

South African Football Association

ANNUAL FINANCIAL REPORT incorporating
GROUP ANNUAL FINANCIAL STATEMENTS and
ASSOCIATION ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2019



**FOR
THE
2018 CAF
WOMEN'S
COACH OF
THE YEAR**

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YOUR
LOVE**



South African Football Association

Annual Financial Report for the year ended 30 June 2019

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The following supplementary information does not form part of the Group financial statements and Association financial statements and is unaudited:

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Desiree Ellis was appointed the permanent Banyana Banyana Head Coach in 2018 (after being the Interim Coach since 2016). She won the 2017 & 2018 COSAFA Women's Championships, the first South African to win the title as both player (2002) and coach. She won the silver medal at AFCON Ghana 2018 to qualify her team for the FIFA Women's World Cup France 2019™ by which time she had been voted the 2018 CAF Women's Coach of the Year, the only woman nominated alongside men.



Mr Thamsanqa Gay Mokoena

Chairman:

Finance and Procurement Committee

Dear Members, Colleagues and the Football Family,

We indicated previously that we were expecting a very difficult financial year. Indeed, during the past year, we lost almost a third of our income due to the drying up of broadcasting revenue. It is common knowledge that the South African Broadcasting Corporation (SABC), our prime broadcaster, has been under serious financial stress for a while. As a result, we were negatively affected by developments at the SABC. The past year has been a very difficult one as the Association did not derive any income from broadcasting. Therefore, we had to streamline our activities to almost two thirds of our normal operations within a very short period. This adjustment, as it would be expected, has caused a slow-down and some bottlenecks for some of our administrative operations. The situation we found ourselves in led to the drastic reduction of overhead costs, postponement and/or revision of a number of administrative activities and programs and a liquidation of some assets and/or investments such as the Netcare shares. The good news, though, is that our main line functions of developing football and looking after the National Teams have not been negatively affected as these mandates are largely funded through earmarked grant funds and sponsorships respectively. It is mainly the administrative functions that have been negatively impacted by the decrease in revenue.

Despite this setback, it gives me a great pleasure to inform you that, finally, we have reached an agreement with the SABC for the current financial year. At the time of compiling this report, we were assured of approximately 50% of our last broadcasting revenue. We expect this percentage to improve in due course. This income will improve our financial situation in 2019/2020 significantly when it is compared to no broadcast revenue in 2018/2019. It will assist the cashflow and the financial sustainability of the Association. It is our conviction that the worst is behind us.

Another positive development is that the CAF and FIFA grants to Member Associations have been increased. The CAF grant has been increased from \$100 000 to \$200 000 p.a. whilst the FIFA grant has been improved from \$1,25m to \$1,50m p.a. This increase of \$350 000, which is highly appreciated, came in when it was needed most.

We have stepped up the efforts to increase our revenue. The President and Members of the National Executive Committee have been actively backing up the management team as well as the Commercial Committee to source sponsorships, negotiate broadcasting rights and solicit some grants. Some few prospects are in the pipeline and they would be announced at appropriate time.

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 President, the NEC members, the Acting CEO and his staff. More importantly, we would also like to thank you, our beloved Members, for your support and resilience throughout the past year. We look forward to an improved financial performance this year. We thank you all.

Mr Mxolisi Sibam



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 2019 financial year. The Association and Group are still under material financial and cash flow stress and this is mainly due to the reduction in revenue as a result of the broadcasting rights contract. The Association is applying strict financial control measures to contain cost to limit the impact of this to the least possible effect on the Group's financial position, results and cash flows.

We continue to assess our risk and systems of the Group and we would like to assure you that the Group's systems of 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 two (2) 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 of internal controls. We ensured that these are appropriate and adequate for the Group and also that they are being implemented throughout the year. The Committee continuously assessed the Group's risk profile and ensured that appropriate measures are taken to deal with any risk. The Committee is comfortable that proper and appropriate systems and internal controls are in place throughout the Group.

The Committee ensured that the Group financial statements for year ended 30 June 2019 are prepared in compliance with all applicable statutory, legal and regulatory requirements and based on the International Financial Reporting Standards (IFRS). The Committee was also actively overseeing the external audit process by PwC. This included approving the audit plan, monitoring the audit progress and reviewing PwC's final report including the Report to Management (RTM).

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 therefore glad to highlight the following results for the Group:

Financial position:	Total assets	R167.8m
	Net current liabilities	R171.2m
	Accumulated loss	R63.5m
Financial performance:	Loss from operations	R75.8m
	Loss for the year	R75.9m
Cash flow:	Cash generated from operations	(R1.2m)
	Net cash flows from investing activities	R10.4m

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

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Mr Russell Paul

Acting Chief Executive Officer



As alluded to in the 2017/18 Financial Report that we “.....have to do some introspection in our overall operational method and therefore cannot continue business as if everything is normal around us.” I am pleased to report that we did embark on a process of consciously doing things “differently” which has benefited the Association greatly over the past period under review.

As such, we all “took heed and change(d) our approach to ensure that the sustainability of the Association and its future is uppermost on our agenda.” In this regard, credit must also go to our Members who have assisted in a big way, by recognizing the challenges facing the Association and therefore all contributing in their own way to help with the overall recovery plan.

We have since managed to rightsize a number of operational processes within the organization, creating alignment with SAFA House and the National Technical Centre operations, as well as trimming outsourced services in accordance with our operations and developing better efficiency in line with what was being delivered or offered to the Association.

It is important to note that whilst we celebrate the success on the playing field of all our National Teams, these successes have a direct effect on our operational expenses, in that we do not usually “budget” for the teams advancing to a particular level. As such, when the teams qualify, we need to produce new “budgets” for these activities. Nonetheless, the continued successes of our National Teams augurs well for the future, and will thus engender a greater sense of confidence from our Commercial Partners, as well as future Partners wishing to invest in a brand that continues to grow and show opportunity for healthy returns on investments.

There have been ongoing engagements with potential new partners for the Association, and in line with the turnaround strategy that includes securing new revenues, these announcements should be made in the very near future.

We need to once again pay tribute to, and offer great thanks to all of our sponsors / partners for their continued support of the most popular sport in our country!

A sincere thank you and appreciation to the President, Dr Jordaan, who has tirelessly led the NEC and various related committees (in particular the Finance & Procurement and Audit & Risk Committees) on an aggressive drive to support our efforts on the turnaround strategy, which has started bearing fruits for all to see.



Mr Gronie Hluyo

Chief Financial Officer



The 2018/19 financial year was a very difficult year and our financial results are a reflection of that. Our R75.9 million deficit for the year is mainly due to the loss of the South African Broadcasting Corporation ("SABC") revenue. The SABC income constituted about 35% of our total income in the prior year; therefore, the delay in concluding a new agreement is bound to cause a huge gap in income and cash flows. This was coupled by the generally harsh economic situation that our country is facing.

The Association, has however, devised a financial recovery strategy that aims to bring in additional and diversified revenue streams and also, most importantly, to reduce costs. We also believe that a complete paradigm shift is required for the Association to achieve its financial objectives in the future. The economic world has changed drastically; therefore, it cannot be business as usual! A re-engineering of our business, without tampering with our Mission Statement and Objectives, is required urgently. This should include a review of all aspects of our business with the aim of scaling costs down, achieving more efficiencies and still remaining effective. This will require a lot of sacrifices, but is absolutely necessary considering the tough global economic environment that we find ourselves in now.

Whilst significant effort was made to reduce costs in the current financial year, 2018/19 was loaded with a number of National Team activities which were costly. These included our participation in the 2018 COSAFA Women's Championship, CAF Women's Africa Cup of Nations Ghana 2018, 2019 Cyprus Women's Cup, FIFA Women's World Cup France 2019™, FIFA Under-17 Women's World Cup Uruguay 2018, CAF Under-20 Africa Cup of Nations Niger 2019, FIFA Under-20 World Cup Poland 2019 and CAF Africa Cup of Nations Egypt 2019. During the current financial year, we also disposed of our full investment in Netcare Holdings Pty to release some much-needed cash into the operations.

As part of our financial recovery process, it is paramount that we continuously seek ways of reducing our costs because our current cost structure is simply unsustainable. We have already commenced this process and some of the low hanging fruits that we achieved are insourcing most of the SAFA House services which include security, cleaning, gardening and purified water. We have also eliminated most of the sponsorship commissions by dealing with many of the sponsorship negotiations in-house and we do not pay system development fees for the MYSABA.net since the service provider is now working on risk. We have also drastically scaled down on the services that are being offered by EY and insourced most of these functions. We are also using our National Technical Centre / Fun Valley more often as a cost-reduction measure.

Due to the changes in how the economic world now works, traditional sponsorships are slowly becoming a thing of the past. It is, therefore, critical that we adapt lest we die! One means of adaption is to diversify our revenue streams. We, therefore, need to intensify our efforts towards the realisation of the following new revenue sources:

- licensing and merchandising
- monetisation of the MYSABA.net database
- Ima Nathi programme
- Gambling Boards and Sports Betting funding

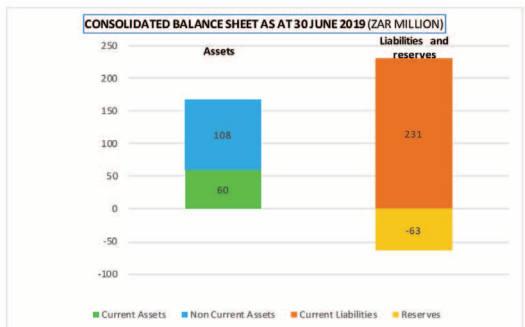
Despite the current financial challenges that our organisation is faced with, we are optimistic that a careful implementation of our financial strategic plans will soon put us back on a path of financial success. Let me conclude by thanking the Finance & Procurement Committee and the Audit & Risk Committee for their continued guidance on finance matters.

ASSETS

Non Current Assets	108
Current Assets	60

LIABILITIES AND RESERVES

Current Liabilities	231
Reserves	-63

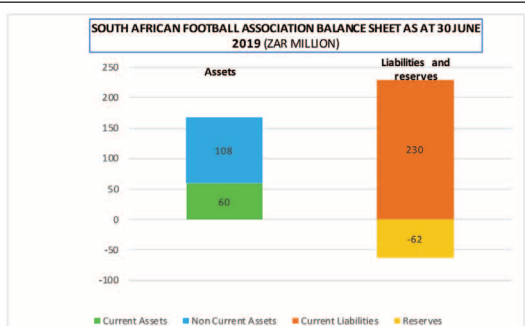


ASSETS

Non Current Assets	108
Current Assets	60

LIABILITIES AND RESERVES

Current Liabilities	230
Reserves	-62



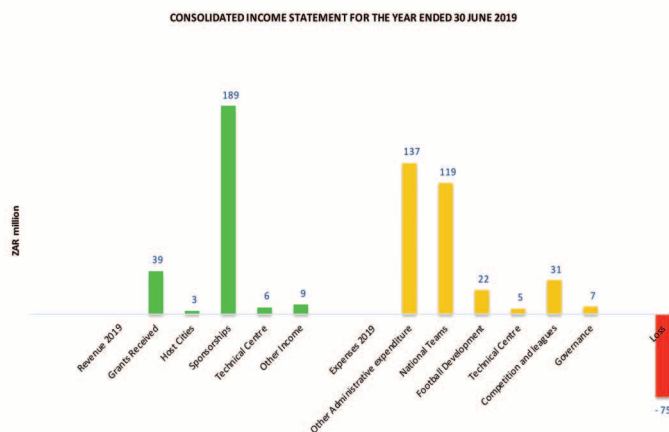
REVENUE 2019

Grants Received	39
Host Cities	3
Sponsorships	189
National Technical Centre	6
Other Income	9

