

# South African Football Association

ANNUAL FINANCIAL REPORT incorporating  
GROUP ANNUAL FINANCIAL STATEMENTS and  
ASSOCIATION ANNUAL FINANCIAL STATEMENTS  
for the year ended 30 June 2020



**FOR  
COSAFA  
CHAMPIONS  
2017, 2018, 2019,  
and  
2020!**

**COME  
SHOW  
YOUR  
LOVE**





## South African Football Association

### Annual Financial Report for the year ended 30 June 2020

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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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*Banyana Banyana won the 2020 COSAFA Championship for the fourth year in a row having won their group matches without conceding a goal. They beat Angola 2-0, eSwatini 5-0 and Comoros 7-0 to reach the semis. They then beat Malawi 6-2 in the penultimate match before edging Botswana 2-1 in the final. Coach Desiree Ellis did not bring any of the overseas stars due to Covid-19 but instead assembled a locally-based squad that comprised five members of the Under 20 team. Sibulele Holweni finished as the Top Goalscorer while Hildah Magaia was awarded the Player of the Tournament accolade. This 2020 COSAFA tournament commenced on 3 November 2020 making it the first football tournament to be staged in the African continent since the coronavirus outbreak.*

# FOR MEN'S REGIONAL LEAGUE



COME  
SHOW  
YOUR  
LOVE





The goals of the South African Football Association leadership have been defined and mapped out in a plan called Vision 2022.

Vision 2022 is a fundamental rebuilding of the structures of SAFA at all levels to create the conditions that will bring about the sustained international success of our National Teams.

We have set our sights on a long-term development plan to achieve the goal of always being in the top 3 of the African rankings, and in the top 20 of the World rankings.

10% of the South African population must play football. Therefore, we need to redouble our efforts to:

Launch a vibrant schools' football programme which includes girls;

Strengthen women's football significantly.



#### VISION 2022 IN A NUTSHELL:

- Technical Performance
- Financial Stability
- Commercial Viability
- Sound Governance
- World-Class Administration
- Major Player in World Football
- Positive Image
- Gender Equality

*Gauteng Province were crowned the 2019 SAFA / SAB League U21 National Champions after beating Western Cape 2-1 in the final which took place at North West University in Mahikeng on 03 August 2019. Bongani Maseko (Gauteng) was named Coach of the Tournament, Thabang Tsotetsi (Western Cape) was named Player of the Tournament, Siyabonga Mthombeni from Mpumalanga was named Top Goalscorer of the Tournament and Goalkeeper of the Tournament was Bongani Guguleni from Mpumalanga. Referee of the Tournament was Nkosi Joseph from North West. The 2020 Men's Regional Leagues were not played to finish due to the Covid-19 pandemic and therefore the Provincial and National Play-offs could not take place.*

**NOTHING  
TASTES  
BETTER THAN  
SUPPORTING  
YOUR  
COUNTRY.**



**Enjoy Responsibly. Not for Persons Under the Age of 18.**

## Advocate Tebogo Motlanthe

### Chief Executive Officer



In the 2018/2019 financial year we reported a loss of R75.9 million and building on our cost cutting measures we have managed to turn things around. We continued from the previous year by doing things differently and by reducing the operational costs and as such, continued to benefit the Association greatly during this financial year. We further had to deal with the challenges brought by the COVID-19 pandemic which caused all football activities to be halted for a time.

The SAFA Members have contributed hugely to the turnaround on the finances and we are grateful for their gesture and we thank them for continuing to put the interests of the Association first. Their selfless attitude has greatly assisted the recovery plan.

Recognizing that the operations were impacted by the pandemic, we took a decision to introduce a leaner organogram and to take more tasks to our Members. We believe that this will not only be a cost saving exercise, but it will also go a long way in empowering our Members and directing the resources to where they are needed most. We continue to work on making the National Technical Centre operations efficient to ensure that we maximise the profits.

Our National Teams' expenditure was much less than the prior year's. This reduction was due to the COVID-19 related national lockdown which resulted in the suspension of all football activities. Irrespective of the suspension of international football in March 2020, the prior year was congested with a number of international tournaments which included the CAF Africa Cup of Nations Egypt 2019, the Cyprus Women's Cup and the FIFA Women's World Cup France 2019™.

During the financial year under review, we launched the inaugural season of the SAFA National Women's League. This League constituted 12 teams and it was successfully completed. Mamelodi Sundowns Ladies FC were the winners of the inaugural National Women's League and will campaign in qualifiers to advance to the CAF Women's Champions League which is a new continental competition scheduled for 2021.

As a result of engagements with potential new partners, we have managed to secure a sponsorship for match officials and, in this regard, we are grateful to Showmax (MultiChoice) for having come on board. We continue to engage other potential sponsors and with the guidance of the President, Dr Jordaan, we are very hopeful that we will secure new revenues and continue to improve our financial position.

We need to show our appreciation and offer great thanks to all of our Sponsors, Suppliers and Partners for their continued support, especially during these difficult times. Their support to this game of billions is highly appreciated.

We thank Dr Jordaan as the President for his leadership and guidance; the NEC and various committees for their continued support and efforts which have contributed to the turnaround strategy. It is through the tireless work and guidance of the collective that we have managed to report a surplus this financial year.




# FLYING OUR BOYS TO GREATER HEIGHTS.

SAA, official airline partner of Bafana Bafana.



**SOUTH AFRICAN AIRWAYS**

A STAR ALLIANCE MEMBER 



**BafanaBafana**



# Mr Gronie Hluyo



## Chief Financial Officer

We are reporting a profit of R54.4 million for the financial year ended 30 June 2020. This is a significant turnaround of R130.3 million (Group). Therefore, the financial performance of the Association and Group was excellent despite some global challenges that befell us from March 2020 and these were due to the COVID-19 pandemic.

During March 2020, the State President announced a national lockdown due to the COVID-19 pandemic. This, amongst other measures, included the suspension of all football activities in the country. The suspension of football activities posed a major challenge with some of our sponsors. The nature of our sponsorship relationships is that we must deliver football activities in return for funding. Consequently, some sponsors reduced their funding.

However, our financial turnaround was achieved mainly due to the following:

- As a result of the national lockdown, our activities for the year were reduced. This resulted in a reduction in activities costs. All our National Teams' costs reduced drastically and these included:
  - Men's Senior National Team which participated at the Africa Cup of Nations in the prior financial year.
  - Women's Senior National Team which participated at the 2018 Africa Women's Cup of Nations Ghana, 2019 Cyprus Cup and FIFA World Cup Women's France 2019™.

All our competitions, which included league matches and national playoffs and championships, were also suspended in March 2020; therefore, the competition costs were also reduced.

- Restructuring of the balance sheet involved reviewing all our liabilities and ensuring that we only retain those that will result in future cash flow outflows. This exercise resulted in the writing off of, among others, Regional Grants.
- Massive financial support that we received from FIFA and CAF in the form of COVID-19 Relief Grants.

During the year under review we also managed to reduce the net current liabilities ratio. In the prior year the current liabilities exceeded current assets by R171.2 million. However, we have managed to reduce this to R95.8 million. We are continuously working on improving this ratio so that our cash flow situation can also improve.

The challenges posed by COVID-19 will continue to be a threat on our revenue streams for the forthcoming financial year. We are, however, working on a number of mitigating strategies for us to minimise the adverse impact on our financial position.

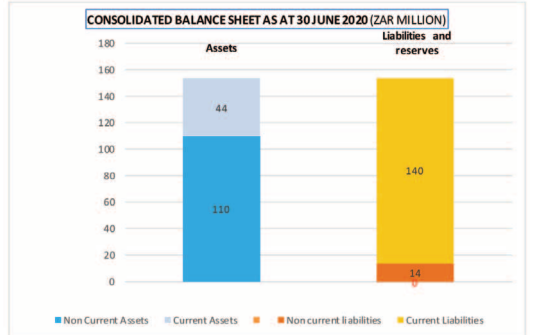
I will conclude by thanking the Finance & Procurement Committee and the Audit & Risk Committee for their continued guidance.

### ASSETS

|                    |     |
|--------------------|-----|
| Non Current Assets | 110 |
| Current Assets     | 44  |

### LIABILITIES AND RESERVES

|                         |     |
|-------------------------|-----|
| Non Current Liabilities | 14  |
| Current Liabilities     | 140 |
| Reserves                | 0   |

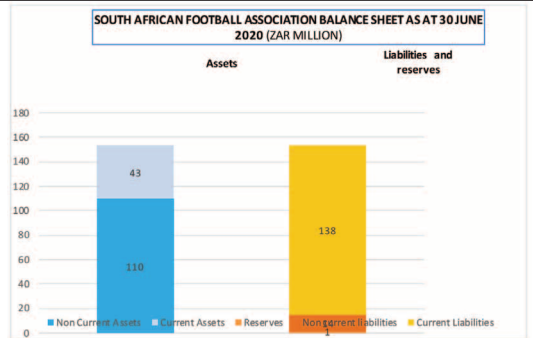


### ASSETS

|                    |     |
|--------------------|-----|
| Non Current Assets | 110 |
| Current Assets     | 43  |

### LIABILITIES AND RESERVES

|                         |     |
|-------------------------|-----|
| Non Current Liabilities | 14  |
| Current Liabilities     | 138 |
| Reserves                | 1   |



### REVENUE 2020

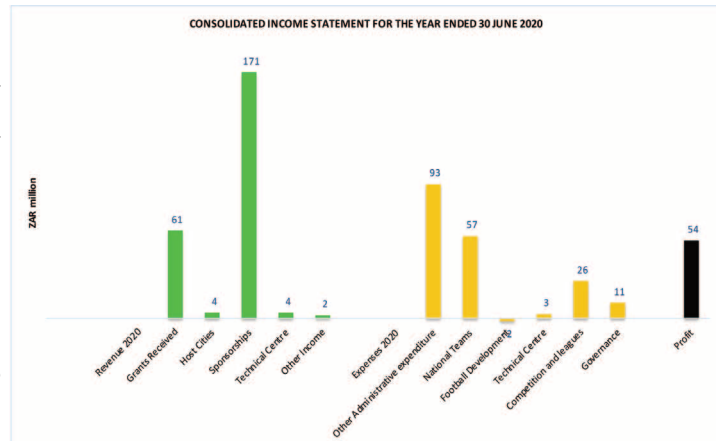
|                           |     |
|---------------------------|-----|
| Grants Received           | 61  |
| Host Cities               | 4   |
| Sponsorships              | 171 |
| National Technical Centre | 4   |
| Other Income              | 2   |

### EXPENSES 2020

|                           |    |
|---------------------------|----|
| Other Admin Expenditure   | 93 |
| National Teams            | 57 |
| Football Development      | -2 |
| National Technical Centre | 3  |
| Competitions & Leagues    | 26 |
| Governance                | 11 |

### PROFIT

54



### REVENUE 2020

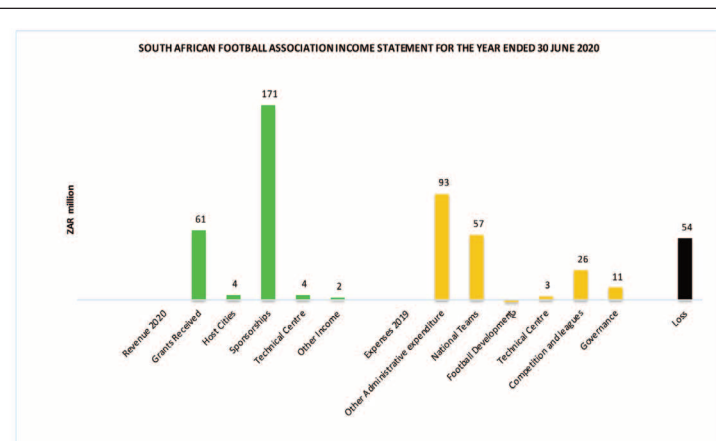
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### EXPENSES 2020

|                           |    |
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### PROFIT

