employee costs	**43 187 889**	48 698 490	**39 247 319**	45 352 866

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

4. Finance (costs)/income

Finance costs				
Interest paid – bank and finance charges	**(363 869)**	(49 746)	**(363 869)**	(47 539)
Interest paid – suppliers	**(935 351)**	(678 448)	**(851 416)**	(678 448)
Interest paid – 2010 FIFA World Cup Legacy Trust	**(381 041)**	(503 013)	**(381 041)**	(503 013)
	(1 680 261)	(1 231 207)	**(1 596 326)**	(1 229 000)
Finance income				
Interest received – bank and other	**1 611 604**	2 614 063	**1 550 346**	2 481 591
Foreign exchange profit	**238 772**	31 939	**238 772**	31 939
	1 850 376	2 646 002	**1 789 118**	2 513 530

5. Taxation

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

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

No provision has been made for 2017 taxation as the Association and its subsidiaries are in a computed loss position. A deferred tax asset in respect of computed 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.

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

6. Property, plant and equipment

Group

2017	Land and buildings R	Leasehold property - Alex Hub R	Leasehold property - SAFA House R	Furniture and fittings R	Motor vehicles R	Office equipment R	Computer equipment and software R	General equipment R	Buses R	Total R
Cost										
At 01 July 2016	64 799 025	–	60 615 571	4 072 932	19 016 185	495 700	9 121 624	1 942 864	30 331 097	190 394 998
Additions	3 254 068	8 748 532	287 127	542 082	442 894	–	288 150	629 970	–	14 192 823
Disposals	–	–	–	–	(255 572)	–	–	–	(592 105)	(847 677)
At 30 June 2017	**68 053 093**	**8 748 532**	**60 902 698**	**4 615 014**	**19 203 507**	**495 700**	**9 409 774**	**2 572 834**	**29 738 992**	**203 740 44**
Accumulated depreciation and impairment										
At 01 July 2016	2 702 380	–	26 916 764	2 430 154	18 007 472	478 306	8 592 658	1 658 438	29 225 450	90 011 622
Depreciation	2 748 140	699 882	3 035 114	453 810	472 057	8 365	313 393	162 813	268 830	8 162 404
Disposals	–	–	–	–	(97 969)	–	–	–	(226 974)	(324 943)
At 30 June 2017	**5 450 520**	**699 882**	**29 951 878**	**2 883 964**	**18 381 560**	**486 671**	**8 906 051**	**1 821 251**	**29 267 306**	**97 849 083**
Carrying value										
At 30 June 2017	**62 602 573**	**8 048 650**	**30 950 820**	**1 731 050**	**821 947**	**9 029**	**503 723**	**751 583**	**471 686**	**105 891 061**
At 01 July 2016	62 096 645	–	33 698 807	1 642 778	1 008 713	17 394	528 966	284 426	1 105 647	100 383 376

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

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

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

Association

2017	Land and buildings R	Leasehold property - SAFA House R	Furniture and fittings R	Motor vehicles R	Office equipment R	Computer equipment and software R	General equipment R	Buses R	Total R
Cost									
At 01 July 2016	64 799 025	60 615 571	4 072 932	19 016 185	495 700	9 060 024	1 942 864	30 331 097	190 333 398
Additions	3 254 068	287 127	542 082	442 894	–	288 150	629 970	–	5 444 291
Disposals	–	–	–	(255 572)	–	–	–	(529 105)	(847 677)
At 30 June 2017	**68 053 093**	**60 902 698**	**4 615 014**	**19 203 507**	**495 700**	**9 348 174**	**2 572 834**	**29 738 992**	**194 930 012**
Accumulated depreciation and impairment									
At 01 July 2016	2 702 380	26 916 764	2 430 154	18 007 472	478 306	8 555 585	1 658 438	29 225 450	89 974 549
Depreciation	2 748 140	3 035 114	453 810	472 057	8 365	292 862	162 813	268 830	7 441 991
Disposals	–	–	–	(97 969)	–	–	–	(226 974)	(324 943)
At 30 June 2017	**5 450 520**	**29 951 878**	**2 883 964**	**18 381 560**	**486 671**	**8 848 447**	**1 821 251**	**29 267 306**	**97 091 597**
Carrying value									
At 30 June 2017	**62 602 573**	**30 950 820**	**1 731 050**	**821 947**	**9 029**	**499 727**	**751 583**	**471 686**	**97 838 415**
At 01 July 2016	62 096 645	33 698 807	1 642 778	1 008 713	17 394	504 439	284 426	1 105 647	100 358 849