EXPENSES 2019

Other Admin Expenditure	137
National Teams	119
Football Development	22
National Technical Centre	5
Competitions & Leagues	31
Governance	7

LOSS -75



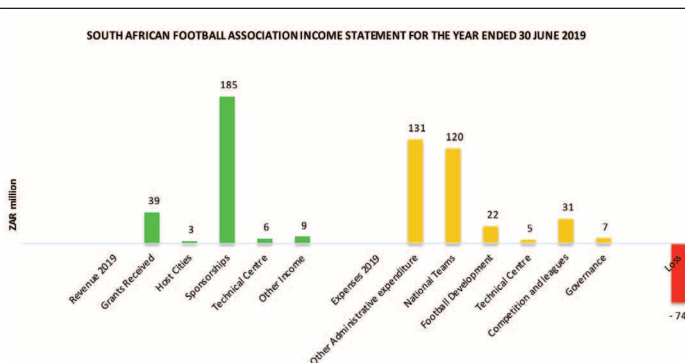
REVENUE 2019

Grants Received	39
Host Cities	3
Sponsorships	185
National Technical Centre	6
Other Income	9

EXPENSES 2019

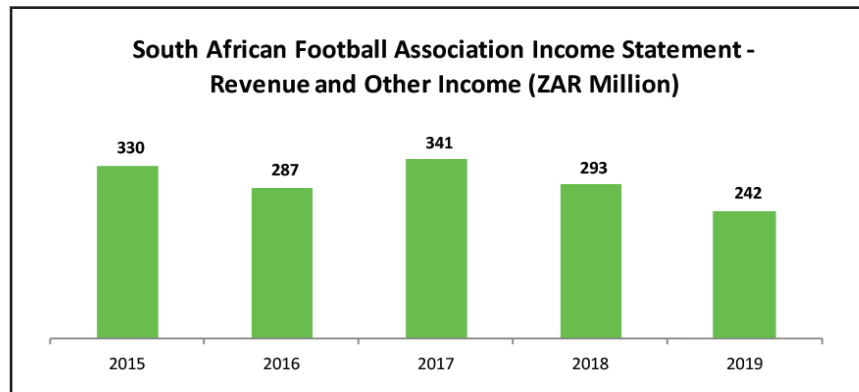
Other Admin Expenditure	131
National Teams	120
Football Development	22
National Technical Centre	5
Competitions & Leagues	31
Governance	7

LOSS -74



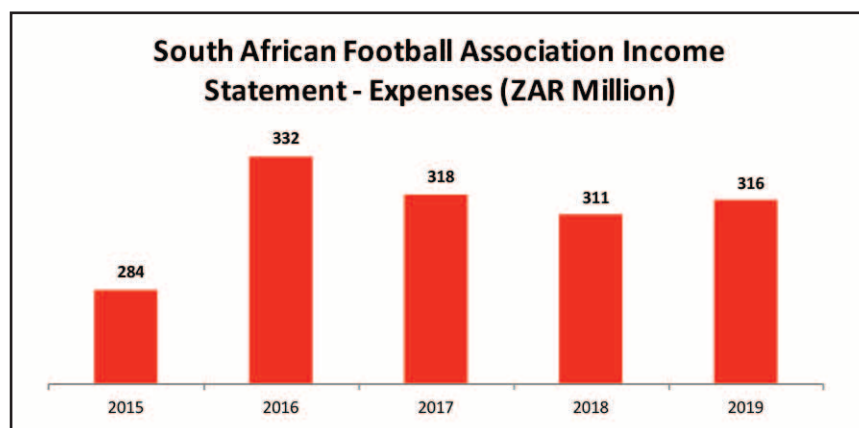
SAFA Income Statement – Revenue and Other Income (ZAR Million)

2015:	330
2016:	287
2017:	341
2018:	293
2019:	242



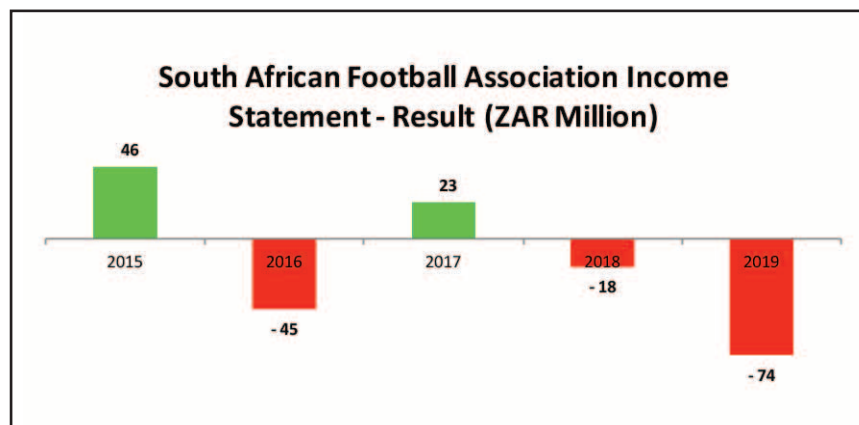
SAFA Income Statement – Expenses (ZAR Million)

2015:	284
2016:	332
2017:	318
2018:	311
2019:	316



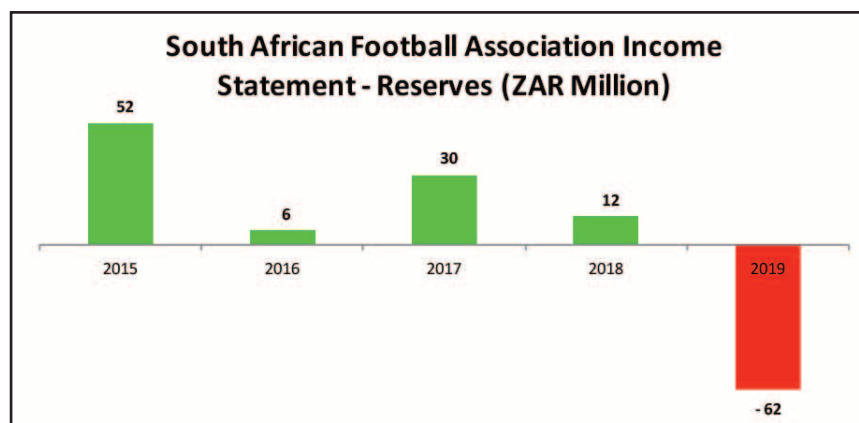
SAFA Income Statement – Result (ZAR Million)

2015:	46
2016:	- 45
2017:	23
2018:	- 18
2019:	- 74



SAFA Income Statement – Reserves (ZAR Million)

2015:	52
2016:	6
2017:	30
2018:	12
2019:	- 62



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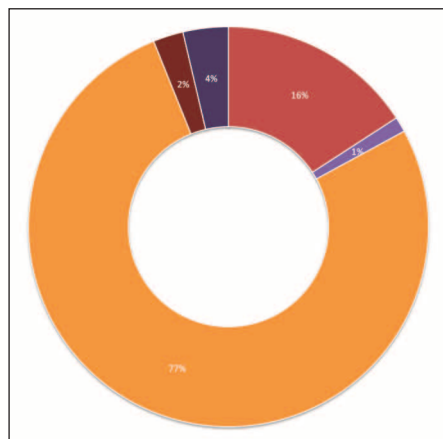
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South Africa, it's time to get behind Banyana Banyana as they prepare to jet off to the global stage. Send your message of support to the team and stand a chance to win a signed Banyana Banyana jersey.

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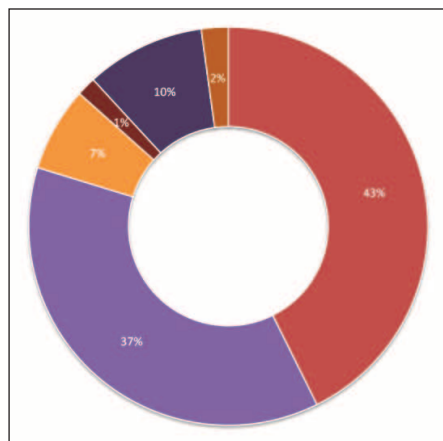


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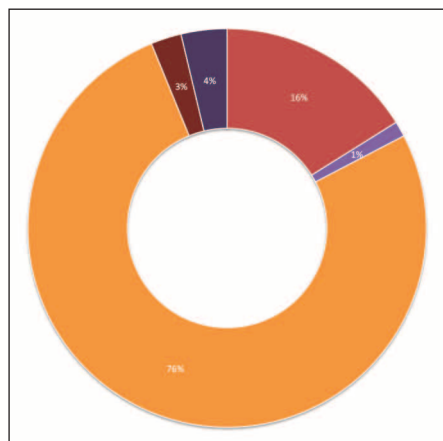
Group Revenue 2019 (ZAR Million)

- Grants received - 39
- Host Cities - 3
- Sponsorships - 189
- Technical Centre - 6
- Other Income - 9



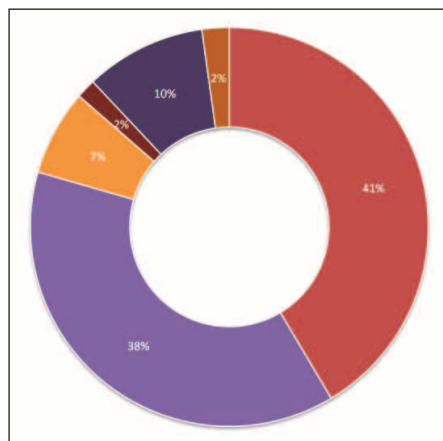
Group Expenses 2019 (ZAR Million)

- Other Administrative expenditure - 137
- National Teams - 119
- Football Development - 22
- Technical Centre - 5
- Competition and leagues - 31
- Governance - 7



South African Football Association Revenue 2019 (ZAR Million)

- Grants received - 39
- Host Cities - 3
- Sponsorships - 185
- Technical Centre - 6
- Other Income - 9



South African Football Association Expenses 2019 (ZAR Million)

- Other Administrative expenditure - 131
- National Teams - 120
- Football Development - 22
- Technical Centre - 5
- Competition and leagues - 31
- Governance - 7

South African Football Association

National Executive Committee's Responsibility Statement

The National Executive Committee ("NEC") is responsible for the preparation and fair presentation of the Group financial statements and Association financial statements of South African Football Association (the "Association"), comprising the statements of financial position at 30 June 2019, 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 NEC is responsible for preparing the report of the NEC, statement on corporate governance and composition of the NEC.

The NEC 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 NEC has made an assessment of the Association's and its subsidiaries' ability to continue as going concern and for the reasons stated in the report of the NEC believe that the Association and its subsidiaries will be going concern in the year ahead.

The NEC believes that the Group has, or has access to, adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis (refer to note 22). The NEC has satisfied itself that the Group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable requirements. The NEC is not aware of any new material changes that may adversely impact the Group. The NEC is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

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 annual financial statements and Association financial statements

The Group financial statements and Association financial statements of the South African Football Association for the year ended 30 June 2019 as identified in the first paragraph were approved by the NEC on 22 November 2019 and are signed by:



Dr Danny A. Jordaan
President



Mr Thamsanqa Gay Mokoena
Acting Chief Executive Officer

South African Football Association

National Executive Committee's Statement on Corporate Governance

for the year ended 30 June 2019

The NEC 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 NEC 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 NEC 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 the accounting policies in the financial statements.

The NEC is also responsible for the assessment of the Association's 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 NEC 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 NEC.