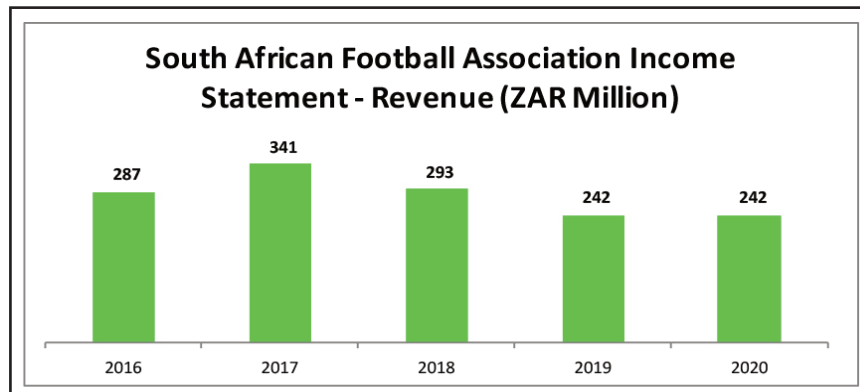
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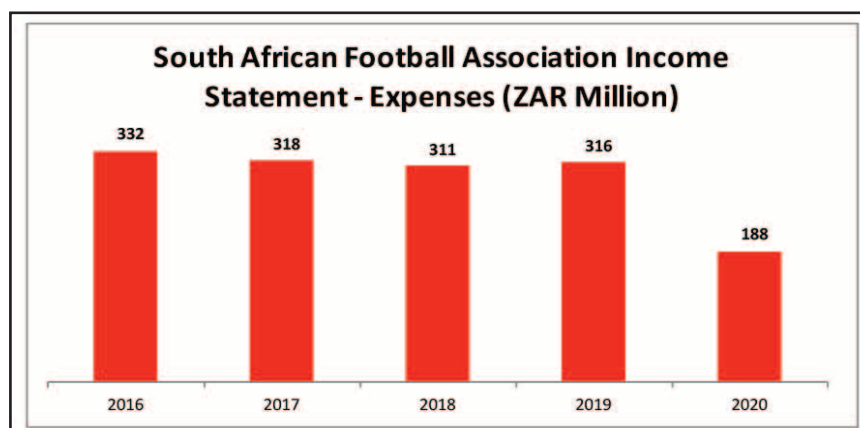
#### SAFA Income Statement – Revenue (ZAR Million)

|       |     |
|-------|-----|
| 2016: | 287 |
| 2017: | 341 |
| 2018: | 293 |
| 2019: | 242 |
| 2020: | 242 |



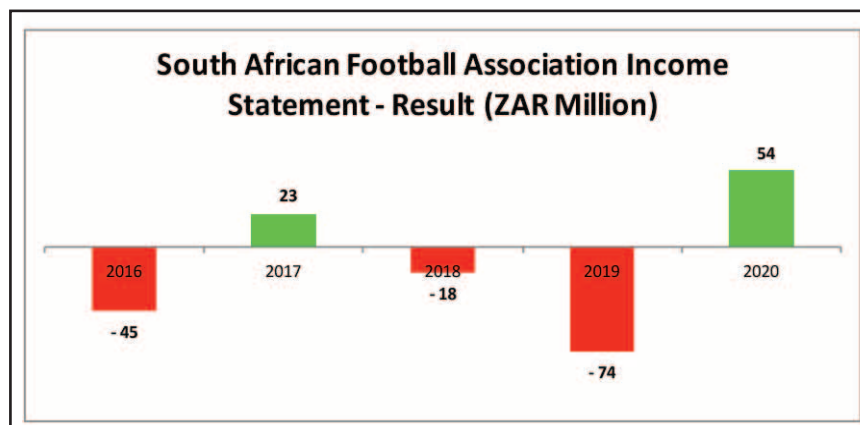
#### SAFA Income Statement – Expenses (ZAR Million)

|       |     |
|-------|-----|
| 2016: | 332 |
| 2017: | 318 |
| 2018: | 311 |
| 2019: | 316 |
| 2020: | 188 |



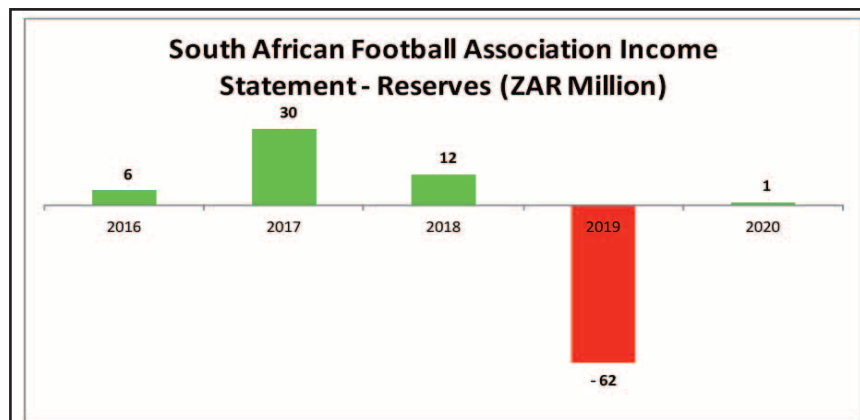
#### SAFA Income Statement – Result (ZAR Million)

|       |      |
|-------|------|
| 2016: | - 45 |
| 2017: | 23   |
| 2018: | - 18 |
| 2019: | - 74 |
| 2020: | 54   |



#### SAFA Income Statement – Reserves (ZAR Million)

|       |      |
|-------|------|
| 2016: | 6    |
| 2017: | 30   |
| 2018: | 12   |
| 2019: | - 62 |
| 2020: | 1    |



## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### 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 2020, 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 ability to continue as a going concern and for the reasons stated in the report of the NEC believe that the Association will be a 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 26). 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, as set out on pages 24 to 63, were approved by the NEC on 16 December 2020 and are signed on its behalf by:



**Dr Danny A. Jordaan**  
President



**Adv Tebogo Motlanthe**  
Chief Executive Officer



## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### National Exective Committee's Statement on Corporate Governance

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 controls and risk 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, budgeting and other financially related matters.

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### 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

Irvin Khoza

Ria Ledwaba

Thamsanqa Gay Mokoena

*(until 20 June 2020; thereafter an ordinary NEC member)*

Xolile Nkompela

#### Chief Executive Officer

Tebogo Motlanthe

*(Chief Executive Officer from 7 May 2020)*

Thamsanqa Gay Mokoena

*(Acting Chief Executive Officer from 1 November 2019 until 15 April 2020)*

Russell Paul

*(Acting Chief Executive Officer from 1 October 2018 until 31 October 2019)*

#### Honorary Presidents

Lesole Gadinabokao

Molefi Oliphant

#### Honorary Members

Jeremiah Mdlalose

Motebang Mosese

Obakeng Molatedi

#### Members

Andile Ngconjana

Anastasia Tsihlas

Aubrey Baartman

Bennett Bailey

David Bantu

David Molwantwa

Emma Hendricks

Gerald Don

Gladwyn White

Jack Maluleka

Jose Ferreira

Kaizer Motaung

Kwenzakwakhe Ngwenya

Letima Mogorosi

Linda Zwane

Litheko Marago

Mato Madlala

Mbongeni Shibe

Monde Montshiwa

Mxolisi Sibam

Mzimkhulu Fina

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

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

## Report of the National Executive Committee

### 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 made a profit of R54.4 million (2019: R75.9 million loss). The Group's financial position reflects accumulated losses of R0.2 million (2019: R63.5 million accumulated losses). The Group's financial performance for the period was excellent. This as a significant turnaround from the prior year performance. The turnaround is mainly attributed to:

- The restructuring of the balance sheet, which included the reassessment of amounts owed to SAFA Regions based on the compliance requirements, negotiation of a final settlement agreement with Siyaya TV (Pty) Ltd and a detailed and meticulous review of accruals
- The reduction in football activities costs due to the national lockdown which resulted in the suspension of all football activities for approximately 3½ months during the year under review
- The continuous financial support received from FIFA through subventions

### 3. Going concern

The Group and Association made profits of R54.4 million (2019: R75.9 million loss) and R63.4 million (2019: R74.2 million loss) respectively during the year ended 30 June 2020 and, as of that date, the Group's liabilities exceed assets by R0.2 million (2019: R63.5 million liabilities exceed assets) and the Association's assets exceed liabilities by R0.8 million (2019: R62.6 million liabilities exceed assets) 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 Confederation of African Football ("CAF"). 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 has started to achieve a fair amount of success.

In October 2019 the Association concluded a new broadcast deal with the South African Broadcasting Corporation ("SABC"). Even though the new deal is significantly less than the previous one that terminated in April 2018, the broadcasting of our activities presents a platform for the Association to attract new sponsors. The Association is also working closely with the SABC in jointly realising maximum commercial benefits from the current contract. These include the value-in-kind benefits which are contained in the contract. The Association is now focusing and intensifying its efforts in acquiring a satellite broadcast partner. The Association is also exploring the myriad of opportunities presented by the Fourth Industrial Revolution era. These include the exploitation of streaming opportunities and use of other disruptive technologies for commercial gain.

The Association continues to negotiate with a number of potential sponsors for the sale of rights for a number of its properties. These properties include junior national teams, coaching education and leagues. The Association is making some steady progress in that regard despite the current tough South African economic conditions.

During the year under review, the Association signed a long-term partnership agreement with Le Coq Sportif South Africa ("LCS"). LCS is now the official technical sponsor of the South African Football Association and they will provide the Association with its kit requirements. Royalties fees will also accrue to the Association from this agreement and these will be based on revenue generated through the sales of replica jerseys and co-branded products.

Post year-end, the Association concluded a sponsorship deal with MultiChoice (Pty) Ltd. MultiChoice, through its subsidiary, Showmax, will sponsor the SAFA referees over a period of 5 (five) years. In addition to funding the referees' programmes, MultiChoice will also provide SAFA referees with kit and apparel.

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Report of the National Executive Committee

The Association is now at advanced stages of constructing a merchandise shop at SAFA House. This project is funded through the FIFA Forward programme. The shop is expected to contribute additional and unencumbered revenue to the Association and this will be achieved through the selling of a wide range of its merchandise within the shop and through online sales.

The Association's Ima Nathi sponsorship programme has not achieved its planned success. However, the Association continues to put effort into it because its success will give the Local Football Associations ("LFAs") a huge financial boost and make the SAFA Regions less reliant on the national office for funding. Currently 3 (three) LFAs are beneficiaries of this programme and work is currently under way to bring more LFAs on board.

The FIFA Forward programme is still in place and the Association will continue to benefit from it as a FIFA Member Association. The current funding cycle, which was approved by the FIFA Council, runs from 2019 to 2022. The Association, therefore, is guaranteed this funding for, at least, the next 2 years and FIFA has indicated that the funding will continue in future years. The total funding for Operational Costs and Projects is USD 6 million for the 4 years. These funds go a long way in covering the Association's normal operational costs and some projects costs as well. In addition, FIFA recently introduced funding for women's football. The first allocation, which was USD 500,000.00, was paid to all Members Associations around September 2020. This funding from FIFA for women's football will go a long way in assisting the Association.