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

Group *(continued)*

2016	Land and buildings R	Leasehold property - SAFA House R	Furniture and fittings R	Motor vehicles R	Office equipment R	Computer equipment and software R	General equipment R	Buses R	Total R
Cost									
At 01 July 2015	65 500 000	60 615 571	3 892 843	19 124 625	495 700	9 778 400	1 692 992	30 331 097	191 431 228
Additions	7 342 425	–	180 089	168 160	–	485 704	249 872	–	8 426 250
Adjustment*	(8 043 400)	–	–	–	–	–	–	–	(8 043 400)
Disposals	–	–	–	(276 600)	–	(1 142 480)	–	–	(1 419 080)
At 30 June 2016	64 799 025	60 615 571	4 072 932	19 016 185	495 700	9 121 624	1 942 864	30 331 097	190 394 998
Accumulated depreciation and impairment									
At 01 July 2015	–	23 885 986	1 915 326	16 500 396	454 225	8 431 126	1 537 805	24 310 006	77 034 870
Depreciation	2 702 380	3 030 778	514 828	1 769 846	24 081	605 802	120 633	4 915 444	13 683 792
Disposals	–	–	–	(262 770)	–	(444 270)	–	–	(707 040)
At 30 June 2016	2 702 380	26 916 764	2 430 154	18 007 472	478 306	8 592 658	1 658 438	29 225 450	90 011 622
Carrying value									
At 30 June 2016	62 096 645	33 698 807	1 642 778	1 008 713	17 394	528 966	284 426	1 105 647	100 383 376
At 01 July 2015	65 500 000	36 729 585	1 977 517	2 624 229	41 475	1 347 274	155 187	6 021 091	114 396 358

* Adjustment for prior year VAT included in additions now claimed as VAT input.

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

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

Association *(continued)*

2016	Land and buildings R	Leasehold property - SAFA House R	Furniture and fittings R	Motor vehicles R	Office equipment R	Computer equipment and software R	General equipment R	Buses R	Total R
Cost									
At 01 July 2015	65 500 000	60 615 571	3 892 843	19 124 625	495 700	9 716 800	1 692 992	30 331 097	191 369 628
Additions	7 342 425	–	180 089	168 160	–	485 704	249 872	–	8 426 250
Adjustment*	(8 043 400)	–	–	–	–	–	–	–	(8 043 400)
Disposals	–	–	–	(276 600)	–	(1 142 480)	–	–	(1 419 080)
At 30 June 2016	64 799 025	60 615 571	4 072 932	19 016 185	495 700	9 060 024	1 942 864	30 331 097	190 333 398
Accumulated depreciation and impairment									
At 01 July 2015	–	23 885 986	1 915 326	16 500 396	454 225	8 414 866	1 537 805	24 310 006	77 018 610
Depreciation	2 702 380	3 030 778	514 828	1 769 846	24 081	584 989	120 633	4 915 444	13 662 979
Disposals	–	–	–	(262 770)	–	(444 270)	–	–	(707 040)
At 30 June 2016	2 702 380	26 916 764	2 430 154	18 007 472	478 306	8 555 585	1 658 438	29 225 450	89 974 549
Carrying value									
At 30 June 2016	62 096 645	33 698 807	1 642 778	1 008 713	17 394	504 439	284 426	1 105 647	100 358 849
At 01 July 2015	65 500 000	36 729 585	1 977 517	2 624 229	41 475	1 301 934	155 187	6 021 091	114 351 018

* Adjustment for prior year VAT included in additions now claimed as VAT input.