The committee has met regularly over the past year to discuss accounting, auditing, internal control and other financially related matters. The committee provides a forum through which the independent auditor reports to the NEC.

Finance and procurement committee

The committee members are appointed by the NEC.

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

At the date of this report the composition of the NEC was as follows:

President

Danny Jordaan

Vice Presidents

Thamsanqa Gay Mokoena (Acting CEO from
01 November 2019)

Irvin Khoza
Ria Ledwaba
Xolile Nkompela

Chief Executive Officer

Dennis Mumble (until 30 September 2018)
Russell Paul (Acting CEO from 01 October 2018
until 31 October 2019)

Honorary Presidents

Lesole Gadinabokao
Molefi Oliphant

Honorary Members

Jeremiah Mdlalose
Motebang Mosese
Obakeng Molatedi

Members

Andile Ngconjana
Anastasia Tschlas
Aubrey Baartman
Bennett Bailey
David Bantu
David Molwantwa
Emma Hendricks
Gerald Don
Gladwyn White
Jack Maluleke
Jose Ferreira
Kaizer Motaung
Kwenzakwakhe Ngwenya
Letima Mogorosi
Linda Zwane
Litheko Marago
Mato Madlala
Mbongeni Shibe
Monde Montshiwa
Mzimkhulu Fina
Mxolisi Sibam
Mzwandile Maforvane (appointed Acting General
Manager: Football Business
from 18 February 2019)

Paseka Nkone
Pius Nqandela
Poobalan Govindasamy
Shuping Seboko
Simphiwe Xaba
Tankiso Modipa
Thabile Msomi
Vincent Ramphago
William Mooka

The above members, save for the position of the Chief Executive Officer, Honorary Presidents, Honorary Members and National Soccer League Representatives, were elected onto the NEC on 26 May 2018. In terms of paragraph 32.3 of the Association's Statutes, these members will hold office for a period of four years.

South African Football Association

Report of the National Executive Committee

for the year ended 30 June 2019 (continued)

1. 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 the Fédération 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.

2. Financial results

The Group's results, comprising the Association and its subsidiaries, are contained in the attached financial statements. The Group incurred a loss of R75.9 million (2018: loss: R15.9 million). The Group's financial position reflects an accumulated loss of R63.5 million (2018: Retained income R12.3 million). The Group's financial performance is unsatisfactory and this is mainly due to the huge gap created by the absence of the broadcast revenue since the expiry of the South African Broadcasting Corporation ("SABC") contract in April 2018. Our overall expenses were quite high, relative to revenue, due to the participation of a number of our teams in international tournaments, which included the 2018 COSAFA Women's Championship, CAF Women's Africa Cup of Nations Ghana 2018, 2019 Cyprus Women's Cup, FIFA Women's World Cup France 2019™, FIFA Under-17 Women's World Cup Uruguay 2018, CAF Under-20 Africa Cup of Nations Niger 2019, FIFA Under-20 World Cup Poland 2019 and Africa Cup of Nations Egypt 2019. In addition, our subsidiaries, the South African Football Association Development Agency ("SDA") and the Africa Cup of Nations 2013 Local Organising Committee South Africa NPC ("AFCON") contributed a total loss of R1.7 million to the Group's financial results.

3. Going concern

The Group and Association incurred a net loss of R75.9 million and R74.2 million respectively during the year ended 30 June 2019 and, as of that date, the Group's and Association's current liabilities exceeded its total assets by R63.5 million and R62.6 million respectively. 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 intensify its financial recovery plans which should improve its 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 is also guaranteed of grant funding from FIFA, the Confédération Africaine de Football ("CAF") and the 2010 FIFA World Cup Legacy Trust ("the Trust"). The Group also continues to exploit a number of revenue opportunities that it identified previously. This is being combined with the implementation of its financial recovery plan which is expected to achieve a fair amount of success.

Post year-end we successfully concluded a 4-year contract with the SABC which is mutually beneficial. In addition to the direct benefits, both cash and value-in-kind, that will accrue from this agreement, the resumption of the broadcasting of our matches will, no doubt, increase the value of our products. The chances of us attracting more sponsors are now increased. We also resuscitated our discussions with the MultiChoice Group for the sale of our satellite rights. With the continuous advancement of technology, the broadcast market has broadened and now includes the domestic market, rest of Africa, worldwide and internet rights.

We are also negotiating with a number of potential sponsors for the sale of rights for a number of our properties. These properties include junior national teams, coaching education and leagues. We are making some steady progress in that regard despite the current tough South African economic conditions. We are also very close to finalising a deal with a Technical partner who will provide us with our kit requirements.

As part of our negotiations with the prospective Technical partner, we will jointly run the licensing and merchandising programme. This programme is expected to bring in additional and unencumbered revenue to the Group. This will be achieved through the selling of a wide range of our merchandise via in-house merchandising stores, independent fashion houses and department stores.

South African Football Association

Report of the National Executive Committee

for the year ended 30 June 2019

3. Going concern (continued)

During the current financial year, we launched the Ima Nathi sponsorship programme. The sponsorship is aimed at the Local Football Association ("LFA") level. The companies which operate within the communities where our LFAs are based, are encouraged to invest in football which is one of the biggest contributors to social cohesion. The target market for this initiative is most of our LFAs, over 300, where there are corporate entities which have an appetite of ploughing back into the communities where their resources, including workforce, are based. The success of this programme will give our LFAs a huge financial boost and make our Regions less reliant on the national office for funding.

During the run-up to the 2010 FIFA World Cup™, FIFA launched a programme named "Win in Africa with Africa" to support the development of the game on the African continent. The South African Government committed USD \$10 million for the African Diaspora legacy programme, specifically for the Caribbean countries. FIFA agreed to administer the fund through the FIFA account. As part of its African Renaissance philosophy, the South African Government reached out to the African Diaspora to incorporate them in the programme for them to benefit from the first FIFA World Cup™ on African soil. FIFA transferred the funds, USD \$10m, to the Caribbean countries, on behalf of the South African Government. FIFA then deducted these funds from SAFA's share of the ticketing revenue. SAFA continues negotiations with the South African Government for the reimbursement of this amount to SAFA.

The FIFA Forward programme is still in place and we will continue to benefit from it as a FIFA Member Association. The current funding cycle which was approved by FIFA Council runs from 2019 to 2022. We are, therefore, guaranteed this funding for, at least, the next 4 years. The total funding for Operational Costs and Projects is US \$6 million for this funding cycle. These funds go a long way in covering our normal operational costs and some projects.

The CAF grant funding is also still in place and we received our increased annual grant of US \$200,000.00 in June 2019. In addition, we are also guaranteed a share of the TV rights revenue by participating in any of the CAF competitions. These funds will continue to be paid by CAF, thus assuring us of future funding. The improved TV rights revenue for the 2022 and 2026 FIFA World Cup™ African Qualifiers are being finalised. We expect a significant increase in this revenue category.

We continue to have access to various grants which go toward our development programmes. The 2010 FIFA World Cup Legacy Trust ("the Trust") continues to support our development activities. We have successfully applied for regular funding for our development programmes from the Trust since 2013 and we expect this funding to continue for the next few years. This means that the SAFA's development programmes will continue unhampered. Therefore, management's efforts can be channelled towards generating funds for other programmes and improving the current assets position of the Group.

Sport and Recreation South Africa ("SRSA") has increased our annual grant from R2million (2018/19) to R7 million (2019/20). This increase was due to their valued commitment of supporting the recently launched the SAFA Women's National League. The grant funding from SRSA has also been consistent. In addition to the women's support, these funds are also assisting with our Schools' Football activities, Grassroots programmes and Women's Football development.

The National Lotteries Commission ("NLC") also continues to make funds available for some of our activities. The previous few years funding from the NLC has been more focused towards women's football activities. This approach is most welcome as we endeavour to achieve gender parity as enshrined in our Vision 2022.

SETA / CATHSETA funding – The Association pays towards the Skills Development Levy on a regular basis. It contributes both on the permanent and non-permanent payroll. Previously we have only received training funds from CATHSETA for permanent staff training. We are in negotiations with CATHSETA for funding of some of our training programmes like Referees' courses, Coaching courses and Administration Capacity building courses.

The Government has a number of initiatives that are aimed at encouraging social cohesion and healthy lifestyles and funding is provided towards these. Football plays such a significant role in assisting the Government in its efforts. We will, therefore, work closely with Government so that they can fund our existing football development programmes, especially at grassroots level.

South African Football Association

Report of the National Executive Committee

for the year ended 30 June 2019 (continued)

3. Going concern (continued)

The Fun Valley business is a profitable one and these profits will contribute towards the financial recovery of the Association. These profits will be used to improve Fun Valley so that we can gain more patronage and improve the business' profitability. We are now hosting a number of our events at Fun Valley. These include our national teams camps, coaching courses, administration workshops, tournaments, etc. This results in significant cost savings for the Association, especially on accommodation costs. The National Technical Centre upgrades are still in progress. We should have at least 3 soccer pitches and a completed boundary wall during the forthcoming financial year. This will result in cost savings of hiring soccer fields and travelling costs. With the FIFA Forward Programme, we are assured of a financial allocation for infrastructure upgrades at the National Technical Centre annually. There is also potential of getting other funders to support the development of the football mother body's National Technical Centre. The infrastructure development at the National Technical Centre will boost our income statement and balance sheet.

The development and populating of the MYSFAA.net is progressing quite successfully. Whilst this system is of significant value to the effective registration of players and as a competition management system, we are in the process of monetising this database. The commercial opportunities associated with MYSFAA.net are as follows:

- Telco partnership that will benefit both SAFA and its members (Regions)
- Advertising served on both the Registration and Competition systems, as well as associated apps
- Big data marketing, that is partnering with an agency to direct market to our members
- Presenting sponsors for apps, competition website, talent identification
- Membership registration fees

We expect to realise the potential revenue from this stream within the next few years.

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

The Group continues to restructure some of its debts by negotiating favourable repayment periods. This is made possible through the healthy partnerships that we have with our service providers and relationships that were developed over a number of years.

The NEC believes that the Group will achieve its targets which are contained in its Financial Recovery Plan. Despite the prevailing tough economic conditions, the NEC firmly believes that the Group will leverage on the popularity of the sport, football being the most popular sport in the World, to achieve its plans. The NEC is also satisfied that the Group is able to meet its working capital requirements through the normal cyclical nature of its receipts. Further, the NEC continues to intensify its efforts in monitoring the Group's expenditure levels with a view of minimising costs through greater efficiencies. The NEC also continues to focus on maintaining an appropriate level of overheads in line with the Group's available cash resources.

The Association, as the football controlling body in the country, is a national asset. It is due to this status that it works very closely with the Government and enjoys its support.

The NEC is, therefore, confident that the Group is a going concern.

4. Property, plant and equipment

Details of changes in property, plant and equipment are shown in note 10 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 still in discussions with the Government regarding the transfer of the property to SAFA.

South African Football Association

Report of the National Executive Committee

for the year ended 30 June 2019 (continued)

4. Property, plant and equipment (continued)

The South African Football Development Agency Trust ("SDA") transferred its leasehold property, Alex Hub, to the South African Football Association ("SAFA") in settlement of its loan account with SAFA. On the transfer date, the carrying value of the Alex Hub was R6,298,943 and the outstanding loan balance was R5,655,148. The property's user and maintenance agreement with the City of Johannesburg was also ceded to SAFA.

5. 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. Refer to note 11 to the financial statements for further details.

During the current financial year, the Association disposed of all its interest in Netcare.