The CAF grant funding is also still in place and each CAF Member Association receives USD 200,000.00 per year. This grant will continue to be paid by CAF, thus assuring the Association of future funding. The improved TV rights revenue for the 2022 and 2026 FIFA World Cup African Qualifiers are being finalised by FIFA. We expect a significant increase in this revenue category.

The Department of Sport, Arts and Culture of South Africa ("DSAC") has increased the Association's annual grant allocation from R2 million per year to R7 million per year. This increase was due to their valued commitment of supporting the recently launched SAFA Women's National League. The grant funding from DSAC has also been consistent and the Association's allocation for 2020/21 has also been confirmed. In addition to the Women's National League support, these funds are also assisting with the other football development programme costs.

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

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 it has only received training funds from CATHSETA for permanent staff training. The Association is in negotiations with CATHSETA for funding of some of its 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. The Association will, therefore, work closely with Government so that they can fund its existing football development programmes, especially at grassroots level.

The cooperation between Government's different spheres and the Association has resulted in a number of partnerships that have benefitted both parties and this will continue into the future. Recently, the Provincial Governments of the North West and KwaZulu Natal have hosted some of the Association's events. The eThekweni and Nelson Mandela Bay Metros have also contributed financially and in kind through the hosting of the Men's Senior National Team ("Bafana Bafana") matches.

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, which is now SAFA's National Technical Centre, so that the facility can gain more patronage and improve the business' profitability. Fun Valley hosts a number of SAFA events which include accommodating the national teams, hosting coaching courses, administration workshops, tournaments, etc. This is resulting in significant cost savings for the Association, especially accommodation costs. The National Technical Centre upgrades are still in progress but construction of 3 (three) soccer pitches and a boundary wall were completed during this financial year. This will result in cost savings of hiring soccer fields and travelling costs as well. With the FIFA Forward Programme, the Association is assured of a financial allocation for infrastructure upgrades at the National Technical Centre annually. There are also potential opportunities of getting other funders to support the development

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Report of the National Executive Committee

of the football mother body's National Technical Centre. The infrastructure development at the National Technical Centre will boost the Group's income statement and balance sheet.

The development and populating of the MYSIFA.net is progressing quite well. Whilst this system is of significant value to the effective registration of players and as a competition management system, the Association is also in the process of monetising it. The commercial opportunities associated with MYSIFA.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 applications ("apps")
- Big data marketing, that is partnering with an agency to direct market to the Association's members
- Presenting sponsors for apps, competition website, talent identification
- Membership registration fees

The Association expect to realise the potential revenue from this stream within the next 2 years.

The Group continues to vigorously manage its costs by being innovative in the ways 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. The Group continues to create value within the supply chain by working closely with its suppliers. The Association has also embarked on a Section 189 of the Labour Relations Act process which will result in some employees being retrenched. A new organogram and salary bands were approved by the NEC on 19 September 2020. 17 (seventeen) employees have already been terminated after accepting voluntary separation packages. This process is expected to result in a salaries cost savings of R20 million per year.

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

FIFA has made available interest free loans to all its Member Associations. The Association is considering accessing these interest free loans for the purpose of settling most of its debts. FIFA's loan repayment terms are very generous; therefore, this will greatly improve the Association's liquidity. Currently, a huge amount of cashflows are allocated towards partially settling some long outstanding debts every month. So the consolidation of debts into a singular FIFA loan / debt will greatly improve the Association's current and liquidity ratios.

The National Executive Committee ("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 11 to the financial statements.

The Association received a grant from FIFA for the development of SAFA House during the 2006 financial year. SAFA House was 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.

During the prior year, 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 R5,949,002 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.



## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Report of the National Executive Committee

#### 5. Group Financial Statements

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

##### 5.1. 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.

##### 5.2. 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 the legal entity will be closed.

#### 6. Tax status

On the 3<sup>rd</sup> 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.

#### 7. Registered office

|                   |   |                 |                                    |
|-------------------|---|-----------------|------------------------------------|
| Business address: | SAFA House<br>76 Nasrec Road<br>Nasrec Ext 3<br>Johannesburg 2000 | Postal address: | PO Box 910<br>Johannesburg<br>2000 |
|-------------------|---|-----------------|------------------------------------|

#### 8. Subsequent events

##### Impact of COVID-19

COVID-19 is an unprecedented humanitarian crisis that existed towards the end of Association's 2020 reporting period, and on 11 March 2020, the World Health Organization declared COVID-19 as a pandemic.

A National State of Disaster was declared in South Africa on 15 March 2020, followed by a nationwide lockdown taking effect from 26 March 2020. The lockdown was initially set at a duration of 21 days in South Africa, and was subsequently extended indefinitely under risk-adjusted levels of economic restrictions.

Management has concluded that this is a non-adjusting balance sheet event, and the impact of COVID-19 on the accounting standard applicable to the Group and Association that requires the use of forward-looking information, expected credit losses, were assessed based on information available as at 30 June 2020.

The NEC are not aware of any other events after the reporting period that will have an impact on the financial position, performance or cash flows of the Group.

#### 9. Auditors

The Association's auditors are Sondlo Chartered Accountants Inc. and were appointed by the Audit and Risk Committee on 2 October 2020. This appointment will be ratified by the NEC and the Congress at their next sittings.



**Physical Address:**  
**5 Bauhinia street**  
**Cambridge office park, Highveld Techno Park**  
**Centurion**  
**0157**  
**Telephone number: +27 12 751 9168**  
**Fax mail number: +27 86 527 8418**  
**E-mail address: monalisa@sondloca.co.za**

## **Independent Auditor's Report**

### **To the Members of the South African Football Association**

### **Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

In our opinion, the financial statements were presented fairly, in all material respects, the financial position of South African Football Association (the Group and Association) as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

We have audited South African Football Association's Group financial statements and Association financial statements set out on pages 24 to 63 which comprise the statement of financial position as at 30 June 2020, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

#### **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.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with those charged with governance, but are not intended to represent all matters that were discussed with them. We have determined that there are no key audit matters to communicate in our report.

### **Independence**

We are independent of the Group and Association in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditor's Code of Professional Conduct for Registered Auditors. (Revised January 2018), part 1 and 3 of the Independent Regulatory Board for Auditor's Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA code) 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 Internal Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively.

### **Other information:**

The National Executive Committee is responsible for the other information. Other information includes the report of the National Executive Committee for the year ended 30 June 2020. 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 based on our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is 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's 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 has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the annual financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated annual 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 annual financial statements.

In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we also:

- Identify and assess the risk 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 risks 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We remain solely responsible for our audit opinion.

We communicated 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 identified during our audit.



**Sondlo Chartered Accountants Inc.**

**Per: Monalisa Nkonki**

**Chartered Accountants (SA)**

**Registered Auditors**

**16 December 2020**



## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Statement of Profit or Loss and Other Comprehensive Income

| Figures in Rand                                       | Notes | Group             |                     | Association       |                     |
|---|-------|-------------------|---------------------|-------------------|---------------------|
|   |       | 2020              | 2019                | 2020              | 2019                |
| Revenue   | 4     | 240,704,544       | 237,375,893         | 240,704,544       | 233,507,236         |
| Other income  | 8     | 815,243           | 8,115,617           | 815,243           | 8,115,617           |
| Impairment losses                                     | 5     | (5,801,274)       | (4,715,281)         | (5,801,274)       | (4,715,281)         |
| Operating expenses                                    |       | (177,169,046)     | (308,417,620)       | (177,149,368)     | (302,830,170)       |
| <b>Operating profit (loss)</b>                        | 5     | <b>58,549,467</b> | <b>(67,641,391)</b> | <b>58,569,145</b> | <b>(65,922,598)</b> |
| Finance income  | 6     | 570,029           | 483,392             | 561,523           | 458,477             |
| Finance costs   | 7     | (4,641,957)       | (3,482,311)         | (4,641,957)       | (3,479,244)         |
| Other non-operating losses                            | 9     | (103,987)         | 5,232,408           | (103,987)         | (5,232,408)         |
| <b>Profit (loss) before taxation</b>                  |       | <b>54,373,552</b> | <b>(75,872,718)</b> | <b>54,384,724</b> | <b>(74,175,773)</b> |
| Taxation  | 10    | -                 | -                   | -                 | -                   |
| <b>Profit (loss) for the year</b>                     |       | <b>54,373,552</b> | <b>(75,872,718)</b> | <b>54,384,724</b> | <b>(74,175,773)</b> |
| Other comprehensive income                            |       | -                 | -                   | -                 | -                   |
| <b>Total comprehensive income (loss) for the year</b> |       | <b>54,373,552</b> | <b>(75,872,718)</b> | <b>54,384,724</b> | <b>(74,175,773)</b> |

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Statement of Financial Position as at 30 June 2020

| Figures in Rand                       | Notes | Group<br>2020      | Group<br>2019      | Association<br>2020 | Association<br>2019 |
|---------------------------------------|-------|--------------------|--------------------|---------------------|---------------------|
| <b>Assets</b>                         |       |                    |                    |                     |                     |
| <b>Non-Current Assets</b>             |       |                    |                    |                     |                     |
| Property, plant and equipment         | 11    | 104,614,059        | 102,679,640        | 104,614,059         | 102,679,640         |
| Intangible assets                     | 12    | 5,000,000          | 5,000,000          | 5,000,000           | 5,000,000           |
| Investments in subsidiaries           | 13    | -                  | -                  | -                   | -                   |
|                                       |       | <b>109,614,059</b> | <b>107,679,640</b> | <b>109,614,059</b>  | <b>107,679,640</b>  |
| <b>Current Assets</b>                 |       |                    |                    |                     |                     |
| Trade and other receivables           | 14    | 26,039,470         | 47,090,702         | 26,034,909          | 47,086,140          |
| Cash and cash equivalents             | 15    | 17,803,899         | 12,978,014         | 17,465,209          | 12,636,153          |
|                                       |       | <b>43,843,369</b>  | <b>60,068,716</b>  | <b>43,500,118</b>   | <b>59,722,293</b>   |
| <b>Total Assets</b>                   |       | <b>153,457,428</b> | <b>167,748,356</b> | <b>153,114,177</b>  | <b>167,401,933</b>  |
| <b>Equity and Liabilities</b>         |       |                    |                    |                     |                     |
| <b>Equity</b>                         |       |                    |                    |                     |                     |
| Retained income/(Accumulated loss)    |       | (184,526)          | (63,528,180)       | 796,545             | (62,558,281)        |
| <b>Liabilities</b>                    |       |                    |                    |                     |                     |
| <b>Non-Current Liabilities</b>        |       |                    |                    |                     |                     |
| Interest bearing loans                | 16    | 5,638,231          | -                  | 5,638,231           | -                   |
| Non-current portion of trade payables |       | 8,384,192          | -                  | 8,384,192           | -                   |
|                                       |       | <b>14,022,423</b>  | <b>-</b>           | <b>14,022,423</b>   | <b>-</b>            |
| <b>Current Liabilities</b>            |       |                    |                    |                     |                     |
| Trade and other payables              | 19    | 69,634,409         | 162,639,916        | 68,310,087          | 161,323,594         |
| Interest bearing loans                | 16    | 3,474,931          | 69,041             | 3,474,931           | 69,041              |
| Provisions                            | 17    | 21,485,530         | 37,837,660         | 21,485,530          | 37,837,660          |
| Income received in advance            | 18    | 45,024,661         | 30,729,919         | 45,024,661          | 30,729,919          |
|                                       |       | <b>139,619,531</b> | <b>231,276,536</b> | <b>138,295,209</b>  | <b>229,960,214</b>  |
| <b>Total Liabilities</b>              |       | <b>153,641,954</b> | <b>231,276,536</b> | <b>152,317,632</b>  | <b>229,960,214</b>  |
| <b>Total Equity and Liabilities</b>   |       | <b>153,457,428</b> | <b>167,748,356</b> | <b>153,114,177</b>  | <b>167,401,933</b>  |