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

7. Financial assets

	Group		Association	
	2017	2016	**2017**	2016
	R	R	**R**	R
Fair value through profit or loss				
Fair value at beginning of the year	**25 944 130**	32 267 415	**25 944 130**	32 267 415
Decrease in fair value during the year	**(5 546 333)**	(6 323 285)	**(5 546 333)**	(6 323 285)
Fair value at end of the year	**20 397 797**	25 944 130	**20 397 797**	25 944 130
Financial assets measured at fair value comprise:				
Equity shares	**14 243 279**	17 260 220	**14 243 279**	17 260 220
Trust units	**6 154 518**	8 683 910	**6 154 518**	8 683 910
	20 397 797	25 944 130	**20 397 797**	25 944 130

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 553 567 equity securities and is entitled to 450 000 trust units. The equity shares were valued at reporting date at the market value of the shares and the trust units were valued by independent valuators based on the Monte Carlo simulation method. The vesting of these trust units are subject to certain qualifying criteria and vesting conditions and the Association and Trustees are satisfied that the trust units will vest on due dates.

8. Intangible asset

	Group		Association	
	2017	2016	**2017**	2016
	R	R	**R**	R
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. Management considers the fair value of the trademark to be excess of its carrying value.

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

9. Investment in subsidiaries

At cost less impairment

Name of subsidiary	Proportion of ownership %	Association 2017 R	2016 R
SAFA Infrastructure Development Foundation*	100	–	–
Africa Cup of Nations 2013 LOC South Africa NPC	100	–	–
The South African Football Association Development Agency**	100	–	–
		–	–
National Executive Committee valuation		–	–

* To be deregistered.
** To be integrated within SAFA by 31 December 2017.

10. Trade and other receivables

	Group		Association	
	2017	2016	**2017**	2016
	R	R	**R**	R
Sponsorships and related income	**36 014 183**	29 762 720	**34 370 686**	17 542 124
Value added taxation	**1 600 965**	8 115 549	**1 600 965**	8 115 549
SARS receivable	**1 236 130**	–	**1 236 130**	–
Amount owing by the SAFA Development Agency Trust	–	–	**5 636 584**	1 788 053
Other receivables	**10 240 161**	12 703 830	**10 240 161**	12 703 830
	49 091 439	50 582 099	**53 084 526**	40 149 556

Trade and other receivables are shown net of a provision for doubtful debts of R6 614 042 (2016 – R6 094 663) for the Group and R5 715 442 (2016: R3 970 805) for the Association.

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

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

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

The amount owing by The South African Football Association Development Agency Trust has been subordinated in favour of other creditors until such time as the assets of the Trust, fairly valued exceeds its liabilities.

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

10. Trade and other receivables *(continued)*

Ageing of trade receivables	Group 2017 R	Group 2016 R	Association 2017 R	Association 2016 R
Not past due	**31 826 779**	3 543 055	**32 866 223**	3 543 055
Past due 30 – 90 days	**3 651 058**	14 424 105	**1 263 778**	8 313 808
120 + day	**536 346**	11 795 560	**240 685**	5 685 261
	36 014 183	29 762 720	**34 370 686**	17 542 124
Movement in the provision for impairment:				
Balance at beginning of the year	**6 094 663**	8 618 326	**3 970 805**	2 061 222
Net movement in provision for impairment	**519 379**	(2 523 663)	**1 744 637**	1 909 583
	6 614 042	6 094 663	**5 715 442**	3 970 805