6. Group Financial Statements

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

6.1. 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 the Confederation of African Football ("CAF") to host these tournaments and thereafter ceded these rights to the Africa Cup of Nations 2013 Local Organising Committee South Africa NPC ("AFCON"). The Association is the sole member of this entity and has control over AFCON. The government was the major funder. This entity has therefore been consolidated. This entity is currently winding down operations.

6.2. 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 for 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. Due to the shift in the Association's strategic focus, the Development Agency is now being integrated into SAFA and will have minimal activities.

7. Tax status

On the 3rd 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.

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

Postal address: PO Box 910
Johannesburg
2000

8. Subsequent events

No significant events have occurred after 30 June 2019 that will have an impact on the reported financial results.

9. Auditors

The Association's auditors are PricewaterhouseCoopers Inc. and were appointed in terms of article 75 of the Association's Statutes on 28 April 2018.



Independent auditor's report

To the Members of the South African Football Association

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of South African Football Association (the Group and Association) as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

South African Football Association's Group financial statements and Association financial statements set out on pages 12 to 48 comprise:

- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of financial position as at 30 June 2019;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the summary of significant accounting policies; and
- the notes to the Group financial statements and Association financial statements.

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 financial statements* section of our report.

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

Independence

We are independent of the Group and Association in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

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Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.



Material uncertainty relating to going concern

We draw attention to Note 22 in the financial statements, which indicates that the Group and Association incurred a net loss of R75.9 million and R74.2 million respectively during the year ended 30 June 2019 and, as of that date, the the Group's and Association's current liabilities exceeded its total assets by R63.5 million and R62.6 million respectively. As stated in Note 22, these events or conditions, along with other matters as set forth in Note 22, indicate that a material uncertainty exists that may cast significant doubt on the Group's and Association's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The National Executive Committee is responsible for the other information. The other information comprises the information included in the document titled "South African Football Association Annual Financial Report incorporating Group Annual Financial Statements and Association Annual Financial Statements for the year ended 30 June 2019", which includes Report of the National Executive Committee. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 financial statements

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

In preparing the financial statements, the National Executive Committee is responsible for assessing the Group's and 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 or Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

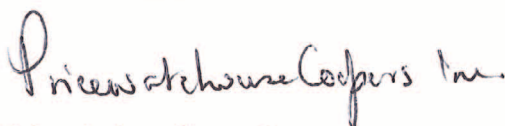
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 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 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 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 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 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 or Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the National 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.



PricewaterhouseCoopers Inc.

Director: Pule Mothibe

Registered Auditor

Waterfall City

17 January 2020

South African Football Association

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2019

Figures in Rand	Group Note	2019	Association 2018	2019	2018
Revenue	3	237,375,893	304,113,297	233,507,236	290,716,837
(Impairment losses) / reversal of impairment losses	4	(4,715,281)	127,448	(4,715,281)	127,448
Operating expenses		(308,417,620)	(323,833,403)	(302,830,170)	(312,774,949)
Operating loss	4	(75,757,008)	(19,592,658)	(74,038,215)	(21,930,664)
Finance income	5	483,392	958,711	458,477	929,083
Finance costs	6	(3,482,311)	(1,150,648)	(3,479,244)	(878,202)
Other Income	7	8,115,617	2,159,859	8,115,617	2,159,859
Other non-operating (losses)/gains	8	(5,232,408)	1,761,312	(5,232,408)	1,761,312
Loss before taxation		(75,872,718)	(15,863,424)	(74,175,773)	(17,958,612)
Taxation	9	-	-	-	-
Loss for the year		(75,872,718)	(15,863,424)	(74,175,773)	(17,958,612)
Other comprehensive income		-	-	-	-
Total comprehensive loss for the year		(75,872,718)	(15,863,424)	(74,175,773)	(17,958,612)

South African Football Association

Statement of Financial Position

as at 30 June 2019

Figures in Rand	Note	Group 2019	Group 2018	Association 2019	Association 2018
Assets					
Non-Current Assets					
Property, plant and equipment	10	102,679,640	106,611,983	102,679,640	99,613,157
Financial assets	11	-	21,034,552	-	21,034,552
Intangible assets	12	5,000,000	5,000,000	5,000,000	5,000,000
Investments in subsidiaries	13	-	-	-	-
		107,679,640	132,646,535	107,679,640	125,647,709
Current Assets					
Trade and other receivables	14	47,090,702	49,985,153	47,086,140	54,283,636
Cash and cash equivalents	15	12,978,014	7,505,930	12,636,153	7,015,577
		60,068,716	57,491,083	59,722,293	61,299,213
Total Assets		167,748,356	190,137,618	167,401,933	186,946,922
Equity and Liabilities					
Equity					
(Accumulated loss)/retained income		(63,528,180)	12,344,538	(62,558,281)	11,617,492
Liabilities					
Current Liabilities					
Trade and other payables	16	200,477,576	153,354,280	199,161,254	150,890,630
Interest-bearing loans	17	69,041	3,741,845	69,041	3,741,845
Income received in advance	18	30,729,919	20,696,955	30,729,919	20,696,955
		231,276,536	177,793,080	229,960,214	175,329,430
Total Equity and Liabilities		167,748,356	190,137,618	167,401,933	186,946,922

South African Football Association

Statement of Changes in Equity

for the year ended 30 June 2019

Figures in Rand	(Accumulated loss) / retained income	Total equity
Group		
Balance at 01 July 2017	28,207,962	28,207,962
Loss for the year	(15,863,424)	(15,863,424)
Other comprehensive income	-	-
Total comprehensive Loss for the year	(15,863,424)	(15,863,424)
Balance at 01 July 2018	12,344,538	12,344,538
Loss for the year	(75,872,718)	(75,872,718)
Other comprehensive income	-	-
Total comprehensive Loss for the year	(75,872,718)	(75,872,718)
Balance at 30 June 2019	(63,528,180)	(63,528,180)
Association		
Balance at 01 July 2017	29,576,104	29,576,104
Loss for the year	(17,958,612)	(17,958,612)
Other comprehensive income	-	-
Total comprehensive Loss for the year	(17,958,612)	(17,958,612)
Balance at 01 July 2018	11,617,492	11,617,492
Loss for the year	(74,175,773)	(74,175,773)
Other comprehensive income	-	-
Total comprehensive Loss for the year	(74,175,773)	(74,175,773)
Balance at 30 June 2019	(62,558,281)	(62,558,281)

South African Football Association

Statement of Cash Flows

for the year ended 30 June 2019

Figures in Rand	Note	Group 2019	Group 2018	Association 2019	Association 2018
Cash flows from operating activities					
Cash (used in) / generated from operations	19	1,765,876	12,197,505	1,936,216	13,197,988
Finance income	5	483,392	958,711	458,477	929,083
Finance costs	6	(3,482,311)	(1,150,648)	(3,479,244)	(878,202)
Net cash (utilised in) / generated from operating activities		(1,233,043)	12,005,568	(1,084,551)	13,248,869
Cash flows from investing activities					
Purchase of property, plant and equipment	10	(5,424,213)	(9,413,238)	(5,424,213)	(9,417,234)
Disposal of equity shares and trust units		15,732,256	1,050,145	15,732,256	1,050,145
Proceeds from disposal of property, plant and equipment		69,888	74,412	69,888	74,412
Net cash generated from / (utilised in) investing activities		10,377,931	(8,288,681)	10,377,931	(8,292,677)
Cash flows from financing activities					
Repayment of interest-bearing loans		(3,672,804)	(4,509,456)	(3,672,804)	(4,509,456)
Total cash movement for the year		5,472,084	(792,569)	5,620,576	446,736
Cash at the beginning of the year		7,505,930	8,298,499	7,015,577	6,568,841
Total cash at end of the year	15	12,978,014	7,505,930	12,636,153	7,015,577

South African Football Association

Summary of Significant Accounting Policies *for the year ended 30 June 2019*

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 2019 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 NEC on 31 October 2019.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate Group financial statements and Association financial statements are set out below.

1.1 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.

1.2 Summary of significant 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.

Debt instruments at amortised cost

The NEC assessed the loans and receivables for impairment at the end of the current financial period. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of the Group financial statements and Association 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.

Key sources of estimation uncertainty

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

Summary of Significant Accounting Policies *for the year ended 30 June 2019 (continued)*

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 reassessing 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.

Trademarks

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

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.

1.4 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 useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	5%
Leasehold property - SAFA House	Straight line	5%
Leasehold property - Alex Hub	Straight line	10%
Furniture and fittings	Straight line	16.7%
Motor vehicles	Straight line	20%
Office equipment	Straight line	20%
Computer equipment and software	Straight line	33.3%
General equipment	Straight line	20%
Buses	Straight line	20%

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

Depreciation is charged so as to write-off the cost of property, plant and equipment over their expected useful life using the straight-line basis. Land is not depreciated. The expected useful lives, residual values and depreciation methods are reviewed at each reporting date.

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 Group 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.

South African Football Association

Summary of Significant Accounting Policies for the year ended 30 June 2019 (continued)

1.4 Property, plant and equipment (continued)

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.

1.5 Intangible assets

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.

1.6 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.

1.7 Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and trademarks 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.

South African Football Association

Summary of Significant Accounting Policies *for the year ended 30 June 2019 (continued)*

1.8 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" and amortised to the income statement as the recognition criteria are met or over the terms of the contracts.

1.9 Financial instruments: IFRS 9

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Group, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows; or
- Fair value through other comprehensive income. This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments; or
- Mandatorily at fair value through profit or loss. This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income; or
- Designated at fair value through profit or loss. This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. This applies to contingent consideration in a business combination or to liabilities which are held for trading; or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 20 Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 14).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

South African Football Association

Summary of Significant Accounting Policies *for the year ended 30 June 2019 (continued)*

1.9 Financial instruments: IFRS 9 (continued)

Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors (probability of default and loss given default) that are specific to the debtors at the reporting date.

In measuring the ECL, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group is following the Simplified Approach for impairment as an alternative available in IFRS 9 with impairment losses measured at lifetime Expected Credit Loss (ECL) for trade receivables as there are no significant financing component to trade receivables.

Write off policy

The Group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 14) and the financial instruments and risk management note (note 20).

Borrowings and interest-bearing loans

Classification

Borrowings and interest-bearing loans are classified as financial liabilities subsequently measured at amortised cost.

South African Football Association

Summary of Significant Accounting Policies *for the year ended 30 June 2019 (continued)*

1.9 Financial instruments: IFRS 9 (continued)

Recognition and measurement

Borrowings and interest-bearing loans are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest rate method.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 6).

Borrowings expose the Group to liquidity risk and interest rate risk. Refer to note 20 for details of risk exposure and management thereof.

Trade and other payables

Classification

Trade and other payables (note 16), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

If trade and other payables contain a significant financing component, and the effective interest rate method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 6).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 20 for details of risk exposure and management thereof.

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.

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Derecognition

Financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

South African Football Association

Summary of Significant Accounting Policies *for the year ended 30 June 2019 (continued)*

1.9 Financial instruments: IFRS 9 (continued)

Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.10 Financial instruments: IAS 39 comparatives

Classification

The Group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Financial assets at fair value through profit or loss

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

Trade and other receivables

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

Trade and other payables

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

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.

South African Football Association

Summary of Significant Accounting Policies *for the year ended 30 June 2019 (continued)*

1.11 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.

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.

1.12 Leases

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.

1.13 Finance income / costs

Finance income comprises interest income on cash and cash equivalents. Interest income is recognised, in profit or loss, using the effective interest rate method.

Finance costs comprise interest expenses from financial liabilities. Interest expenses 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 expense will accrue to the Group.