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Statement of Changes in Equity

| Figures in Rand                                | Retained income     | Total equity        |
|--|---------------------|---------------------|
| <b>Group</b>                                   |                     |                     |
| <b>Balance at 01 July 2018</b>                 | <b>12,344,538</b>   | <b>12,344,538</b>   |
| Loss for the year                              | (75,872,718)        | (75,872,718)        |
| Other comprehensive income                     | -                   | -                   |
| <b>Total comprehensive loss for the year</b>   | <b>(75,872,718)</b> | <b>(75,872,718)</b> |
| <b>Balance at 01 July 2019</b>                 | <b>(63,528,180)</b> | <b>(63,528,180)</b> |
| Profit for the year                            | 54,373,552          | 54,373,552          |
| Other comprehensive income                     | -                   | -                   |
| <b>Total comprehensive income for the year</b> | <b>54,373,552</b>   | <b>54,373,552</b>   |
| Prior period error                             | 8,970,102           | 8,970,102           |
| <b>Balance at 30 June 2020</b>                 | <b>(184,526)</b>    | <b>(184,526)</b>    |
| <b>Association</b>                             |                     |                     |
| <b>Balance at 01 July 2018</b>                 | <b>11,617,492</b>   | <b>11,617,492</b>   |
| Loss for the year                              | (74,175,773)        | (74,175,773)        |
| Other comprehensive income                     | -                   | -                   |
| <b>Total comprehensive loss for the year</b>   | <b>(74,175,773)</b> | <b>(74,175,773)</b> |
| <b>Balance at 01 July 2019</b>                 | <b>(62,558,281)</b> | <b>(62,558,281)</b> |
| Profit for the year                            | 54,384,724          | 54,384,724          |
| Other comprehensive income                     | -                   | -                   |
| <b>Total comprehensive income for the year</b> | <b>54,384,724</b>   | <b>54,384,724</b>   |
| Prior period error                             | 8,970,102           | 8,970,102           |
| <b>Balance at 30 June 2020</b>                 | <b>796,545</b>      | <b>796,545</b>      |



## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Statement of Cash Flows

| Figures in Rand   | Notes | Group<br>2020       | Group<br>2019        | Association<br>2020 | Association<br>2019  |
|---|-------|---------------------|----------------------|---------------------|----------------------|
| <b>Cash flows from operating activities</b>   |       |                     |                      |                     |                      |
| Cash generated from operations  | 20    | 12,011,735          | 1,765,876            | 2,023,412           | 1,936,216            |
| Finance income  |       | 570,029             | 483,392              | 561,523             | 458,477              |
| Finance costs   |       | (4,641,957)         | (3,482,311)          | (4,641,957)         | (3,479,244)          |
| <b>Net cash generated from/(utilised in) operating activities</b>   |       | <b>7,939,807</b>    | <b>(1,233,043)</b>   | <b>7,942,978</b>    | <b>(1,084,551)</b>   |
| <b>Cash flows from investing activities</b>   |       |                     |                      |                     |                      |
| Purchase of property, plant and equipment   | 11    | (12,158,042)        | (5,424,213)          | (12,158,042)        | (5,424,213)          |
| Sale of property, plant and equipment   | 11    | 103,986             | -                    | 103,986             | -                    |
| Disposal of equity shares and trust units (Loss on)/proceeds from disposal of property, plant and equipment |       | -<br>(103,987)      | 15,732,256<br>69,888 | -<br>(103,987)      | 15,732,256<br>69,888 |
| <b>Net cash (utilised in)/generated from investing activities</b>   |       | <b>(12,158,043)</b> | <b>10,377,931</b>    | <b>(12,158,043)</b> | <b>10,377,931</b>    |
| <b>Cash flows from financing activities</b>   |       |                     |                      |                     |                      |
| Repayment of interest-bearing loans   |       | 9,044,121           | (3,672,804)          | 9,044,121           | (3,672,804)          |
| <b>Total cash movement for the year</b>   |       | <b>4,825,885</b>    | <b>5,472,084</b>     | <b>4,829,056</b>    | <b>5,620,576</b>     |
| Cash at the beginning of the year   |       | 12,978,014          | 7,505,930            | 12,636,153          | 7,015,577            |
| <b>Total cash at end of the year</b>  | 15    | <b>17,803,899</b>   | <b>12,978,014</b>    | <b>17,465,209</b>   | <b>12,636,153</b>    |

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Summary of Significant Accounting Policies

#### 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 2020 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 16 December 2020.

#### 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 group financial statements and association financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The 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

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Summary of Significant Accounting Policies

#### 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.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

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 – Artificial pitch | Straight line       | 12.5%               |
| Land and buildings – grass pitches    | Straight line       | 5%                  |
| Capital – Work in progress            | Not depreciated     | 0%                  |

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

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

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Summary of Significant Accounting Policies

#### 1.4 Property, plant and equipment (continued)

Subsequent expenditure is recognised at cost in the carrying amount of property, plant and equipment if it is probable that future economic benefits embodied in the item will flow to the 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.

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



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### Summary of Significant Accounting Policies

#### 1.7 Impairment of assets (continued)

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.

#### 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
- 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

Financial liabilities:

- Amortised cost

Note 25 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.

##### 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.

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### Summary of Significant Accounting Policies

#### 1.9 Financial instruments: IFRS 9 (continued)

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 25).

#### Borrowings and interest-bearing loans

##### Classification

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

##### 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.

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Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Summary of Significant Accounting Policies

#### 1.9 Financial instruments: IFRS 9 (continued)

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 7).

Borrowings expose the Group to liquidity risk and interest rate risk. Refer to note 25 for details of risk exposure and management thereof.

#### Trade and other payables

##### Classification

Trade and other payables (note 19), 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 method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 7).

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to note 25 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.

##### 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.

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Summary of Significant Accounting Policies

#### 1.10 Foreign exchange

##### Foreign currency transactions

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.

#### 1.11 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

The Group and Association assessed whether a contract is or contains a lease, at inception of a contract. The company recognises a right- of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee.

##### Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 5) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

##### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed lease payments, including in-substance fixed payments, less any lease incentives;
- Lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- Penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.



## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Summary of Significant Accounting Policies

#### 1.11 Leases (continued)

##### Right-of-use assets

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

##### Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

##### Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits from the use of the underlying asset are diminished. Operating lease income is included in other operating income (note 8).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

#### 1.12 Leases (Comparatives under IAS 17)

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

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Summary of Significant Accounting Policies

#### 1.12 Leases (Comparatives under IAS 17) (continued)

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 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the group in which they are declared.

#### 1.15 Employee benefits

##### Current employee benefits

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

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.

#### 1.16 Provisions and contingencies

Provisions are recognised when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Summary of Significant Accounting Policies

#### 1.16 Provisions and contingencies (continued)

reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

#### 1.17 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 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.

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Summary of Significant Accounting Policies

#### 1.17 Revenue from contracts with customers (continued)

##### Sponsorship income (continued)

Revenue received from CAF in respect of the national teams qualification in terms of CAF tournaments 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.

##### 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

##### 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.



## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

#### 2. Changes in accounting policy

The Group financial statements and Association financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

##### Application of IFRS 16 Leases

In the current year, the Association has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 01 July 2019. IFRS 16 replaces IAS 17 Leases.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the Group's financial statements and Association's financial statements is described below.

The Association has applied the practical expedient available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical expedient allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

##### Impact on financial statements

The Association has assessed its operating leases as at 30 June 2019 and has determined the leases to be short-term, where the remaining lease term is less than 12 months from this date. This determination was made in accordance with the definition of lease. Where applicable, options to extend or not to terminate the leases were considered. No leases contained an option to purchase.

In accordance with IFRS 16.5 the Association applies the short-term leases exemption to the above leases and as such has not recognised right-of-use assets and lease liabilities for these leases. Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term, presenting no change to the recognition of operating leases prior to the adoption of this standard. There has been no impact to the Association's financial position upon adoption.

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

#### 3. New Standards and Interpretations

##### 3.1 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:<br>Years beginning<br>on or after | Expected impact:                            |
|---|---|---|
| • Plan Amendment, Curtailment or Settlement - Amendments to IAS 19                    | 01 January 2019                                   | The impact of the amendment is not material |
| • Amendments to IAS 12 Income Taxes: Annual Improvements to IFRS 2015 - 2017 cycle    | 01 January 2019                                   | The impact of the amendment is not material |
| • Amendments to IAS 23 Borrowing Costs: Annual Improvements to IFRS 2015 - 2017 cycle | 01 January 2019                                   | The impact of the amendment is not material |
| • IFRIC 23 Uncertainty over Income Tax Treatments                                     | 01 January 2019                                   | The impact of the standard is not material  |
| • IFRS 16 Leases  | 01 January 2019                                   | The impact of the standard is not material  |

##### 3.2 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 2020 or later periods:

| Standard / Interpretation:   | Effective date:<br>Years beginning<br>on or after | Expected impact:                         |
|--|---|--|
| • Amendments to References to the Conceptual Framework in IFRS Standards                 | 01 January 2020                                   | Unlikely there will be a material impact |
| • Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7               | 01 January 2020                                   | Unlikely there will be a material impact |
| • Presentation of Financial Statements: Disclosure initiative                            | 01 January 2020                                   | Unlikely there will be a material impact |
| • Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative | 01 January 2020                                   | Unlikely there will be a material impact |
| • COVID-19 - Related Rent Concessions - Amendment to IFRS                                | 01 January 2020                                   | Unlikely there will be a material impact |
| • Annual Improvements to IFRS Standards 2018 - 2020                                      | 01 January 2020                                   | Unlikely there will be a material impact |
| • Onerous Contracts: Cost of Fulfilling a Contract                                       | 01 January 2020                                   | Unlikely there will be a material impact |
| • Definition of a business - Amendments to IFRS 3  | 01 January 2020                                   | Unlikely there will be a material impact |
| • Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative | 01 January 2020                                   | Unlikely there will be a material impact |