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

11. Interest-bearing loans

	Group 2017 R	Group 2016 R	Association 2017 R	Association 2016 R
Instalment sale – Mercedes Benz	**2 251 301**	3 209 903	**2 251 301**	3 209 903
Less: current portion included under current liabilities	**(1 524 660)**	(1 257 711)	**(1 524 660)**	(1 257 711)
	726 641	1 952 192	**726 641**	1 952 192
Tuks Sport Proprietary Limited	**–**	1 199 300	**–**	1 199 300
Less: current portion included under current liabilities	**–**	(1 199 300)	**–**	(1 199 300)
	–	–	**–**	–
The 2010 FIFA World Cup Legacy Trust	**6 000 000**	9 000 000	**6 000 000**	9 000 000
Less: current portion	**(6 000 000)**	(9 000 000)	**(6 000 000)**	(9 000 000)
	–	–	**–**	–
Long-term portion	**726 641**	1 952 192	**726 641**	1 952 192
Current portion	**7 524 660**	11 457 011	**7 524 660**	11 457 011

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

11. Interest-bearing loans *(continued)*

The instalment sale Mercedes Benz liability is secured over motor vehicles with a carrying value of R821 947. The monthly instalments are R1 548 036 per annum. Interest is payable at an average of 10.52% per annum.

The Tuks Sport Proprietary Limited loan, was unsecured, bearing interest at 10.5% (2016 – 10.5%) per annum and was paid in full during the year.

The 2010 FIFA World Cup Legacy Trust loan is unsecured bearing interest at 6% per annum. Subsequent to the financial year end, a revised payment plan was put in place on 07 November 2017, whereby R3 million is payable on 30 November 2017, R2 million is payable on 28 February 2018 and the balance of R1 million on 30 April 2018. On 2 November 2017 in good faith, the Association made an advance payment of R2 million before the approval date to illustrate commitment of its intention to meet the new repayment terms.

Minimum payments

	Within 1 year R	2 – 5 years R	5 years and over R	Total R
2017				
Total loans	**7 524 660**	**726 641**	**–**	**8 251 301**
2016				
Total loans	11 457 011	1 952 192	–	13 409 203

12. Trade and other payables

	Group 2017 R	Group 2016 R	Association 2017 R	Association 2016 R
Trade payables	**111 034 248**	93 196 188	**106 154 662**	81 782 762
Sundry payables	**13 647 309**	16 155 130	**12 969 608**	15 361 914
Value added taxation	**630 287**	447 150	**–**	–
Salary-related payables	**1 174 209**	3 394 695	**903 112**	3 239 938
	126 486 053	113 193 163	**120 027 382**	100 384 614

13. Income received in advance

	Group 2017 R	Group 2016 R	Association 2017 R	Association 2016 R
FIFA Financial Assistance Programme	**–**	4 612 003	**–**	4 612 003
Lotto	**–**	4 369 280	**–**	4 369 280
PSL	**833 331**	–	**833 331**	–
Sishen Iron Ore	**75 000**	–	**–**	–
South African Breweries Limited	**–**	14 119 479	**–**	14 118 479
SABC Limited	**–**	11 833 615	**–**	11 833 615
The South Deep Education/ Community Trust	**225 000**	–	**–**	–
The 2010 FIFA World Cup Legacy Trust	**24 201 461**	36 636 842	**24 201 461**	36 636 842
Total Sports Core funding	**398 688**	155 180	**–**	–
Total Sports – Football development	–	710 000	**–**	–
	25 733 480	72 436 399	**25 034 792**	71 570 219