1.14 Employee benefits

Current employee benefits

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

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

Retirement benefits

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

South African Football Association

Summary of Significant Accounting Policies *for the year ended 30 June 2019 (continued)*

1.15 Revenue from contracts with customers

The Group recognises revenue from contracts with customers from the following major sources:

- Ticketing revenue
- Television broadcasting rights
- Host cities' income
- Sponsorship income
- Income from day visitors and use of facilities

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

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

The effect of initially applying IFRS 15 Revenue from contracts with customers, on the Group's revenue from contracts with customers is described in note 2. Due to the transition method chosen in applying IFRS 15, comparative information has not been restated to effect the new requirements.

The Group recognises revenue from contracts with customers as follows:

Ticketing revenue

Revenue in respect of ticket sales is accounted for when the control of the tickets is transferred to the buyer, when the event has taken place and it is probable that economic benefits will flow to the Group.

Television broadcasting rights

Revenue from broadcasting rights are recognised when the relevant event has been broadcasted to the public and there is reasonable assurance that the Group has carried out its performance obligations by complying with the conditions attached to the broadcasting rights.

Host cities' income

Revenue from Host Cities for sponsorship of events is recognised in the period in which the event takes place. The performance obligations are defined as successful hosting of an event.

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

Sponsorship income

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 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.

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 FIFA 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.

South African Football Association

Summary of Significant Accounting Policies *for the year ended 30 June 2019 (continued)*

1.15 Revenue from contracts with customers (continued)

Sponsorship income (continued)

Income from day visitors and use of facilities

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

Revenue other than from contracts with customers

Rental income

Revenue from rental income is recognised as rental payments are received.

Grants received

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

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

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

2. Change in accounting policies

This note explains the impact of the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers on the Group's financial statements.

Application of IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets.

The adoption of IFRS 9 Financial Instruments resulted in changes in accounting policies and adjustments to the classification of financial assets recognised in the statement of financial position. The new accounting policies are set out in the accounting policy section of the financial statements.

On the date of initial application, 1 July 2018, the financial instruments were reclassified as follows:

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019

2. Change in accounting policies (continued)

Application of IFRS 9 Financial Instruments (continued)

Financial assets / financial liabilities Group	Notes	Measurement and classification category		Carrying value 2018		Difference
		Original (IAS 39)	New (IFRS 9)	Original	New	
Trade and other receivables	14	Amortised cost/ loans and receivables	Amortised cost	45,323,230	45,323,230	-
Cash and cash equivalents	15	Amortised cost/ loans and receivables	Amortised cost	7,505,930	7,505,930	-
Financial assets	11	Fair value through profit/loss	Fair value through profit/loss	21,034,552	21,034,552	-
Trade and other payables	16	Amortised cost/ loans and payables	Amortised cost	153,284,139	153,284,139	-
Financial assets / financial liabilities Association						
Financial assets / financial liabilities Association	Notes	Measurement and classification category		Carrying value 2018		Difference
		Original (IAS 39)	New (IFRS 9)	Original	New	
Trade and other receivables	14	Amortised cost/ loans and receivables	Amortised cost	49,621,713	49,621,713	-
Cash and cash equivalents	15	Amortised cost/ loans and receivables	Amortised cost	7,015,577	7,015,577	-
Financial assets	11	Fair value through profit/loss	Fair value through profit/loss	21,034,552	21,034,552	-
Trade and other payables	16	Amortised cost/ loans and payables	Amortised cost	150,890,630	150,890,630	-

The Group has applied the expected credit loss model to the comparative figures and the resulting amounts were not material and did not necessitate a restatement of opening balances. Refer to note 20 for details on the credit risk and loss allowance assessment.

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

2. Change in accounting policies (continued)

Application of IFRS 15 Revenue from contracts with customers

This standard replaces IAS 18, Revenue.

In accordance with the transition provisions in IFRS 15, the new rules were adopted retrospectively, to open, unfulfilled customer contracts on 1 July 2018 and the effect of the adoption reflected in current year opening retained earnings. The financial impact of the application of the revenue recognition adjustments to opening retained earnings was Rnil.

The Group's accounting policy has been revised to align with IFRS 15 and additional disclosures have been introduced particularly on the disaggregation of revenue. Refer to the accounting policies section of the financial statements (note 1.16) and to note 3 for the disaggregated information.

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 9 Financial Instruments	01 January 2018	Refer to note 2 for impact assessment
• IFRS 15 Revenue from Contracts with Customers	01 January 2018	Refer to note 2 for impact assessment
• Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers	01 January 2018	Refer to note 2 for impact assessment

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 17 Insurance Contracts	01 January 2021	Unlikely there will be a material impact
• IFRS 16 Leases	01 January 2019	Unlikely there will be a material impact

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019

Figures in Rand	2019	Group 2018	2019	Association 2018
3. Revenue				
Revenue from contracts with customers				
Ticketing revenue	342,391	1,203,376	342,391	1,203,376
Television broadcasting rights	-	92,859,400	-	92,859,400
Host cities' income	3,148,368	5,040,053	3,148,368	5,040,053
Sponsorship income	189,035,618	148,376,935	185,166,961	134,980,475
National Technical Centre – day visitors and use of facilities	5,893,277	6,579,810	5,893,277	6,579,810
	198,419,654	254,059,574	194,550,997	240,663,114
Revenue other than from contracts with customers				
Rental Income	133,523	226,560	133,523	226,560
Grants received	38,822,716	49,827,163	38,822,716	49,827,163
	38,956,239	50,053,723	38,956,239	50,053,723
	237,375,893	304,113,297	233,507,236	290,716,837
Disaggregation of revenue from contracts with customers				
The Group disaggregates revenue from contracts with customers as follows:				
Ticketing revenue	342,391	1,203,376	342,391	1,203,376
Television broadcasting rights	-	92,859,400	-	92,859,400
Host cities' income	3,148,368	5,040,053	3,148,368	5,040,053
Sponsorship income	189,035,618	148,376,935	185,166,961	134,980,475
National Technical Centre - day visitors and use of facilities	5,893,277	6,579,810	5,893,277	6,579,810
	198,419,654	254,059,574	194,550,997	240,663,114
Timing of revenue recognition				
At a point in time				
Ticketing revenue	(342,391)	(1,203,376)	(342,391)	(1,203,376)
Host cities' income	(3,148,368)	(5,040,053)	(3,148,368)	(5,040,053)
Sponsorship income	(42,211,799)	(21,812,038)	(38,343,143)	(8,415,578)
National Technical Centre - day visitors and use of facilities	(5,893,277)	(6,579,810)	(5,893,277)	(6,579,810)
	(51,595,835)	(34,635,277)	(47,727,179)	(21,238,817)
Over time				
Television broadcasting rights	-	(92,859,400)	-	(92,859,400)
Sponsorship income	(146,823,819)	(126,564,897)	(146,823,818)	(126,564,897)
	(146,823,819)	(219,424,297)	(146,823,818)	(219,424,297)
Total revenue from contracts with customers	(198,419,654)	(254,059,574)	(194,550,997)	(240,663,114)

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

Figures in Rand	Group		Association	
	2019	2018	2019	2018
4. Operating loss				
Operating loss for the year is stated after charging (crediting) the following, amongst others:				
Depreciation				
Buildings	3,216,226	2,980,611	3,216,226	2,980,611
SAFA House	3,045,305	3,045,134	3,045,305	3,045,134
Leasehold property - Alex Hub	1,049,824	1,049,824	349,941	-
Furniture and fittings	558,619	484,815	558,619	484,815
Motor vehicles	168,664	402,809	168,664	402,809
Office equipment	93,874	47,426	93,874	47,426
Computer equipment	838,169	472,456	838,169	472,456
General equipment	385,875	209,241	385,875	209,241
	9,356,556	8,692,316	8,656,673	7,642,492
The value of the buses is an approximation of the residual values and therefore no further depreciation is provided.				
(Impairment losses) / reversal of impairment losses				
Net movement in allowance for credit loss (note 14)	4,715,281	(2,312,021)	4,715,281	(1,413,421)
Receivables written off during the year as uncollectible	-	2,184,573	-	1,285,973
	4,715,281	(127,448)	4,715,281	(127,448)
Other				
Accounting fee	12,321,366	13,583,341	12,321,366	13,583,341
Auditors remuneration	1,190,203	1,121,778	1,190,203	1,121,778
Employee costs	40,811,222	34,807,909	40,171,700	30,454,116
Pension fund contributions	7,265,741	6,956,973	7,265,741	6,956,973
Legal and consulting fees	13,185,287	15,346,139	13,185,287	15,346,139
Key management personnel remuneration	9,335,407	10,439,029	9,335,407	10,439,029
NEC				
- Honoraria	2,831,817	4,469,680	2,831,817	4,469,680
- Allowances	933,856	3,914,555	933,856	3,914,555
5. Finance income				
Investments in financial assets:				
Bank	483,392	554,491	458,477	524,863
Foreign exchange profit	-	404,220	-	404,220
Total interest income	483,392	958,711	458,477	929,083

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

Figures in Rand	2019	Group 2018	2019	Association 2018
6. Finance costs				
Foreign exchange loss	191,850	-	191,850	-
Interest paid - South African Revenue Service	364,813	-	364,813	-
Interest paid - bank and finance charges	122,336	414,353	119,269	414,353
Interest paid - suppliers	2,623,312	586,377	2,623,312	313,931
Interest paid - 2010 FIFA World Cup Legacy Trust	180,000	149,918	180,000	149,918
Total finance costs	3,482,311	1,150,648	3,479,244	878,202
7. Other income				
Dividends received on Netcare shares	762,527	420,711	762,527	420,711
Interest charges on SABC debtor	2,913,212	-	2,913,212	-
Donations in kind from Healthy Lifestyle	1,264,011	-	1,264,011	-
Other sundry income	3,175,867	1,739,148	3,175,867	1,739,148
	8,115,617	2,159,859	8,115,617	2,159,859
8. Other non-operating gains (losses)				
Fair value (losses) gains				
(Decrease) / increase in fair value of financial asset	(5,302,296)	1,686,900	(5,302,296)	1,686,900
Profit on sale of non-current assets	69,888	74,412	69,888	74,412
Total other-non operating (losses) gains	(5,232,408)	1,761,312	(5,232,408)	1,761,312
9. 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 ("PBO") 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 2019 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.