## South African Football Association

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### Notes to the Group Financial Statements And Association Financial Statements

| Figures in Rand  | Group              |                    | Association        |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 2020               | 2019               | 2020               | 2019               |
| <b>4. Revenue</b>  |                    |                    |                    |                    |
| <b>Revenue from contracts with customers</b>                   |                    |                    |                    |                    |
| Ticketing revenue  | 349,292            | 342,391            | 349,292            | 342,391            |
| National Technical Centre - day visitors and use of facilities | 4,234,937          | 5,893,277          | 4,234,937          | 5,893,277          |
| Sponsorship income   | 170,502,493        | 189,035,618        | 170,502,493        | 185,166,961        |
| Host cities' income  | 4,152,626          | 3,148,368          | 4,152,626          | 3,148,368          |
|  | <b>179,239,348</b> | <b>198,419,654</b> | <b>179,239,348</b> | <b>194,550,997</b> |
| <b>Revenue other than from contracts with customers</b>        |                    |                    |                    |                    |
| Rental Income  | 391,956            | 133,523            | 391,956            | 133,523            |
| Grants received  | 61,073,240         | 38,822,716         | 61,073,240         | 38,822,716         |
|  | <b>61,465,196</b>  | <b>38,956,239</b>  | <b>61,465,196</b>  | <b>38,956,239</b>  |
|  | <b>240,704,544</b> | <b>237,375,893</b> | <b>240,704,544</b> | <b>233,507,236</b> |
| <b>Disaggregation of revenue from contracts with customers</b> |                    |                    |                    |                    |
| The Group disaggregates revenue from customers as follows:     |                    |                    |                    |                    |
| Ticketing revenue  | 349,292            | 342,391            | 349,292            | 342,391            |
| National Technical Centre - day visitors and use of facilities | 4,234,937          | 5,893,277          | 4,234,937          | 5,893,277          |
| Sponsorship income   | 170,502,493        | 189,035,618        | 170,502,493        | 185,166,961        |
| Host cities' income  | 4,152,626          | 3,148,368          | 4,152,626          | 3,148,368          |
|  | <b>179,239,348</b> | <b>198,419,654</b> | <b>179,239,348</b> | <b>194,550,997</b> |
| <b>Timing of revenue recognition</b>                           |                    |                    |                    |                    |
| <b>At a point in time</b>                                      |                    |                    |                    |                    |
| Ticketing revenue  | 349,292            | 342,391            | 349,292            | 342,391            |
| Host cities' income  | 4,152,626          | 3,148,368          | 4,152,626          | 3,148,368          |
| Sponsorship income   | 47,049,783         | 42,211,799         | 49,618,184         | 38,343,143         |
| National Technical Centre - day visitors and use of facilities | 4,234,937          | 5,893,277          | 4,234,937          | 5,893,277          |
|  | <b>55,786,638</b>  | <b>51,595,835</b>  | <b>58,355,039</b>  | <b>47,727,179</b>  |
| <b>Over time</b>   |                    |                    |                    |                    |
| Sponsorship income   | 123,452,710        | 146,823,819        | 120,884,309        | 146,823,818        |
| <b>Total revenue from contracts with customers</b>             |                    |                    |                    |                    |
|  | <b>179,239,348</b> | <b>198,419,654</b> | <b>179,239,348</b> | <b>194,550,997</b> |

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Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

| Figures in Rand  | Group             |                  | Association       |                  |
|--|-------------------|------------------|-------------------|------------------|
|  | 2020              | 2019             | 2020              | 2019             |
| <b>5. Operating profit</b>   |                   |                  |                   |                  |
| Operating profit (loss) for the year is stated after accounting for the following, amongst others: |                   |                  |                   |                  |
| <b>Depreciation</b>  |                   |                  |                   |                  |
| Buildings - Fun Valley   | 3,297,636         | 3,216,226        | 3,297,636         | 3,216,226        |
| Leasehold property - SAFA House  | 3,045,135         | 3,045,305        | 3,045,135         | 3,045,305        |
| Leasehold property - Alex Hub  | 1,049,824         | 1,049,824        | 1,049,824         | 349,941          |
| Land and Buildings - Artificial Pitch  | 522,799           | -                | 522,799           | -                |
| Furniture and fittings   | 557,912           | 558,619          | 557,912           | 558,619          |
| Motor vehicles   | 187,572           | 168,664          | 187,572           | 168,664          |
| Office equipment   | 92,412            | 93,874           | 92,412            | 93,874           |
| Computer equipment   | 745,619           | 838,169          | 745,619           | 838,169          |
| Land and Buildings - 2x Natural Grass Pitch  | 66,467            | -                | 66,467            | -                |
| General equipment  | 554,262           | 385,875          | 554,262           | 385,875          |
| Buses  | 1                 | -                | 1                 | -                |
|  | <b>10,119,637</b> | <b>9,356,556</b> | <b>10,119,637</b> | <b>8,656,673</b> |
| <b>Impairment losses</b>   |                   |                  |                   |                  |
| Receivables written off as uncollectable   | 2,582,149         | -                | 2,582,149         | -                |
| Net movement in allowance for credit losses  | 3,219,125         | 4,715,281        | 3,219,125         | 4,715,281        |
|  | <b>5,801,274</b>  | <b>4,715,281</b> | <b>5,801,274</b>  | <b>4,715,281</b> |
| <b>Other</b>   |                   |                  |                   |                  |
| Accounting fees  | 1,703,733         | 12,321,366       | 1,703,733         | 12,321,366       |
| Auditor's remuneration   | 1,181,679         | 1,190,203        | 1,181,679         | 1,190,203        |
| Employee costs   | 40,403,585        | 40,811,222       | 40,403,585        | 40,171,700       |
| Pension fund contributions   | 4,149,321         | 7,265,741        | 4,149,321         | 7,265,741        |
| Legal and consulting fees  | 8,243,370         | 13,185,287       | 8,243,370         | 13,185,287       |
| Key management personnel remuneration  | 7,680,197         | 9,335,407        | 7,680,197         | 9,335,407        |
| NEC honoraria  | 2,400,388         | 2,831,817        | 2,400,388         | 2,831,817        |
| NEC allowances   | 1,226,359         | 933,856          | 1,226,359         | 933,856          |
| <b>6. Finance income</b>   |                   |                  |                   |                  |
| <b>Investments in financial assets:</b>  |                   |                  |                   |                  |
| Bank   | 570,029           | 483,392          | 561,523           | 458,477          |
| <b>7. Finance costs</b>  |                   |                  |                   |                  |
| Foreign exchange loss  | 746,279           | 191,850          | 746,279           | 191,850          |
| Interest paid - South African Revenue Service  | 740,167           | 364,813          | 740,167           | 364,813          |
| Interest paid - bank and finance charges   | 435,456           | 122,336          | 435,456           | 119,269          |
| Interest paid - suppliers  | 2,720,055         | 2,623,312        | 2,720,055         | 2,623,312        |
| Interest paid - 2010 FIFA World Cup Legacy Trust   | -                 | 180,000          | -                 | 180,000          |
| <b>Total finance costs</b>   | <b>4,641,957</b>  | <b>3,482,311</b> | <b>4,641,957</b>  | <b>3,479,244</b> |



## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

| Figures in Rand                             | Group            |                    | Association      |                    |
|---|------------------|--------------------|------------------|--------------------|
|   | 2020             | 2019               | 2020             | 2019               |
| <b>8. Other income</b>                      |                  |                    |                  |                    |
| Dividends received on Netcare shares        | -                | 762,527            | -                | 762,527            |
| Interest charges on SABIC debtor            | -                | 2,913,212          | -                | 2,913,212          |
| Donations in kind from Healthy Lifestyle    | -                | 1,264,011          | -                | 1,264,011          |
| Other sundry income                         | 815,243          | 3,175,867          | 815,243          | 3,175,867          |
|   | <b>815,243</b>   | <b>8,115,617</b>   | <b>815,243</b>   | <b>8,115,617</b>   |
| <b>9. Other non-operating losses</b>        |                  |                    |                  |                    |
| <b>Fair value losses</b>                    |                  |                    |                  |                    |
| (Loss) profit on sale on non-current assets | (103,987)        | 69,888             | (103,987)        | 69,888             |
| Decrease in fair value of financial asset   | -                | (5,302,296)        | -                | (5,302,296)        |
| <b>Total other non-operating losses</b>     | <b>(103,987)</b> | <b>(5,232,408)</b> | <b>(103,987)</b> | <b>(5,232,408)</b> |

### 10. Taxation

On the 3 June 2010, the Association was approved by the South African Revenue Services ("SARS") as a public benefit organisation ("PBO") in terms of Section 30(3) of the Income Tax Act ("the Act"). 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 2020 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

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

#### 11. Property, plant and equipment

| Group  | 2020               |                          |                    | 2019               |                          |                    |
|--|--------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|
|  | Cost               | Accumulated depreciation | Carrying value     | Cost               | Accumulated depreciation | Carrying value     |
| Land and buildings - Fun Valley                | 75,785,071         | (14,945,012)             | 60,840,059         | 75,428,974         | (11,647,376)             | 63,781,598         |
| Leasehold property - Alex Hub                  | 6,298,943          | (1,399,765)              | 4,899,178          | 6,298,943          | (349,941)                | 5,949,002          |
| Leasehold property - SAFA House                | 60,902,699         | (39,087,435)             | 21,815,264         | 60,902,870         | (36,042,471)             | 24,860,399         |
| Land and Buildings - Artificial Pitch          | 7,169,820          | (522,799)                | 6,647,021          | -                  | -                        | -                  |
| Land and Buildings - 2x Natural Grass Pitch    | 5,317,346          | (66,467)                 | 5,250,879          | -                  | -                        | -                  |
| Land and Buildings - Assets Under Construction | 1,307,717          | -                        | 1,307,717          | 2,438,747          | -                        | 2,438,747          |
| Furniture and fittings                         | 4,545,808          | (3,529,184)              | 1,016,624          | 5,494,769          | (3,920,233)              | 1,574,536          |
| Motor vehicles                                 | 4,041,089          | (3,940,273)              | 100,816            | 17,509,890         | (17,117,516)             | 392,374            |
| Office equipment                               | 470,336            | (237,773)                | 232,563            | 745,100            | (420,125)                | 324,975            |
| Computer equipment                             | 3,749,316          | (3,117,368)              | 631,948            | 5,360,550          | (4,011,815)              | 1,348,735          |
| General equipment                              | 2,678,008          | (1,277,707)              | 1,400,301          | 3,769,982          | (2,232,396)              | 1,537,586          |
| Buses  | 7,471,563          | (6,999,874)              | 471,689            | 29,738,994         | (29,267,306)             | 471,688            |
| <b>Total</b>                                   | <b>179,737,716</b> | <b>(75,123,657)</b>      | <b>104,614,059</b> | <b>207,688,819</b> | <b>(105,009,179)</b>     | <b>102,679,640</b> |

| Association                                 | 2020               |                          |                    | 2019               |                          |                    |
|---|--------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|
|   | Cost               | Accumulated depreciation | Carrying value     | Cost               | Accumulated depreciation | Carrying value     |
| Land and buildings - Fun Valley             | 75,785,071         | (14,945,012)             | 60,840,059         | 75,428,974         | (11,647,376)             | 63,781,598         |
| Leasehold property - Alex Hub               | 6,298,943          | (1,399,765)              | 4,899,178          | 6,298,943          | (349,941)                | 5,949,002          |
| Leasehold property - SAFA House             | 60,902,699         | (39,087,435)             | 21,815,264         | 60,902,870         | (36,042,471)             | 24,860,399         |
| Land and Buildings - Artificial Pitch       | 7,169,820          | (522,799)                | 6,647,021          | -                  | -                        | -                  |
| Land and Buildings - 2x Natural Grass Pitch | 5,317,346          | (66,467)                 | 5,250,879          | -                  | -                        | -                  |
| Capital – Work in progress                  | 1,307,717          | -                        | 1,307,717          | 2,438,747          | -                        | 2,438,747          |
| Furniture and fittings                      | 4,545,808          | (3,529,184)              | 1,016,624          | 5,494,769          | (3,920,233)              | 1,574,536          |
| Motor vehicles                              | 4,041,089          | (3,940,273)              | 100,816            | 17,509,890         | (17,117,516)             | 392,374            |
| Office equipment                            | 470,336            | (237,773)                | 232,563            | 745,100            | (420,125)                | 324,975            |
| Computer equipment                          | 3,749,316          | (3,117,368)              | 631,948            | 5,298,950          | (3,950,215)              | 1,348,735          |
| General equipment                           | 2,678,008          | (1,277,707)              | 1,400,301          | 3,769,982          | (2,232,396)              | 1,537,586          |
| Buses                                       | 7,471,563          | (6,999,874)              | 471,689            | 29,738,994         | (29,267,306)             | 471,688            |
| <b>Total</b>                                | <b>179,737,716</b> | <b>(75,123,657)</b>      | <b>104,614,059</b> | <b>207,627,219</b> | <b>(104,947,579)</b>     | <b>102,679,640</b> |