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

		Group		Association	
		2017	2016	**2017**	2016
		R	R	**R**	R
14.	**Cash generated from/ (utilised by) operations**				
	Profit/(loss) before taxation	**21 899 490**	(42 329 069)	**23 137 772**	(45 162 082)
	Adjustments for:				
	Depreciation for property, plant and equipment	**8 162 404**	13 683 792	**7 441 991**	13 662 979
	Loss on disposal of property, plant and equipment	**184 239**	578 688	**184 239**	578 688
	Finance income	**(1 850 376)**	(2 646 002)	**(1 789 118)**	(2 513 530)
	Finance costs	**1 680 261**	1 231 207	**1 596 326**	1 229 000
	Decrease in fair value of derivative financial asset	**5 546 333**	6 323 285	**5 546 333**	6 323 285
	Operating profit/(loss) before working capital changes	**35 622 351**	(23 158 099)	**(36 117 543)**	(25 881 660)
	VAT adjustment in property, plant and equipment	–	8 043 400	**–**	8 043 400
	Adjustments for working capital changes: Increase/(decrease) in trade and other receivables	**1 490 660**	(14 917 454)	**(12 934 970)**	(10 183 422)
	Increase/(decrease) in trade and other payables	**13 292 890**	(32 335 916)	**19 642 768**	(32 669 949)
	(Decrease)/increase in income received in advance	**(46 702 919)**	6 075 890	**(46 535 427)**	6 403 043
		3 702 982	(56 292 179)	**(3 710 086)**	(54 288 588)
15.	**Additions to property, plant and equipment**				
	Land and Buildings	**3 254 068**	7 342 425	**3 254 068**	7 342 425
	Leasehold property – Alex Hub	**8 748 532**	–	**–**	–
	Leasehold property – SAFA House	**287 127**	–	**287 127**	–
	Furniture and fittings	**542 082**	180 089	**542 082**	180 089
	Motor Vehicles	**442 894**	168 160	**442 894**	168 160
	Computer equipment	**288 150**	485 704	**288 150**	485 704
	General equipment	**629 970**	249 872	**629 970**	249 872
		14 192 823	8 426 250	**5 444 292**	8 426 250

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

		Group		Association	
		2017	2016	**2017**	2016
		R	R	**R**	R
16.	**Proceeds on disposal of property, plant and equipment**				
	Carrying value of property, plant and equipment for sale disposed	**522 734**	712 040	**522 734**	712 040
	Loss on disposal of property, plant and equipment	**(184 239)**	(578 688)	**(184 239)**	(578 688)
	Proceeds on disposal of property, plant and equipment	**338 495**	133 352	**338 495**	133 352
17.	**Related parties**				
17.1	Related party balances				
	During the year the Association, in the ordinary course of business, entered into the following related party transactions. National Executive Committee – Receivable in respect of motor vehicles	**4 835 925**	5 166 821	**4 835 925**	5 166 821
	The amounts are settled by honoraria payable to members				
	South African Football Association Development Agency amount due	**–**	–	**5 636 583**	1 788 053
	The 2010 FIFA World Cup Legacy Trust (refer to note 11 for terms and conditions)	**(6 000 000)**	(9 000 000)	**(6 000 000)**	(9 000 000)
17.2	Related party transactions				
	National Executive Committee	**5 933 302**	5 652 994	**5 933 302**	5 652 994
	– Honoraria	**4 762 497**	4 450 940	**4 762 497**	4 450 940
	– Allowances	**1 170 805**	1 202 054	**1 170 805**	1 202 054
	Key management personnel remuneration	**9 670 708**	12 375 978	**9 670 708**	12 375 978
	The 2010 FIFA World Cup Legacy Trust – Grants received	**59 200 982**	52 933 510	**59 200 982**	52 444 036

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.

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

18. 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 2017.

19. 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.

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 is obtained from The 2010 FIFA World Cup Legacy Trust, Confederation Africaine de Football, FIFA and other sponsorships. Formal agreements are entered into which set out the terms and conditions of the funding.

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.