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

10. Property, plant and equipment

Group	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	77,867,721	(11,647,376)	66,220,345	73,933,829	(8,431,132)	65,502,697
Leasehold property						
- Alex Hub	6,298,943	(349,941)	5,949,002	8,748,532	(1,749,706)	6,998,826
Leasehold property						
- SAFA House	60,902,870	(36,042,471)	24,860,399	60,902,698	(32,997,012)	27,905,686
Furniture and fittings	5,494,769	(3,920,233)	1,574,536	5,501,934	(3,368,779)	2,133,155
Motor vehicles	17,509,890	(17,117,516)	392,374	17,644,589	(17,225,451)	419,138
Office equipment	745,100	(420,125)	324,975	942,789	(534,097)	408,692
Computer equipment	5,360,550	(4,011,815)	1,348,735	11,105,249	(9,097,489)	2,007,760
General equipment	3,769,982	(2,232,396)	1,537,586	2,794,808	(2,030,465)	764,343
Buses	29,738,994	(29,267,306)	471,688	20,613,880	(20,142,194)	471,686
Total	207,688,819	(105,009,179)	102,679,640	202,188,308	(95,576,325)	106,611,983

Association	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	77,867,721	(11,647,376)	66,220,345	73,933,829	(8,431,132)	65,502,697
Leasehold property						
- Alex Hub	6,298,943	(349,941)	5,949,002	-	-	-
Leasehold property						
- SAFA House	60,902,870	(36,042,471)	24,860,399	60,902,698	(32,997,012)	27,905,686
Furniture and fittings	5,494,769	(3,920,233)	1,574,536	5,501,934	(3,368,779)	2,133,155
Motor vehicles	17,509,890	(17,117,516)	392,374	17,644,589	(17,225,451)	419,138
Office equipment	745,100	(420,125)	324,975	942,789	(534,097)	408,692
Computer equipment	5,298,950	(3,950,215)	1,348,735	11,043,649	(9,035,889)	2,007,760
General equipment	3,769,982	(2,232,396)	1,537,586	2,794,808	(2,030,465)	764,343
Buses	29,738,994	(29,267,306)	471,688	20,613,880	(20,142,194)	471,686
Total	207,627,219	(104,947,579)	102,679,640	193,378,176	(93,765,019)	99,613,157

Reconciliation of property, plant and equipment - Group - 2019

	Opening balance	Additions	Depreciation	Total
Land and buildings	65,502,697	3,933,874	(3,216,226)	66,220,345
Leasehold property - Alex Hub	6,998,826	-	(1,049,824)	5,949,002
Leasehold property - SAFA House	27,905,686	18	(3,045,305)	24,860,399
Furniture and fittings	2,133,155	-	(558,619)	1,574,536
Motor vehicles	419,138	141,900	(168,664)	392,374
Office equipment	408,692	10,157	(93,874)	324,975
Computer equipment	2,007,760	179,144	(838,169)	1,348,735
General equipment	764,343	1,159,118	(385,875)	1,537,586
Buses	471,686	2	-	471,688
	106,611,983	5,424,213	(9,356,556)	102,679,640

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2018

	Opening balance	Additions	Depreciation	Total
Land and buildings	62,602,573	5,880,735	(2,980,611)	65,502,697
Leasehold property - Alex Hub	8,048,650	-	(1,049,824)	6,998,826
Leasehold property - SAFA House	30,950,820	-	(3,045,134)	27,905,686
Furniture and fittings	1,731,050	886,920	(484,815)	2,133,155
Motor vehicles	821,947	-	(402,809)	419,138
Office equipment	9,029	447,089	(47,426)	408,692
Computer equipment	503,723	1,976,493	(472,456)	2,007,760
General equipment	751,583	222,001	(209,241)	764,343
Buses	471,686	-	-	471,686
	105,891,061	9,413,238	(8,692,316)	106,611,983

Reconciliation of property, plant and equipment - Association - 2019

	Opening balance	Additions	Transfers	Depreciation	Total
Land and buildings	65,502,697	3,933,874	-	(3,216,226)	66,220,345
Leasehold property - Alex Hub	-	-	6,298,943	(349,941)	5,949,002
Leasehold property - SAFA House	27,905,686	18	-	(3,045,305)	24,860,399
Furniture and fittings	2,133,155	-	-	(558,619)	1,574,536
Motor vehicles	419,138	141,900	-	(168,664)	392,374
Office equipment	408,692	10,157	-	(93,874)	324,975
Computer equipment	2,007,760	179,144	-	(838,169)	1,348,735
General equipment	764,343	1,159,118	-	(385,875)	1,537,586
Buses	471,686	2	-	-	471,688
	99,613,157	5,424,213	6,298,943	(8,656,673)	102,679,640

Reconciliation of property, plant and equipment - Association - 2018

	Opening balance	Additions	Depreciation	Total
Land and buildings	62,602,573	5,880,735	(2,980,611)	65,502,697
Leasehold property - SAFA House	30,950,820	-	(3,045,134)	27,905,686
Furniture and fittings	1,731,050	886,920	(484,815)	2,133,155
Motor vehicles	821,947	-	(402,809)	419,138
Office equipment	9,029	447,089	(47,426)	408,692
Computer equipment	499,727	1,980,489	(472,456)	2,007,760
General equipment	751,583	222,001	(209,241)	764,343
Buses	471,686	-	-	471,686
	97,838,415	9,417,234	(7,642,492)	99,613,157

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

10. Property, plant and equipment (continued)

Included in the cost of buses and related accumulated depreciation, are buses that were fully depreciated and written off in prior years but are still in use.

SAFA House has been erected on land that is not owned by the Association and therefore disclosed as leasehold property. Refer to the NEC 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, Johannesburg, Gauteng.

Alex Hub has been erected on land that is not owned by the Trust and therefore disclosed as leasehold property. The property is situated on ERF 6158, Alexandra Township, Registration Division I.R. in Gauteng.

The use period of the land is a period of nine (9) years and eleven (11) months from the commencement date on 12 March 2015.

11. Financial assets

At fair value through profit or loss

Equity shares	-	15,289,521	-	15,289,521
Trust units	-	5,745,031	-	5,745,031
	-	21,034,552	-	21,034,552

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.

SAFA relinquished all its rights of being the Healthy Lifestyle Trust's anchor beneficiary. SAFA's remaining trust units were converted to Netcare shares based on Netcare's closing share price on 31 August 2018.

273,501 trust units equating to 148,080 Netcare shares were transferred during October 2018 from Healthy Living Trust for the fair value of R4,343,186.

SAFA disposed of all the Netcare equity shares on 17 May 2019.

12. Intangible assets

Group	2019			2018		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Bafana Bafana trademark	5,000,000	-	5,000,000	5,000,000	-	5,000,000
Association	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
	5,000,000	-	5,000,000	5,000,000	-	5,000,000

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

12. Intangible assets (continued)

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 in excess of its carrying value. Royalties in excess of R4.2 million are received annually.

13. Investments in subsidiaries

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

Group

Name of subsidiary	Proportion of ownership	Carrying amount 2019	Carrying amount 2018
South African Football Association Infrastructure Development Foundation *	100.00 %	-	-
Africa Cup of Nations 2013 Local Organising Committee South Africa NPC **	100.00 %	-	-
The South African Football Association Development Agency	100.00 %	-	-
		-	-

* To be deregistered.

** Dormant.

Figures in Rand	2019	Group 2018	2019	Association 2018
14. Trade and other receivables				
Financial instruments:				
Sponsorships and related income	35,378,622	48,914,477	35,378,622	47,557,812
Loss allowance	(9,017,302)	(4,302,021)	(9,017,302)	(4,302,021)
Trade receivables at amortised cost	26,361,320	44,612,456	26,361,320	43,255,791
The South African Football Association Development Agency Trust	-	-	-	5,655,148
Other receivables	16,627,409	710,774	16,627,409	710,774
Non-financial instruments:				
VAT	3,994,885	4,661,923	3,990,323	4,661,923
Prepayments	107,088	-	107,088	-
Total trade and other receivables	47,090,702	49,985,153	47,086,140	54,283,636

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

Figures in Rand	2019	Group 2018	2019	Association 2018
14. Trade and other receivables (continued)				
Categorisation of trade and other receivables				
Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:				
At amortised cost	42,988,729	45,323,230	42,988,729	49,621,713
Non-financial instruments	4,101,973	4,661,923	4,097,411	4,661,923
	47,090,702	49,985,153	47,086,140	54,283,636

Trade and other receivables impaired

The ageing of trade and other receivables is as follows:

Not past due	5,957,324	10,874,232	5,957,324	10,874,232
Past due 30-90 days	1,656,886	28,234,277	1,656,886	26,877,612
120 + days	27,764,412	9,805,968	27,764,412	9,805,968
Allowance for credit loss	(9,017,302)	(4,302,021)	(9,017,302)	(4,302,021)
	26,361,320	44,612,456	26,361,320	43,255,791

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.

Movement in the expected credit losses

Opening balance	4,302,021	6,614,042	4,302,021	5,715,442
Net movement in allowance for credit loss	4,715,281	(2,312,021)	4,715,281	(1,413,421)
	9,017,302	4,302,021	9,017,302	4,302,021

Customers with significant outstanding balances have subsequently paid by reporting date. 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 NEC believes that there is no further impairment required of receivables.

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

14. Trade and other receivables (continued)

Exposure to credit risk (continued)

The Group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

The estimation techniques explained have been applied for the first time in the current financial period, as a result of the adoption of IFRS 9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Group	2019 Estimated gross carrying amount at default	2019 Loss Allowance (Lifetime expected credit loss)	2018 Estimated gross carrying amount at default	2018 Loss Allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Not past due: 0.23% (2018: 0%)	5,957,324	(13,954)	10,874,232	-
30 - 90 days past due: 2.8% (2018: 0%)	1,656,886	(46,218)	28,234,277	-
120 + days past due: 32.3% (2018: 43.9%)	27,764,412	(8,957,130)	9,805,968	(4,302,021)
Total	35,378,622	(9,017,302)	48,914,477	(4,302,021)

Association	2019 Estimated gross carrying amount at default	2019 Loss Allowance (Lifetime expected credit loss)	2018 Estimated gross carrying amount at default	2018 Loss Allowance (Lifetime expected credit loss)
Expected credit loss rate:				
Not past due: 0.23% (2018: 0%)	5,957,324	(13,954)	10,874,232	-
30 - 90 days past due: 2.8% (2018: 0%)	1,656,886	(46,218)	26,877,612	-
120 + days past due: 32.3% (2018: 43.9%)	27,764,412	(8,957,130)	9,805,968	(4,302,021)
Total	35,378,622	(9,017,302)	47,557,812	(4,302,021)

Figures in Rand	Group		Association	
	2019	2018	2019	2018
15. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Bank balances	12,965,031	7,497,011	12,623,170	7,006,658
Petty cash	12,983	8,919	12,983	8,919
	12,978,014	7,505,930	12,636,153	7,015,577

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

Figures in Rand	2019	Group 2018	2019	Association 2018
16. Trade and other payables				
Financial instruments:				
Trade payables	179,029,336	138,172,592	177,713,014	135,854,352
Salary payables	9,947,163	3,379,781	9,947,163	3,379,781
Sundry payables	11,501,077	11,731,766	11,501,077	11,656,497
Non-financial instruments:				
VAT	-	70,141	-	-
	200,477,576	153,354,280	199,161,254	150,890,630

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

17. Interest-bearing loans

Instalment sale -				
Mercedes Benz Financial Services	69,041	741,845	69,041	741,845
Less: current portion included under current liabilities	(69,041)	(741,845)	(69,041)	(741,845)
	-	-	-	-
The 2010 FIFA World Cup Legacy Trust	-	3,000,000	-	3,000,000
Less: current portion	-	(3,000,000)	-	(3,000,000)
	-	-	-	-

The instalment sale Mercedes Benz Financial Services liability is secured over motor vehicles with a carrying value of R198,007 (2018: R2,271,927). The instalment is R12,026 (2018: R140,739) per month. Interest is payable at an average of 10.27% (2018: 10.52%) per annum.

The 2010 FIFA World Cup Legacy Trust loan was unsecured and bore interest at 6% per annum.

The 2010 FIFA World Cup Legacy Trust loan has been fully settled.