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

#### 11. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - Group - 2020

|   | Opening<br>balance | Additions         | Disposals        | Transfers   | Depreciation        | Total              |
|---|--------------------|-------------------|------------------|-------------|---------------------|--------------------|
| Land and buildings - Fun Valley             | 63,781,598         | 356,097           | -                | -           | (3,297,636)         | 60,840,059         |
| Leasehold property - Alex Hub               | 5,949,002          | -                 | -                | -           | (1,049,824)         | 4,899,178          |
| Leasehold property - SAFA House             | 24,860,399         | -                 | -                | -           | (3,045,135)         | 21,815,264         |
| Land and Buildings - Artificial Pitch       | -                  | 7,169,820         | -                | -           | (522,799)           | 6,647,021          |
| Furniture and fittings                      | 1,574,536          | -                 | -                | -           | (557,912)           | 1,016,624          |
| Motor vehicles                              | 392,374            | -                 | (103,986)        | -           | (187,572)           | 100,816            |
| Office equipment                            | 324,975            | -                 | -                | -           | (92,412)            | 232,563            |
| Computer equipment                          | 1,348,735          | 28,832            | -                | -           | (745,619)           | 631,948            |
| Land and Buildings - 2x Natural Grass Pitch | -                  | -                 | -                | 5,317,346   | (66,467)            | 5,250,879          |
| General equipment                           | 1,537,586          | 416,977           | -                | -           | (554,262)           | 1,400,301          |
| Buses                                       | 471,688            | -                 | -                | -           | 1                   | 471,689            |
| Capital - Work in progress                  | 2,438,747          | 4,186,316         | -                | (5,317,346) | -                   | 1,307,717          |
|   | <b>102,679,640</b> | <b>12,158,042</b> | <b>(103,986)</b> | <b>-</b>    | <b>(10,119,637)</b> | <b>104,614,059</b> |

##### Reconciliation of property, plant and equipment - Group - 2019

|                                 | Opening<br>balance | Additions        | Depreciation       | Total              |
|---------------------------------|--------------------|------------------|--------------------|--------------------|
| Land and buildings - Fun Valley | 65,502,697         | 1,495,127        | (3,216,226)        | 63,781,598         |
| 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            |
| Capital - Work in progress      | -                  | 2,438,747        | -                  | 2,438,747          |
|                                 | <b>106,611,983</b> | <b>5,424,213</b> | <b>(9,356,556)</b> | <b>102,679,640</b> |

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

#### 11. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - Association - 2020

|   | Opening balance    | Additions         | Disposals        | Transfers   | Depreciation        | Total              |
|---|--------------------|-------------------|------------------|-------------|---------------------|--------------------|
| Land and buildings - Fun Valley             | 63,781,598         | 356,097           | -                | -           | (3,297,636)         | 60,840,059         |
| Leasehold property - Alex Hub               | 5,949,002          | -                 | -                | -           | (1,049,824)         | 4,899,178          |
| Leasehold property - SAFA House             | 24,860,399         | -                 | -                | -           | (3,045,135)         | 21,815,264         |
| Land and Buildings - Artificial Pitch       | -                  | 7,169,820         | -                | -           | (522,799)           | 6,647,021          |
| Furniture and fittings                      | 1,574,536          | -                 | -                | -           | (557,912)           | 1,016,624          |
| Motor vehicles                              | 392,374            | -                 | (103,986)        | -           | (187,572)           | 100,816            |
| Office equipment                            | 324,975            | -                 | -                | -           | (92,412)            | 232,563            |
| Computer equipment                          | 1,348,735          | 28,832            | -                | -           | (745,619)           | 631,948            |
| Land and Buildings - 2x Natural Grass Pitch | -                  | -                 | -                | 5,317,346   | (66,467)            | 5,250,879          |
| General equipment                           | 1,537,586          | 416,977           | -                | -           | (554,262)           | 1,400,301          |
| Buses                                       | 471,688            | -                 | -                | -           | 1                   | 471,689            |
| Capital - Work in progress                  | 2,438,747          | 4,186,316         | -                | (5,317,346) | -                   | 1,307,717          |
|   | <b>102,679,640</b> | <b>12,158,042</b> | <b>(103,986)</b> | <b>-</b>    | <b>(10,119,637)</b> | <b>104,614,059</b> |

##### Reconciliation of property, plant and equipment - Association - 2019

|                                 | Opening balance   | Additions        | Transfers        | Depreciation       | Total              |
|---------------------------------|-------------------|------------------|------------------|--------------------|--------------------|
| Land and buildings - Fun Valley | 65,502,697        | 1,495,127        | -                | (3,216,226)        | 63,781,598         |
| 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            |
| Capital - Work in progress      | -                 | 2,438,747        | -                | -                  | 2,438,747          |
|                                 | <b>99,613,157</b> | <b>5,424,213</b> | <b>6,298,943</b> | <b>(9,356,556)</b> | <b>102,679,640</b> |

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.



## South African Football Association

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### Notes to the Group Financial Statements And Association Financial Statements

#### 11. Property, plant and equipment (continued)

Alex Hub has been erected on land that is not owned by the Association 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.

#### Addition of work in progress asset category

Grass pitches that had not been completed as at 28 February 2019 had been included under the Fun Valley land and buildings. In order to better reflect the state of operations and provide a clearer understanding of the Association's and Group's assets held, an additional asset category was created and a reclassification done between the Fun Valley land and buildings and capital work in progress. The 2019 comparative figures presented above are thus not comparable to the 2019 financial statements. Refer to note 23 for more detail.

#### 12. Intangible assets

|                         | 2020      |                          |                | 2019      |                          |                |
|-------------------------|-----------|--------------------------|----------------|-----------|--------------------------|----------------|
|                         | Cost      | Accumulated amortisation | Carrying value | Cost      | Accumulated amortisation | Carrying value |
| Group                   |           |                          |                |           |                          |                |
| Bafana Bafana trademark | 5,000,000 | -                        | 5,000,000      | 5,000,000 | -                        | 5,000,000      |
|                         |           |                          |                |           |                          |                |
|                         | 2020      |                          |                | 2019      |                          |                |
|                         | Cost      | Accumulated amortisation | Carrying value | Cost      | Accumulated amortisation | Carrying value |
| Association             |           |                          |                |           |                          |                |
| Bafana Bafana trademark | 5,000,000 | -                        | 5,000,000      | 5,000,000 | -                        | 5,000,000      |

#### Reconciliation of intangible assets - Group - 2020

|                         | Opening balance | Total     |
|-------------------------|-----------------|-----------|
| Bafana Bafana trademark | 5,000,000       | 5,000,000 |

#### Reconciliation of intangible assets - Group - 2019

|                         | Opening balance | Total     |
|-------------------------|-----------------|-----------|
| Bafana Bafana trademark | 5,000,000       | 5,000,000 |

#### Reconciliation of intangible assets - Association - 2020

|                         | Opening balance | Total     |
|-------------------------|-----------------|-----------|
| Bafana Bafana trademark | 5,000,000       | 5,000,000 |

#### Reconciliation of intangible assets - Association - 2019

|                         | Opening balance | Total     |
|-------------------------|-----------------|-----------|
| Bafana Bafana trademark | 5,000,000       | 5,000,000 |

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

#### 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.

#### 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 2020 | Carrying amount 2019 |
|--|-------------------------|----------------------|----------------------|
| 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 Trust *          | 100.00 %                | -                    | -                    |
|  |                         | -                    | -                    |

\* To be deregistered.

\*\* Dormant.

| Figures in Rand                          | 2020              | Group 2019        | 2020              | Association 2019  |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>14. Trade and other receivables</b>   |                   |                   |                   |                   |
| <b>Financial instruments:</b>            |                   |                   |                   |                   |
| Sponsorships and related income          | 24,021,604        | 35,378,622        | 24,021,604        | 35,378,622        |
| Loss allowance                           | (11,599,451)      | (9,017,302)       | (11,599,451)      | (9,017,302)       |
| Trade receivables at amortised cost      | 12,422,153        | 26,361,320        | 12,422,153        | 26,361,320        |
| Other receivables                        | 6,660,940         | 16,627,409        | 6,660,940         | 16,627,409        |
| <b>Non-financial instruments:</b>        |                   |                   |                   |                   |
| VAT                                      | 6,251,232         | 3,994,885         | 6,246,671         | 3,990,323         |
| Prepayments                              | 705,145           | 107,088           | 705,145           | 107,088           |
| <b>Total trade and other receivables</b> | <b>26,039,470</b> | <b>47,090,702</b> | <b>26,034,909</b> | <b>47,086,140</b> |

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

| Figures in Rand  | Group             |                   | Association       |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 2020              | 2019              | 2020              | 2019              |
| <b>14. Trade and other receivables (continued)</b>   |                   |                   |                   |                   |
| <b>Categorisation of trade and other receivables</b>   |                   |                   |                   |                   |
| Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments: |                   |                   |                   |                   |
| At amortised cost  | 19,083,093        | 42,988,729        | 19,083,093        | 42,988,729        |
| Non-financial instruments  | 6,956,377         | 4,101,973         | 6,951,816         | 4,097,411         |
|  | <b>26,039,470</b> | <b>47,090,702</b> | <b>26,034,909</b> | <b>47,086,140</b> |

#### Ageing of trade receivables

The ageing of trade and other receivables is as follows:

|                             |                   |                   |                   |                   |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
| Not past due                | 3,287,579         | 5,957,324         | 3,287,579         | 5,957,324         |
| Past due 30 - 90 days       | 178,678           | 1,656,886         | 178,678           | 1,656,886         |
| 120+ days                   | 20,555,347        | 27,764,412        | 20,555,347        | 27,764,412        |
| Allowance for credit losses | (11,599,451)      | (9,017,302)       | (11,599,451)      | (9,017,302)       |
|                             | <b>12,422,153</b> | <b>26,361,320</b> | <b>12,422,153</b> | <b>26,361,320</b> |

#### 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.

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.