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

19. Financial instruments *(continued)*

Liquidity risk *(continued)*

Group	**Carrying amount R**	**Contractual cash flows R**	**12 months or less R**	**1 to 5 years R**	**More than 5 years R**
2017					
Trade and other payables	**124 681 557**	**124 681 557**	**124 681 557**	**–**	**–**
Interest-bearing loans	**8 251 301**	**8 251 301**	**7 524 660**	**726 641**	**–**
	132 206 217	**132 206 217**	**132 206 217**	**726 641**	
2016					
Trade and other payables	109 351 318	109 351 318	109 351 318	–	–
Interest-bearing loans	13 409 203	13 409 203	11 457 011	2 147 112	–
	122 760 521	122 760 521	120 808 329	2 147 112	–
Association					
2017					
Trade and other payables	**119 124 270**	**119 124 270**	**119 124 270**	**–**	**–**
Interest-bearing loans	**8 251 301**	**8 251 301**	**7 524 660**	**726 641**	**–**
	127 375 571	**127 375 571**	**126 648 930**	**726 641**	
2016					
Trade and other payables	97 144 676	97 144 676	97 144 676	–	–
Interest-bearing loans	13 409 203	13 409 203	11 457 011	2 147 112	–
	110 553 879	110 553 879	108 601 687	2 147 112	–

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

19. Financial instruments *(continued)*

Liquidity risk *(continued)*

Interest rate risk – sensitivity analysis – Group and Association
An increase of 100 basis points in interest rates would have increased the loss as follows:

	2017 R	2016 R
Loss for the year	**(82 513)**	(11 992)

A decrease of 100 basis points could have reduced the loss by a similar amount.

Terms and debt repayment schedule

Group and Association

The terms and conditions of interest-bearing loans were as follows:

	Currency	Nominal interest rate	Year of maturity	2017 Fair value R	2017 Carrying amount R	2016 Fair value R	2016 Carrying amount R
Instalment sale – Mercedes Benz	**ZAR**	**10.52%**	**2018**	**2 251 301**	**2 251 301**	3 209 903	3 209 903
Tuks Sport (Pty) Ltd	**ZAR**	**10.50%**	**2017**	**–**	**–**	1 199 300	1 199 300
2010 FIFA World Cup Legacy Trust	**ZAR**	**6.00%**	**2017**	**6 000 000**	**6 000 000**	9 000 000	9 000 000
Total non-interest and interest-bearing liabilities				**8 251 301**	**8 251 301**	13 409 203	13 409 203

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

Fair value versus carrying amounts – Group

	Accounting classification	2017 Carrying value R	2017 Fair value R	2016 Carrying value R	2016 Fair value R
Financial asset	1	**20 397 797**	**20 397 797**	25 944 130	25 944 130
Trade and other receivables	2	**46 254 344**	**46 254 344**	44 610 847	44 610 847
Bank balances and cash	2	**8 298 499**	**8 298 499**	23 437 632	23 437 632
Interest-bearing loan	3	**(8 251 301)**	**(8 251 301)**	(13 409 203)	(13 409 203)
Trade and other payables	3	**(124 681 557)**	**(124 681 557)**	(119 124 270)	(119 124 270)
		(83 715 698)	**(83 715 698)**	(110 977 263)	(110 977 263)

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

19. Financial instruments *(continued)*

Fair value versus carrying amounts *(continued)*

Fair value versus carrying amounts – Association

	Accounting classification	2017 Carrying value R	2017 Fair value R	2016 Carrying value R	2016 Fair value R
Financial asset	1	**20 397 797**	**20 397 797**	25 944 130	25 944 130
Trade and other receivables	2	**42 466 550**	**42 466 550**	30 245 954	30 245 954
Bank balances and cash	2	**6 568 841**	**6 568 841**	23 437 632	23 437 632
Interest-bearing loan	3	**(8 251 301)**	**(8 251 301)**	(13 409 203)	(13 409 203)
Trade and other payables	3	**(109 351 318)**	**(109 351 318)**	(97 144 676)	(97 144 676)
		(48 169 431)	**(48 169 431)**	(103 362 562)	(103 362 562)

Accounting classification

1. Fair value through profit or loss.
2. Loans and receivables.
3. Financial liabilities.

Basis for determining fair values

The following summarises the significant methods and assumptions used estimating the fair values of financial instruments reflected in the tables above.

Non-current liabilities
Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the applicable interest rate, which is in line with market rates, at the reporting date.

Trade and other receivables/payables
The fair value of trade and other receivables/payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

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 2017.