Minimum payments	Within 1 year	2 - 5 years	5 years and over	Total
2019				
Total loans	69,041	-	-	69,041
Minimum payments	Within 1 year	2 - 5 years	5 years and over	Total
2018				
Total loans	3,741,845	-	-	3,741,845

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

Figures in Rand	2019	Group 2018	2019	Association 2018
18. Income received in advance				
FIFA	1,011,214	1,011,215	1,011,214	1,011,215
PSL	833,335	833,332	833,335	833,332
The 2010 FIFA World Cup Legacy Trust	25,633,703	15,202,408	25,633,703	15,202,408
Motsepe Foundation	554,169	3,650,000	554,169	3,650,000
Afrisam	2,697,498	-	2,697,498	-
	30,729,919	20,696,955	30,729,919	20,696,955

19. Cash generated from operations

Loss before taxation	(75,872,718)	(15,863,424)	(74,175,773)	(17,958,612)
Adjustments for:				
Depreciation and amortisation	9,356,556	8,692,316	8,656,673	7,642,492
Gains on disposals of property, plant and equipment	(69,888)	(74,412)	(69,888)	(74,412)
Finance income	(483,392)	(958,711)	(458,477)	(929,083)
Finance costs	3,482,311	1,150,648	3,479,244	878,202
Decrease (increase) in fair value of derivative financial asset	5,302,296	(1,686,900)	5,302,296	(1,686,900)
Movements in loan receivable	-	-	(6,298,943)	-
Changes in working capital:				
Decrease/(increase) in trade and other receivables	2,894,451	(893,714)	7,197,496	(1,199,110)
Increase in trade and other payables	47,123,296	26,868,227	48,270,624	30,863,248
Increase/(decrease) in income received in advance	10,032,964	(5,036,525)	10,032,964	(4,337,837)
	1,765,876	12,197,505	1,936,216	13,197,988

20. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2019

	Note	Financial assets at amortised cost	Total
Trade and other receivables	14	42,988,729	42,988,729
Cash and cash equivalents	15	12,978,014	12,978,014
		55,966,743	55,966,743

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Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

20. Financial instruments and risk management (continued)

Categories of financial instruments (continued)

Categories of financial assets (continued)

Group - 2018

	Note	Financial assets at amortised cost	Total
Trade and other receivables	14	45,323,230	45,323,230
Cash and cash equivalents	15	7,505,930	7,505,930
		52,829,160	52,829,160

Association - 2019

	Note	Financial assets at amortised cost	Total
Trade and other receivables	14	42,988,729	42,988,729
Cash and cash equivalents	15	12,636,153	12,636,153
		55,624,882	55,624,882

Association - 2018

	Notes	Financial assets at amortised cost	Total
Trade and other receivables	14	49,621,713	49,621,713
Cash and cash equivalents	15	7,015,577	7,015,577
		56,637,290	56,637,290

Categories of financial liabilities

Group - 2019

	Note	Financial Liabilities at amortised cost	Leases	Total
Trade and other payables	16	200,477,576	-	200,477,576
Interest bearing loans	17	-	69,041	69,041
		200,477,576	69,041	200,546,617

Group - 2018

	Note	Financial Liabilities at amortised cost	Leases	Total
Trade and other payables	16	153,284,138	-	153,284,138
Interest bearing loans	17	3,000,000	741,845	3,741,845
		156,284,138	741,845	157,025,983

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Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

20. Financial instruments and risk management (continued)

Categories of financial instruments (continued)

Categories of financial liabilities (continued)

Association - 2019	Notes	Financial Liabilities at amortised cost	Leases	Total
Trade and other payables	16	199,161,254	-	199,161,254
Interest bearing loans	17	-	69,041	69,041
		199,161,254	69,041	199,230,295

Association - 2018	Notes	Financial Liabilities at amortised cost	Leases	Total
Trade and other payables	16	150,890,630	-	150,890,630
Interest bearing loans	17	3,000,000	741,845	3,741,845
		153,890,630	741,845	154,632,475

Financial risk management

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 customer or counterparty to a financial instrument fails to meet its contractual obligations.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The Group only deals with reputable counterparties with consistent payment histories. Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the Group through dealing with well-established financial institutions with high credit ratings.

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

20. Financial instruments and risk management (continued)

Credit risk (continued)

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime expected credit loss basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month expected credit losses. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

Management apply the principle that if a financial asset's credit risk is low at year end, then, by implication, the credit risk has not increased significantly since initial recognition. In all such cases, the loss allowance is based on 12 month expected credit losses. Credit risk is assessed as low if there is a low risk of default (where default is defined as occurring when amounts are 90 days past due). When determining the risk of default, management consider information such as payment history to date, industry in which the customer is employed, period for which the customer has been employed, external credit references etc. In any event, if amounts are 30 days past due, then the credit risk is assumed to have increased significantly since initial recognition. Credit risk is not assessed to be low simply because of the value of collateral associated with a financial instrument. If the instrument would not have a low credit risk in the absence of collateral, then the credit risk is not considered low when taking the collateral into account. Trade receivable and contract assets which do not contain a significant financing component are the exceptions and are discussed below.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses. Management have chosen as an accounting policy, to make use of lifetime expected credit losses. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables, contract assets or lease receivables.

Funding is obtained from the Trust, CAF, 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 maximum exposure to credit risk is presented in the table below:

Group	2019			2018		
	Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Trade and other receivables	14 52,006,031	(9,017,302)	42,988,729	49,625,251	(4,302,021)	45,323,230
Cash and cash equivalents	15 12,978,014	-	12,978,014	7,505,930	-	7,505,930
	64,984,045	(9,017,302)	55,966,743	57,131,181	(4,302,021)	52,829,160

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for the year ended 30 June 2019 (continued)

20. Financial instruments and risk management (continued)

Credit risk (continued)

Association	2019			2018		
	Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Trade and other receivables	14 52,006,031	(9,017,302)	42,988,729	53,923,734	(4,302,021)	49,621,713
Cash and cash equivalents	15 12,636,153	-	12,636,153	7,015,577	-	7,015,577
	64,642,184	(9,017,302)	55,624,882	60,939,311	(4,302,021)	56,637,290

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.

Group

At 30 June 2019	Carrying amount	Contractual cashflows	12 months or less	1 to 5 years
Trade and other payables	190,530,413	190,530,413	190,530,413	-
Interest bearing loans	69,041	69,041	69,041	-

At 30 June 2018	Carrying amount	Contractual cashflows	12 months or less	1 to 5 years
Trade and other payables	149,904,358	149,904,358	149,904,358	-
Interest bearing loans	3,741,845	3,741,845	3,741,845	-

Association

At 30 June 2019	Carrying amount	Contractual cashflows	12 months or less	1 to 5 years
Trade and other payables	189,214,091	189,214,091	189,214,091	-
Interest bearing loans	69,041	69,041	69,041	-

At 30 June 2018	Carrying amount	Contractual cashflows	12 months or less	1 to 5 years
Trade and other payables	147,510,849	147,510,849	147,510,849	-
Interest bearing loans	3,741,845	3,741,845	3,741,845	-

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

20. Financial instruments and risk management (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:

	2019	2018
Loss for the year	(690)	(37,841)

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

Terms and debt repayment schedule			2019		2018	
Group and Association	Nominal interest rate	Year of maturity	Fair value	Carrying amount	Fair value	Carrying amount
Instalment sale – Mercedes Benz Financial Services	10.52	31/10/2019	69,041	69,041	741,845	741,845
The 2010 FIFA World Cup Legacy Trust	6.00		-	-	3,000,000	3,000,000
	-		69,041	69,041	3,741,845	3,741,845

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

Fair value versus carrying amounts		2019		2018	
Group	Accounting classification	Carrying amount	Fair value	Carrying amount	Fair value
Financial asset	1	-	-	21,034,552	21,034,552
Trade and other receivables	2	42,988,729	42,988,729	45,323,230	45,323,230
Bank balances and cash	2	12,978,014	12,978,014	7,505,930	7,505,930
Interest-bearing loan	3	(69,041)	(69,041)	(3,741,845)	(3,741,845)
Trade and other payables	3	(190,530,413)	(193,443,626)	(149,904,358)	(149,904,358)
		(137,545,924)	(137,545,924)	(79,782,491)	(79,782,491)

Fair value versus carrying amounts		2019		2018	
Association	Accounting classification	Carrying	Fair value	Carrying	Fair value
Financial asset	1	-	-	21,034,552	21,034,552
Trade and other receivables	2	42,988,729	42,988,729	49,621,713	49,621,713
Bank balances and cash	2	12,636,153	12,636,153	7,015,577	7,015,577
Interest-bearing loan	3	(69,041)	(69,041)	(3,741,845)	(3,741,845)
Trade and other payables	3	(189,214,091)	(192,127,304)	(147,510,849)	(147,510,849)
	-	(136,571,463)	(136,571,463)	(73,580,852)	(73,580,852)

Accounting classification

1. Fair value through profit or loss.
2. Loans and receivables / financial assets at amortised cost.
3. Financial liabilities at amortised cost

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

20. Financial instruments and risk management (continued)

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.

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 reporting date or date of disposal.

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

Figures in Rand	2019	Group 2018	2019	Association 2018
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21. Related parties

Relationships

Related party balances

Loan accounts - Owing (to) by related parties

NEC members – Receivable in respect of motor vehicles:

Former NEC members	1,710,609	1,644,295	1,710,609	1,644,295
Current NEC members	2,470,063	2,261,402	2,470,063	2,261,402

The amounts are settled by honoraria payable to members

South African Football Association Development Agency amount due	-	-	-	5,655,148
The 2010 FIFA World Cup Legacy Trust (refer to note 17 for terms and conditions)	-	(3,000,000)	-	(3,000,000)

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

Figures in Rand	2019	Group 2018	2019	Association 2018
21. Related parties (continued)				
Relationships (continued)				
Related party transactions				
NEC				
Honoraria	2,831,817	4,469,680	2,831,817	4,469,680
Allowances	933,856	3,914,555	933,856	3,914,555
	3,765,673	8,384,235	3,765,673	8,384,235

The honoraria declared for the year under review was R62,049 per member.

Key management personnel remuneration	9,335,407	10,439,029	9,335,407	10,439,029
The 2010 FIFA World Cup Legacy Trust – Grants received	42,548,071	42,505,152	42,548,071	42,505,152
South African Football Association Development	-	-	(5,655,148)	18,565

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

22. Going concern

The Group and Association incurred a net loss of R75.9 million and R74.2 million respectively during the year ended 30 June 2019 and, as of that date, the Group's and Association's current liabilities exceeded its total assets by R63.5 million and R62.6 million respectively. 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 intensify its financial recovery plans which should improve its 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 is also guaranteed of grant funding from the Fédération Internationale de Football Association ("FIFA"), the Confédération Africaine de Football ("CAF") and the 2010 FIFA World Cup Legacy Trust ("the Trust"). The Group also continues to exploit a number of revenue opportunities that it identified previously. This is being combined with the implementation of its financial recovery plan which is expected to achieve a fair amount of success.

Post year-end we successfully concluded a 4-year contract with the SABC which is mutually beneficial. In addition to the direct benefits, both cash and value-in-kind, that will accrue from this agreement, the resumption of the broadcasting of our matches will, no doubt, increase the value of our products. The chances of us attracting more sponsors are now increased. We also resuscitated our discussions with the MultiChoice Group for the sale of our satellite rights. With the continuous advancement of technology, the broadcast market has broadened and now includes the domestic market, rest of Africa, worldwide and internet rights.

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

22. Going concern (continued)

We are also negotiating with a number of potential sponsors for the sale of rights for a number of our properties. These properties include junior national teams, coaching education and leagues. We are making some steady progress in that regard despite the current tough South African economic conditions. We are also very close to finalising a deal with a Technical partner who will provide us with our kit requirements.

As part of our negotiations with the prospective Technical partner, we will jointly run the licensing and merchandising programme. This programme is expected to bring in additional and unencumbered revenue to the Group. This will be achieved through the selling of a wide range of our merchandise via in-house merchandising stores, independent fashion houses and department stores.