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

#### 14. Trade and other receivables (continued)

##### Exposure to credit risk (continued)

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   | 2020<br>Estimated gross<br>carrying amount<br>at default | 2020<br>Loss Allowance<br>(Lifetime expected<br>credit loss) | 2019<br>Estimated gross<br>carrying amount<br>at default | 2019<br>Loss Allowance<br>(Lifetime expected<br>credit loss) |
|---|--|--|--|--|
| <b>Expected credit loss rate:</b>             |  |  |  |  |
| Not past due: 0.30% (2019: 0.23%)             | 3,287,579  | (14,117)   | 5,957,324  | (13,954)   |
| 30 - 90 days past due:<br>0.11% (2019: 2.80%) | 178,678  | (47,197)   | 1,656,886  | (46,218)   |
| 120 + days past due:<br>49.44% (2019: 32.30%) | 20,555,347   | (11,538,137)   | 27,764,412   | (8,957,130)  |
| <b>Total</b>                                  | <b>24,021,604</b>  | <b>(11,599,451)</b>  | <b>35,378,622</b>  | <b>(9,017,302)</b>   |

| Association                                   | 2020<br>Estimated gross<br>carrying amount<br>at default | 2020<br>Loss Allowance<br>(Lifetime expected<br>credit loss) | 2019<br>Estimated gross<br>carrying amount<br>at default | 2019<br>Loss Allowance<br>(Lifetime expected<br>credit loss) |
|---|--|--|--|--|
| <b>Expected credit loss rate:</b>             |  |  |  |  |
| Not past due: 0.30% (2019: 0.23%)             | 3,287,579  | (14,117)   | 5,957,324  | (13,954)   |
| 30 - 90 days past due:<br>0.11% (2019: 2.80%) | 178,678  | (47,197)   | 1,656,886  | (46,218)   |
| 120 + days past due:<br>49.44% (2019: 32.30%) | 20,555,347   | (11,538,137)   | 27,764,412   | (8,957,130)  |
| <b>Total</b>                                  | <b>24,021,604</b>  | <b>(11,599,451)</b>  | <b>35,378,622</b>  | <b>(9,017,302)</b>   |

| Figures in Rand | Group |      | Association |      |
|-----------------|-------|------|-------------|------|
|                 | 2019  | 2018 | 2019        | 2018 |

##### Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for lease receivables:

|   |                     |                    |                     |                    |
|---|---------------------|--------------------|---------------------|--------------------|
| <b>Opening balance</b>                      | (9,017,302)         | (4,302,021)        | (9,017,302)         | (4,302,021)        |
| Net movement in allowance for credit losses | (2,582,149)         | (4,715,281)        | (2,582,149)         | (4,715,281)        |
| <b>Closing balance</b>                      | <b>(11,599,451)</b> | <b>(9,017,302)</b> | <b>(11,599,451)</b> | <b>(9,017,302)</b> |

#### 15. Cash and cash equivalents

|                                       |                   |                   |                   |                   |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Cash and cash equivalents consist of: |                   |                   |                   |                   |
| Bank balances                         | 17,798,432        | 12,965,031        | 17,459,742        | 12,623,170        |
| Petty cash                            | 5,467             | 12,983            | 5,467             | 12,983            |
|                                       | <b>17,803,899</b> | <b>12,978,014</b> | <b>17,465,209</b> | <b>12,636,153</b> |



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### Notes to the Group Financial Statements And Association Financial Statements

| Figures in Rand  | 2020             | Group<br>2019 | 2020             | Association<br>2019 |
|--|------------------|---------------|------------------|---------------------|
| <b>16. Interest-bearing loans</b>                        |                  |               |                  |                     |
| Instalment sale -  |                  |               |                  |                     |
| Mercedes Benz Financial Services                         | -                | 69,041        | -                | 69,041              |
| Less: current portion included under current liabilities | -                | (69,041)      | -                | (69,041)            |
|  | -                | -             | -                | -                   |
| Delphisure Group Insurance Brokers                       | 9,113,162        | -             | 9,113,162        | -                   |
| Non-current liabilities                                  | 5,638,231        | -             | 5,638,231        | -                   |
| Current liabilities                                      | 3,474,931        | 69,041        | 3,474,931        | 69,041              |
|  | <b>9,113,162</b> | <b>69,041</b> | <b>9,113,162</b> | <b>69,041</b>       |

The instalment sale Mercedes Benz Financial Services liability was secured over motor vehicles with a carrying value of R211,456 (2019: R198,007). The borrowings were fully paid up during the year.

The Delphisure Group Insurance Brokers loan is repayable unsecured and bears interest from time to time at 11% per annum, on the reducing capital balance outstanding. The loan is repayable over a period of 48 months. Repayments per month amount to R216,980.

### 17. Provisions

#### Reconciliation of provisions - Group - 2020

|                | Opening<br>balance | Additions     | Utilised during<br>the year | Total             |
|----------------|--------------------|---------------|-----------------------------|-------------------|
| Referees       | 2,000,000          | -             | -                           | 2,000,000         |
| Leave pay      | 3,806,154          | 84,826        | -                           | 3,890,980         |
| Honoraria      | 5,090,461          | 9             | -                           | 5,090,470         |
| National Teams | 25,786,045         | -             | (16,436,965)                | 9,349,080         |
| Audit fees     | 1,155,000          | -             | -                           | 1,155,000         |
|                | <b>37,837,660</b>  | <b>84,835</b> | <b>(16,436,965)</b>         | <b>21,485,530</b> |

#### Reconciliation of provisions - Group - 2019

|                | Opening<br>balance | Additions         | Utilised during<br>the year | Total             |
|----------------|--------------------|-------------------|-----------------------------|-------------------|
| Referees       | 2,168,422          | -                 | (168,422)                   | 2,000,000         |
| Leave pay      | 3,897,915          | -                 | (91,761)                    | 3,806,154         |
| Honoraria      | 5,584,168          | -                 | (493,707)                   | 5,090,461         |
| National Teams | 7,198,313          | 18,587,732        | -                           | 25,786,045        |
| Audit fees     | 1,000,000          | 155,000           | -                           | 1,155,000         |
|                | <b>19,848,818</b>  | <b>18,742,732</b> | <b>(753,890)</b>            | <b>37,837,660</b> |

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### Notes to the Group Financial Statements And Association Financial Statements

| Figures in Rand  | 2020              | Group<br>2019 | Association<br>2020      | 2019              |
|--|-------------------|---------------|--------------------------|-------------------|
| <b>17. Provisions (continued)</b>                        |                   |               |                          |                   |
| <b>Reconciliation of provisions - Association - 2020</b> |                   |               |                          |                   |
|  | Opening balance   | Additions     | Utilised during the year | Total             |
| Referees   | 2,000,000         | -             | -                        | 2,000,000         |
| Leave pay  | 3,806,154         | 84,826        | -                        | 3,890,980         |
| Honoraria  | 5,090,461         | 9             | -                        | 5,090,470         |
| National Teams   | 25,786,045        | -             | (16,436,965)             | 9,349,080         |
| Audit fees   | 1,155,000         | -             | -                        | 1,155,000         |
|  | <b>37,837,660</b> | <b>84,835</b> | <b>(16,436,965)</b>      | <b>21,485,530</b> |

#### Reconciliation of provisions - Association - 2019

|                |                   |                   |                          |                   |
|----------------|-------------------|-------------------|--------------------------|-------------------|
|                | Opening balance   | Additions         | Utilised during the year | Total             |
| Referees       | 2,168,422         | -                 | (168,422)                | 2,000,000         |
| Leave pay      | 3,897,915         | -                 | (91,761)                 | 3,806,154         |
| Honoraria      | 5,584,168         | -                 | (493,707)                | 5,090,461         |
| National Teams | 7,198,313         | 18,587,732        | -                        | 25,786,045        |
| Audit fees     | 1,000,000         | 155,000           | -                        | 1,155,000         |
|                | <b>19,848,818</b> | <b>18,742,732</b> | <b>(753,890)</b>         | <b>37,837,660</b> |

#### Referees

Provisions for referees are based on estimated fees that will be paid to referees who meet the compliance requirements.

#### Leave pay

Provisions for leave are based on each employee's outstanding leave days.

#### Honoraria

Provision for the Honoraria is based on the last amount that was approved and paid to NEC members. The actual amount to be paid will be determined by SAFA members at the next Congress.

#### National Teams

National Teams provisions for events are based on approved budgets, in cases where actual costs have not been received.

## South African Football Association

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### Notes to the Group Financial Statements And Association Financial Statements

| Figures in Rand   | Group             |                    | Association       |                    |
|---|-------------------|--------------------|-------------------|--------------------|
|   | 2020              | 2019               | 2020              | 2019               |
| <b>18. Income received in advance</b>                           |                   |                    |                   |                    |
| FIFA  | 5,431,880         | 1,011,214          | 5,431,880         | 1,011,214          |
| PSL   | 833,333           | 833,335            | 833,333           | 833,335            |
| The 2010 FIFA World Cup Legacy Trust                            | 14,876,007        | 25,633,703         | 14,876,007        | 25,633,703         |
| Motsepe Foundation  | 5,554,170         | 554,169            | 5,554,170         | 554,169            |
| Afrisam   | 998,633           | 2,697,498          | 998,633           | 2,697,498          |
| Aspen Pharmacare  | 700,000           | -                  | 700,000           | -                  |
| SABC  | 12,782,827        | -                  | 12,782,827        | -                  |
| Tiger Brands  | 1,000,000         | -                  | 1,000,000         | -                  |
| Department of Sports, Arts and Culture                          | 2,847,811         | -                  | 2,847,811         | -                  |
|   | <b>45,024,661</b> | <b>30,729,919</b>  | <b>45,024,661</b> | <b>30,729,919</b>  |
| <b>19. Trade and other payables</b>                             |                   |                    |                   |                    |
| <b>Financial instruments:</b>                                   |                   |                    |                   |                    |
| Trade payables  | 39,593,209        | 73,753,725         | 38,268,887        | 72,437,403         |
| Salary payables   | 959,556           | 9,947,163          | 959,556           | 9,947,163          |
| Accruals  | 25,246,064        | 67,437,951         | 25,246,064        | 67,437,951         |
| Sundry payables   | 3,835,580         | 11,501,077         | 3,835,580         | 11,501,077         |
|   | <b>69,634,409</b> | <b>162,639,916</b> | <b>68,310,087</b> | <b>161,323,594</b> |
| <b>20. Cash generated from operations</b>                       |                   |                    |                   |                    |
| Profit/(loss) before taxation                                   | 54,373,552        | (75,872,718)       | 54,384,724        | (74,175,773)       |
| <b>Adjustments for:</b>   |                   |                    |                   |                    |
| Depreciation and amortisation                                   | 10,119,636        | 9,356,556          | 10,119,636        | 8,656,673          |
| Gains on disposals of property, plant and equipment             | 103,987           | (69,888)           | 103,987           | (69,888)           |
| Finance income  | (570,029)         | (483,392)          | (561,523)         | (458,477)          |
| Finance costs   | 4,641,957         | 3,482,311          | 4,641,957         | 3,479,244          |
| Decrease (increase) in fair value of derivative financial asset | -                 | 5,302,296          | -                 | 5,302,296          |
| Movements in provisions   | (16,352,130)      | 37,837,660         | (16,352,130)      | 37,837,660         |
| Movements in loan receivable                                    | -                 | -                  | -                 | (6,298,943)        |
| Other items   | (1,250)           | -                  | (1,249)           | -                  |
| Prior period error  | 8,970,102         | -                  | 8,970,102         | -                  |
| <b>Changes in working capital:</b>                              |                   |                    |                   |                    |
| Decrease in trade and other receivables                         | 21,051,232        | 2,894,451          | 21,051,231        | 7,197,496          |
| (Decrease)/increase in trade and other payables                 | (84,620,064)      | 9,285,636          | (84,628,065)      | 10,432,964         |
| Increase in income received in advance                          | 14,294,742        | 10,032,964         | 14,294,742        | 10,032,964         |
|   | <b>12,011,735</b> | <b>1,765,876</b>   | <b>12,023,412</b> | <b>1,936,216</b>   |

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Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

| Figures in Rand                                 | 2020       | Group<br>2019 | 2020       | Association<br>2019 |
|---|------------|---------------|------------|---------------------|
| <b>21. Related parties</b>                      |            |               |            |                     |
| <b>Related party balances</b>                   |            |               |            |                     |
| <b>Loan accounts - Owing by related parties</b> |            |               |            |                     |
| NEC members in respect of motor vehicles        | 4,042,777  | 4,180,672     | 4,042,777  | 4,180,672           |
| <b>Related party transactions</b>               |            |               |            |                     |
| <b>NEC</b>                                      |            |               |            |                     |
| Honoraria                                       | 2,400,388  | 2,831,817     | 2,400,388  | 2,831,817           |
| Allowances                                      | 1,226,359  | 933,856       | 1,226,359  | 933,856             |
| <b>Key management personnel</b>                 |            |               |            |                     |
| Remuneration                                    | 7,680,197  | 9,335,407     | 7,680,197  | 9,335,407           |
| <b>Grants received</b>                          |            |               |            |                     |
| The 2010 FIFA World Cup Legacy Trust            | 42,063,171 | 42,548,071    | 42,063,171 | 42,548,071          |

## 22. Contingencies

Mr Leslie Sedibe, former CEO of SAFA, is suing the Association for defamation of character after he was banned by FIFA following the 2010 match fixing scandal. He is claiming damages for a total amount of R5m. The matter had been set down for 22 February 2019 in the Johannesburg High Court. However, the matter was later postponed and the Association is now waiting for a new court date.