Trust units – The valuation is based on the Monte Carlo method of simulation. Unobservable inputs includes share price volatility, exercise price and interest rate fluctuations.

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

20. Contingent liability

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

The matter was heard in the Johannesburg High Court from 28 October to 04 November 2016 and the court ruled in the Association's favour. Fli Afrika has since appealed this High Court judgement and we are waiting to be advised when the appeal matter will be heard. Based on the court proceedings and legal advice received the National Executive Committee is of the opinion that it is confident that the Association will win the appeal.

A former CEO of the Association is suing the Association for defamation of character following his banning by FIFA from all football activities. The matter was scheduled to be heard in the Johannesburg High Court in August 2017; however, it was postponed to a date still to be determined. Based on the legal advice received the National executive Committee is of the opinion that it is confident that the Association will win this case.

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 the cases referred to above will be successfully defended. Accordingly, no provision for the costs has been made in the financial statements.

21. Standards and interpretations not yet effective

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

At the date of authorisation of the financial statements of the Group for the year ended 30 June 2017, the following applicable Standards and Interpretations were in issue but not yet effective:

Effective dates beginning on or after 01 January 2017

- IAS 7: Disclosure amendments
- IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

Effective dates beginning on or after 01 January 2018

- IFRS 15: Revenue from contracts with customers
- IFRS 9: Financial Instruments

Effective dates beginning on or after 01 January 2019

- IFRS 16: Leases

The above standards will be adopted when they become effective.

South African Football Association

Notes to the financial statements for the year ended 30 June 2017 (continued)

21. Standards and interpretations not yet effective (continued)

Disclosure Initiative (Amendments to IAS 7)

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The amendments apply for annual periods beginning on or after 01 January 2017 and early application is permitted.

The Group will adopt the standard in the relevant financial year.

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

This standard is not application to the Group as deferred tax assets are not recognised.

IFRS 15 Revenue from contracts with customers

This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

The standard is effective for annual periods beginning on or after 01 January 2018, with early adoption permitted under IFRS.

This new standard will most likely have an impact on the Association and Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Group will undergo a process of performing a more detailed assessment of the impact of this standard on the Group in the forthcoming financial year.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

The standard is effective for annual periods beginning on or after 01 January 2018 with retrospective application, early adoption is permitted.

This standard will have an impact on the Group, which will include changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Group.

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

21. Standards and interpretations not yet effective *(continued)*

IFRS 16

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The group and company have begun assessing the potential impact on the financial statements resulting from the application of IFRS 16.

No significant impact is expected for the Group's accounting for finance leases.

22. Going concern and subsequent events

The Group generated a profit of R21.9 million for the year ended 30 June 2017 and, as of that date, the Group's current liabilities exceeded its current assets by R76.6 million (excluding income received in advance). The Group continues to pursue its plans of improving this position and is still determined to achieve a net current asset position within the next few years. It is quite important for this position to be achieved because it would result in the debts being settled quicker. The Group has therefore set to achieve significant operating surplus during the next few years in order to achieve the net current asset position.

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 Group has also commenced exploiting a number of revenue opportunities that it identified previously. This is in addition to the continued implementation of its financial growth plan which has achieved a fair amount of success so far.

FIFA recently announced a vastly improved financial support programme for its member associations which is known as FIFA Forward. The current FIFA Forward funding cycle is January 2016 to December 2019; therefore, we have guaranteed funding until December 2019. We have already started receiving these funds and they are a huge cost relief as they partly cover the Association's normal operational costs. In addition, the FIFA Forward projects funding assists us to invest in projects that will provide future returns, including financial, to the Association. In this regard, FIFA has approved funds for the construction of certain elements at our National Technical Centre, the replacement of the SAFA House IT Network system, the repairs and renovations of the SAFA House building and the acquisition of the Conference Sound System.