During the current financial year, we launched the Ima Nathi sponsorship programme. The sponsorship is aimed at the Local Football Association ("LFA") level. The companies which operate within the communities where our LFAs are based, are encouraged to invest in football which is one of the biggest contributors to social cohesion. The target market for this initiative is most of our LFAs, over 300, where there are corporate entities which have an appetite of ploughing back into the communities where their resources, including workforce, are based. The success of this programme will give our LFAs a huge financial boost and make our Regions less reliant on the national office for funding.

During the run-up to the 2010 FIFA World Cup™, FIFA launched a programme named "Win in Africa with Africa" to support the development of the game on the African continent. The South African Government committed USD \$10 million for the African Diaspora legacy programme, specifically for the Caribbean countries. FIFA agreed to administer the fund through the FIFA account. As part of its African Renaissance philosophy, the South African Government reached out to the African Diaspora to incorporate them in the programme for them to benefit from the first FIFA World Cup™ on African soil. FIFA transferred the funds, USD \$10m, to the Caribbean countries, on behalf of the South African Government. FIFA then deducted these funds from SAFA's share of the ticketing revenue. SAFA continues negotiations with the South African Government for the reimbursement of this amount to SAFA.

The FIFA Forward programme is still in place and we will continue to benefit from it as a FIFA Member Association. The current funding cycle which was approved by FIFA Council runs from 2019 to 2022. We are, therefore, guaranteed this funding for, at least, the next 4 years. The total funding for Operational Costs and Projects is US \$6 million for this funding cycle. These funds go a long way in covering our normal operational costs and some projects.

The CAF grant funding is also still in place and we received our increased annual grant of US \$200,000.00 in June 2019. In addition, we are also guaranteed a share of the TV rights revenue by participating in any of the CAF competitions. These funds will continue to be paid by CAF, thus assuring us of future funding. The improved TV rights revenue for the 2022 and 2026 FIFA World Cup African™ Qualifiers are being finalised. We expect a significant increase in this revenue category.

We continue to have access to various grants which go toward our development programmes. The 2010 FIFA World Cup Legacy Trust ("the Trust") continues to support our development activities. We have successfully applied for regular funding for our development programmes from the Trust since 2013 and we expect this funding to continue for the next few years. This means that the SAFA's development programmes will continue unhampered. Therefore, management's efforts can be channelled towards generating funds for other programmes and improving the current assets position of the Group.

Sport and Recreation South Africa ("SRSA") has increased our annual grant from R2million (2018/19) to R7 million (2019/20). This increase was due to their valued commitment of supporting the recently launched the SAFA Women's National League. The grant funding from SRSA has also been consistent. In addition to the women's support, these funds are also assisting with our Schools' Football activities, Grassroots programmes and Women's Football development.

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

22. Going concern (continued)

The National Lotteries Commission ("NLC") also continues to make funds available for some of our activities. The previous few years funding from the NLC has been more focused towards the Women football activities. This approach is most welcome as we endeavour to achieve gender parity as enshrined in our Vision 2022.

SETA / CATHSETA funding – The Association pays towards the Skills Development Levy on a regular basis. It contributes both on the permanent and non-permanent payroll. Previously we have only received training funds from CATHSETA for permanent staff training. We are in negotiations with CATHSETA for funding of some of our training programmes like Referees' courses, Coaching courses and Administration Capacity building courses.

The Government has a number of initiatives that are aimed at encouraging social cohesion and healthy lifestyles and funding is provided towards these. Football plays such a significant role in assisting the Government in its efforts. We will, therefore, work closely with Government so that they can fund our existing football development programmes, especially at grassroots level.

The Fun Valley business is a profitable one and these profits will contribute towards the financial recovery of the Association. These profits will be used to improve Fun Valley so that we can gain more patronage and improve the business' profitability. We are now hosting a number of our events at Fun Valley. These include our national teams camps, coaching courses, administration workshops, tournaments, etc. This results in significant cost savings for the Association, especially on accommodation costs. The National Technical Centre upgrades are still in progress. We should have at least 3 soccer pitches and a completed boundary wall during the forthcoming financial year. This will result in cost savings of hiring soccer fields and travelling costs. With the FIFA Forward Programme, we are assured of a financial allocation for infrastructure upgrades at the National Technical Centre annually. There is also potential of getting other funders to support the development of the football mother body's National Technical Centre. The infrastructure development at the National Technical Centre will boost our income statement and balance sheet.

The development and populating of the MYSAFA.net is progressing quite successfully. Whilst this system is of significant value to the effective registration of players and as a competition management system, we are in the process of monetising this database. The commercial opportunities associated with MYSAFA.net are as follows:

- Telco partnership that will benefit both SAFA and its members (Regions)
- Advertising served on both the Registration and Competition systems, as well as associated apps
- Big data marketing, that is partnering with an agency to direct market to our members
- Presenting sponsors for apps, competition website, talent identification
- Membership registration fees

We expect to realise the potential revenue from this stream within the next few years.

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

The Group continues to restructure some of its debts by negotiating favourable repayment periods. This is made possible through the healthy partnerships that we have with our service providers and relationships that were developed over a number of years.

The NEC believes that the Group will achieve its targets which are contained in its Financial Recovery Plan. Despite the prevailing tough economic conditions, the NEC firmly believes that the Group will leverage on the popularity of the sport, football being the most popular sport in the World, to achieve its plans. The NEC is also satisfied that the Group is able to meet its working capital requirements through the normal cyclical nature of its receipts. Further, the NEC continues to intensify its efforts in monitoring the Group's expenditure levels with a view of minimising costs through greater efficiencies. The NEC also continues to focus on maintaining an appropriate level of overheads in line with the Group's available cash resources.

South African Football Association

Notes to the Group Financial Statements and Association Financial Statements

for the year ended 30 June 2019 (continued)

22. Going concern (continued)

The Association, as the football controlling body in the country, is a national asset. It is due to this status that it works very closely with the Government and enjoys its support.

The NEC is therefore confident that the Group is a going concern.

23. 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 2019.

24. Contingent liability

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

The matter was heard in the Johannesburg High Court from 28 October to 4 November 2016 and the court ruled in the Association's favour. Fli Afrika appealed the High Court judgement and the appeal was heard on 13 June 2018 and judgement was delivered on 24 August 2018 and the judges ruled in Fli Afrika's favour. The Association is now appealing this ruling in the Supreme Court of Appeal ("SCA") and the appeal is set for 20 November 2019.

Based on the legal advice received, the NEC is confident that the Association will win the appeal in the SCA.

A former Chief Executive Officer of the Association is suing the Association for defamation of character following his banning by FIFA from all football activities. This matter was scheduled to go on trial during February 2019. However, at the special instance and request of Mr. Sedibe, the trial was postponed sine die on the eve of the trial date.

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

In 2014, the SAFA Congress decided that Schools' Football will now be organised and run by the Association instead of the South African Schools' Football Association ("SASFA"). SASFA approached the Johannesburg High Court in a bid to have this Congress decision overturned. The Johannesburg High Court ruled that this matter should be heard by an arbitrator, whom should be agreed by both parties. On 11 March 2019, the arbitrator (N.H. Maenetje SC) ruled in the Association's favour. SASFA took the arbitration award on review and we are now waiting for the review date.

The National Soccer League objected to our sponsorship relationship with OUTsurance Limited, alleging that it is in conflict with some of their existing sponsors. The matter was referred to arbitration through a court order. The arbitration will be heard in February 2020.

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

South African Football Association

Detailed Income Statement

for the year ended 30 June 2019

Figures in Rand	Note	Group 2019	Group 2018	Association 2019	Association 2018
Revenue					
Ticketing revenue		342,391	1,203,376	342,391	1,203,376
Television broadcasting rights		-	92,859,400	-	92,859,400
Grants received		38,822,716	49,827,163	38,822,716	49,827,163
National Technical Centre – day visitors and use of facilities		5,893,277	6,579,810	5,893,277	6,579,810
Rental income		133,523	226,560	133,523	226,560
Host cities' income		3,148,368	5,040,053	3,148,368	5,040,053
Sponsorship income		189,035,618	148,376,935	185,166,961	134,980,475
	3	237,375,893	304,113,297	233,507,236	290,716,837
Other operating income					
Other income	7	8,115,617	2,159,859	8,115,617	2,159,859
(Impairment losses) / reversal of impairment losses	4	(4,715,281)	127,448	(4,715,281)	127,448
Other operating expenses					
National team costs		(119,490,758)	(84,797,659)	(119,480,758)	(84,797,659)
Competition and leagues costs		(31,433,755)	(31,862,984)	(31,433,755)	(31,862,984)
Football development costs		(21,943,902)	(41,171,295)	(21,943,902)	(41,171,295)
Governance costs		(7,485,137)	(10,624,668)	(7,485,137)	(10,624,668)
National Technical Centre		(4,537,042)	(5,411,751)	(4,537,042)	(5,411,751)
Other administration costs		(114,180,470)	(141,272,730)	(109,292,903)	(131,264,100)
Depreciation		(9,356,556)	(8,692,316)	(8,656,673)	(7,642,492)
		(308,417,620)	(323,833,403)	(302,830,170)	(312,774,949)
Operating loss	4	(67,641,391)	(17,432,799)	(65,922,598)	(19,770,805)
Finance income	5	483,392	958,711	458,477	929,083
Finance costs	6	(3,482,311)	(1,150,648)	(3,479,244)	(878,202)
Other non-operating gains (losses)					
Profit on sale of non-current assets	8	69,888	74,412	69,888	74,412
(Decrease) increase in fair value of financial asset	8	(5,302,296)	1,686,900	(5,302,296)	1,686,900
Loss for the year		(75,872,718)	(15,863,424)	(74,175,773)	(17,958,612)

FOR BAFANA BAFANA

Every edition of the Nelson Mandela Challenge is a reminder that there is no better foundation for any nation than its children and that the well-being of its children is a measure of a society that cares. The Challenge continues to be a combination of bringing cheer to fans and raising awareness for the good cause for which the Nelson Mandela Children's Fund was established.

Nelson Mandela Children's Fund CEO
Ms Sibongile Mkhabela.

MADIBA
100
YEARS

COME
SHOW
YOUR
LOVE

Because Madiba was such a renowned global icon, the name Mandela means that teams from across the world give it their all to lift the coveted trophy in this match which celebrates his life and work.
SAFA President Dr Danny Jordaan

IN THE NELSON MANDELA CHALLENGE

An international friendly played annually by Bafana Bafana since 1994 and organised by the South African Football Association with the proceeds raised benefitting the Nelson Mandela Children's Fund. The Challenge has featured many big footballing nations from around the world such as Argentina, Brazil, the USA, France, Netherlands, Cameroon and Nigeria. The Challenge represents SAFA's commitment to honour and further Madiba's legacy and to keep his memory alive through the beautiful game.





Dignitaries in attendance at the pre-match dinner gala (left to right): Paraguay Football Association Board Member Enrique Sanchez, MC and Angolan Football Federation President Artur de Almeida e Silva, Nelson Mandela Children's Fund CEO Sibongile Mkhabela, Paraguay Football Association President Robert Harrison, eThekweni Deputy Mayor Fawzia Peer, NMCF's Mpaki Pule, SAFA President Dr Danny Jordaan. Paraguay and South Africa drew 1 – 1 at the match played on 20 November 2018 at Moses Mabhida Stadium in Durban.



SAFA SPONSORS, PARTNERS AND SUPPLIERS

National Teams' Sponsors

Banyana Banyana



Bafana Bafana



Amajita



Technical Partner



Referees' Partner



Corporate Social Investment Partners



Development Partners



Competitions' Sponsors



Suppliers and Partners