The funding from CAF has also been improved quite significantly. The TV revenue allocated to CAF's members is now increased. This means that the CAF members are guaranteed of increased TV revenue for participating in CAF competitions and tournaments. The Association has already started enjoying these financial benefits which have already accrued to it.

The Group is also using its internal efforts to generate sponsorships. The strategy is to identify areas where we do not have funding and/or areas that are under-funded and put more effort there. These efforts have started to bear some fruits as we were received some keen interest from prospective sponsors for some of our national teams, referees and under 19 Women Inter-Provincial tournaments. We also continue to highlight the importance of funding development programmes by the corporate entities.

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

22. Going concern and subsequent events *(continued)*

Whilst our broadcast agreement with the South African Broadcasting Corporation ("SABC") terminates during the early part of 2018, we have already commenced discussions with the relevant stakeholders to ensure that this matter is satisfactorily concluded before termination date. In addition, we have a long-term relationship with Siyaya Free-to-Air TV Proprietary Limited and we continue to engage them around various elements of our contractual relationship. We are quite optimistic that we will maintain or improve the revenue from broadcasters for our free-to-air broadcast rights from 01 May 2018.

We have also amplified our broadcast strategy so that we can maximise the broadcast rights returns. This strategy on satellite TV rights and free-to-air TV rights which are then segmented into domestic, continental and world-wide rights. With the changing broadcasting landscape which is mainly due to emerging broadcast companies and the impending changes in legislation, we have identified opportunities and we have commenced working on them in order to maximise our broadcast rights returns. Globalisation also presents opportunities within the continental and word-wide markets. In addition, technological advancements also present vast opportunities for our broadcast rights to be sold on new platforms.

With the assistance of seed funding from FIFA, we have commenced with the implementation of our licensing and merchandising programme. The merchandise range will include national team jerseys, tracksuits, casual wear, formal wear clothing accessories, supporters and other accessories like cups, pens, rings, balls, etc. We will establish the distribution networks, implement the licensing of outlets and manage the rights protection aspects. We expect this programme to gain momentum in the forthcoming year.

The nationwide player registration is progressing well. Most of our LFA players have been registered on the Central Players Database ("CPD"). This is part of our SAFA Digital project and it includes the creation of database for all our players and teams, the competition system and other modules. The SAFA Digital project is also a commercial project that will generate huge revenues for the Group. Once the CPD is sufficiently populated, we will be in a position to commence monetising it. We estimate that this project has a payback period of three years. We are also in discussion with a few possible funders and if we are successful, this will reduce the payback period quite significantly. This will also result in additional, unencumbered and diversified revenue streams for the Group.

The developments at the SAFA National Technical Centre ("the Centre") are continuing. The following construction projects are in progress:

- boundary wall and guard house
- artificial football pitch
- 2 natural grass pitches.

These assets will strengthen our statement of financial position. The Centre is also providing the much needed financial relief to the Group in the form of significant savings in accommodation costs. The Fun Valley business is also profitable and is contributing to the Association's bottom line and cash flows. With the completion of various milestones at the Centre, the financial benefits will increase and these include:

- Increased savings in accommodation costs as we would be able to accommodate all our teams and for all our activities.
- Cost savings for field hire.
- Additional revenue from hiring our facilities to other sporting codes and any other interested parties.

South African Football Association

Notes to the financial statements *for the year ended 30 June 2017 (continued)*

22. Going concern and subsequent events *(continued)*

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

The Group's stream of grant revenue from other sources is becoming more consistent. Sport and Recreation South Africa is offering an annual grant for development programmes. The National Lotteries Commission ("NLC") has also started to fund the Association's programmes and our relationship with them has improved. The Group is trying to get more funding from CATHSETA which will be either in cash or in kind.

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

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

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

SAFA SPONSORS, SUPPLIERS AND PARTNERS

National Teams' Sponsors

Banyana Banyana

Bafana Bafana

Amajita

Technical Partner

Corporate Social Investment Partner

Broadcast Partners

Development Partner

Competitions' Sponsors

Suppliers and Partners