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

In 2014, the SAFA Congress decided that School's 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. Maenetjie SC), ruled in the Association's favour. SASFA has since taken the Arbitration award on review and we are waiting for the review date.

## 23. Prior period errors

During the current year, the Group discovered that income relating to the 2019 year had been erroneously omitted in its financial statements. As a consequence, other income and related assets have been understated. The errors have been corrected by restating each of the affected financial statement line items for prior period and accounting for the income in the correct year.

During the current year, the Group discovered that provisions for expenditure relating to the 2019 year had been erroneously over provided in its financial statements. As a consequence, operating expenses and the related liabilities have been overstated. The errors have been corrected by restating each of the affected financial statement line items for prior period.



## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

| Figures in Rand  | 2020        | Group<br>2019                | 2020                | Association<br>2019 |
|--|-------------|------------------------------|---------------------|---------------------|
| <b>23. Prior period errors (continued)</b>   |             |                              |                     |                     |
| The correction of the errors results in adjustments as follows:  |             |                              |                     |                     |
| <b>Statement of Financial Position</b>   |             |                              |                     |                     |
| Retained earnings  | 8,970,102   | -                            | 8,970,102           | -                   |
| <b>Profit or Loss</b>  |             |                              |                     |                     |
| Other income   | 1,257,617   | -                            | 1,257,617           | -                   |
| Operating expenses   | 7,712,485   | -                            | 7,712,485           | -                   |
| <b>24. Comparative figures</b>   |             |                              |                     |                     |
| Certain comparative figures have been reclassified for consistency with current year presentation. The reclassification is based on the nature of certain accounts and provides a more accurate reflection.  |             |                              |                     |                     |
| The effect of the reclassifications are confined to the same classes of asset and liability and has no effect on the previously reported financial position and cash flows of the Group and Association:   |             |                              |                     |                     |
| <ul style="list-style-type: none"> <li>• non-current assets ((reclassification between asset categories within property, plant and equipment)</li> <li>• current liabilities (reclassification between trade payables, accruals and provisions)</li> </ul> |             |                              |                     |                     |
| <b>25. Financial instruments and risk management</b>   |             |                              |                     |                     |
| <b>Categories of financial instruments</b>   |             |                              |                     |                     |
| <b>Categories of financial assets</b>  |             |                              |                     |                     |
| <b>Group - 2020</b>  |             |                              |                     |                     |
| Trade and other receivables  | Notes<br>14 | Amortised cost<br>19,083,093 | Total<br>19,083,093 |                     |
| Cash and cash equivalents  | 15          | 17,803,899                   | 17,803,899          |                     |
|  |             | <b>36,886,992</b>            | <b>36,886,992</b>   |                     |
| <b>Group - 2019</b>  |             |                              |                     |                     |
| Trade and other receivables  | 14          | Amortised cost<br>42,988,729 | Total<br>42,988,729 |                     |
| Cash and cash equivalents  | 15          | 12,978,014                   | 12,978,014          |                     |
|  |             | <b>55,966,743</b>            | <b>55,966,743</b>   |                     |
| <b>Association - 2020</b>  |             |                              |                     |                     |
| Trade and other receivables  | 14          | Amortised cost<br>19,083,093 | Total<br>19,083,093 |                     |
| Cash and cash equivalents  | 15          | 17,465,209                   | 17,465,209          |                     |
|  |             | <b>36,548,302</b>            | <b>36,548,302</b>   |                     |
| <b>Association - 2019</b>  |             |                              |                     |                     |
| Trade and other receivables  | 14          | Amortised cost<br>42,988,729 | Total<br>42,988,729 |                     |
| Cash and cash equivalents  | 15          | 12,636,153                   | 12,636,153          |                     |
|  |             | <b>55,624,882</b>            | <b>55,624,882</b>   |                     |

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

#### 25. Financial instruments and risk management (continued)

##### Categories of financial liabilities

| Group - 2020             | Notes | Amortised cost    | Total             |
|--------------------------|-------|-------------------|-------------------|
| Trade and other payables | 19    | 69,634,415        | 69,634,415        |
| Interest bearing loans   | 16    | 9,113,162         | 9,113,162         |
|                          |       | <b>78,747,577</b> | <b>78,747,577</b> |

| Group - 2019             |    | Amortised cost     | Leases        | Total              |
|--------------------------|----|--------------------|---------------|--------------------|
| Trade and other payables | 19 | 162,639,919        | -             | 162,639,919        |
| Interest bearing loans   | 16 | -                  | 69,041        | 69,041             |
|                          |    | <b>162,639,919</b> | <b>69,041</b> | <b>162,708,960</b> |

| Association - 2020       |    | Amortised cost    | Total             |
|--------------------------|----|-------------------|-------------------|
| Trade and other payables | 19 | 68,310,088        | 68,310,088        |
| Interest bearing loans   | 16 | 9,113,162         | 9,113,162         |
|                          |    | <b>77,423,250</b> | <b>77,423,250</b> |

| Association - 2019       |    | Amortised cost     | Leases        | Total              |
|--------------------------|----|--------------------|---------------|--------------------|
| Trade and other payables | 19 | 161,323,593        | -             | 161,323,593        |
| Interest bearing loans   | 16 | -                  | 69,041        | 69,041             |
|                          |    | <b>161,323,593</b> | <b>69,041</b> | <b>161,392,634</b> |

#### Financial risk management

##### Overview

The group is exposed 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.

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

#### 25. Financial instruments and risk management (continued)

##### Financial risk management (continued)

##### 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.

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 2010 FIFA World Cup Legacy 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.

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

#### 25. Financial instruments and risk management (continued)

The maximum exposure to credit risk is presented in the table below:

| Group                       | Notes | 2020                  |                       |                             | 2019                  |                       |                             |
|-----------------------------|-------|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|
|                             |       | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Trade and other receivables | 14    | 30,682,544            | (11,599,451)          | 19,083,093                  | 52,006,031            | (9,017,302)           | 42,988,729                  |
| Cash and cash equivalents   | 15    | 17,803,899            | -                     | 17,803,899                  | 12,978,014            | -                     | 12,978,014                  |
|                             |       | <b>48,486,443</b>     | <b>(11,599,451)</b>   | <b>36,886,992</b>           | <b>64,984,045</b>     | <b>(9,017,302)</b>    | <b>55,966,743</b>           |

| Association                 |    | 2020                  |                       |                             | 2019                  |                       |                             |
|-----------------------------|----|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|
|                             |    | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Trade and other receivables | 14 | 30,682,544            | (11,599,451)          | 19,083,093                  | 52,006,031            | (9,017,302)           | 42,988,729                  |
| Cash and cash equivalents   | 15 | 17,465,209            | -                     | 17,465,209                  | 12,636,153            | -                     | 12,636,153                  |
|                             |    | <b>48,147,753</b>     | <b>(11,599,451)</b>   | <b>36,548,302</b>           | <b>64,642,184</b>     | <b>(9,017,302)</b>    | <b>55,624,882</b>           |

#### 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 - 2020                   |  | Notes | Less than 1 year     | 2 to 5 years        | Total                |
|--------------------------------|--|-------|----------------------|---------------------|----------------------|
| <b>Non-current liabilities</b> |  |       |                      |                     |                      |
| Interest bearing borrowings    |  | 16    | -                    | 5,638,231           | 5,638,231            |
| <b>Current liabilities</b>     |  |       |                      |                     |                      |
| Trade and other payables       |  | 19    | 82,730,762           | 8,384,182           | 91,114,944           |
| Interest bearing borrowings    |  | 16    | 3,474,931            | -                   | 3,474,931            |
|                                |  |       | <b>(86,205,693)</b>  | <b>(14,022,413)</b> | <b>(100,228,106)</b> |
| <b>Group - 2019</b>            |  |       |                      |                     |                      |
| <b>Current liabilities</b>     |  |       |                      |                     |                      |
| Trade and other payables       |  | 18    | 200,477,579          | -                   | 200,477,579          |
| Interest bearing borrowings    |  | 16    | 69,041               | -                   | 69,041               |
|                                |  |       | <b>(200,546,620)</b> | <b>-</b>            | <b>(200,546,620)</b> |

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

#### 25. Financial instruments and risk management (continued)

##### Association - 2020

|                                | Notes | Less than<br>1 year | 2 to 5<br>years     | Total               |
|--------------------------------|-------|---------------------|---------------------|---------------------|
| <b>Non-current liabilities</b> |       |                     |                     |                     |
| Interest bearing borrowings    | 16    | -                   | 5,638,231           | 5,638,231           |
| <b>Current liabilities</b>     |       |                     |                     |                     |
| Trade and other payables       | 16    | 81,406,435          | 8,384,182           | 89,790,617          |
| Interest bearing borrowings    | 16    | 3,474,931           | -                   | 3,474,931           |
|                                |       | <b>(84,881,366)</b> | <b>(14,022,413)</b> | <b>(98,903,779)</b> |

##### Association - 2019

|                            |    |                      |          |                      |
|----------------------------|----|----------------------|----------|----------------------|
| <b>Current liabilities</b> |    |                      |          |                      |
| Trade and other payables   | 19 | 199,161,253          | -        | 199,161,253          |
| Finance lease liabilities  | 16 | 69,041               | -        | 69,041               |
|                            |    | <b>(199,230,294)</b> | <b>-</b> | <b>(199,230,294)</b> |

#### 26. Going concern

The Group and Association made net profits of R54.4 million (2019: R75.9 million net loss) and R54.4 million (2019: R74.2 million net loss) respectively during the year ended 30 June 2020 and, as of that date, the Group's liabilities exceed assets by R0.2 million (2019: R63.5 million liabilities exceeded assets) and Association's assets exceed liabilities by R0.8 million (2019: R62.6 million liabilities exceeded assets) 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 and CAF. 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 has started to achieve a fair amount of success.

In October 2019 the Association concluded a broadcast a new broadcast deal with the South African Broadcasting Corporation ("SABC"). Even though the new deal is significantly less than the previous one that terminated in April 2018, the opportunity to broadcast our activities presents a platform for the Association to attract new sponsors. The Association is also working closely with the SABC in jointly realising maximum commercial benefits from the current contract. These include the value-in-kind benefits which are contained in the contract. The Association is now focusing and intensifying its efforts in acquiring a satellite broadcast partner. The Association is also exploring the myriad of opportunities presented by the Fourth Industrial Revolution era. These include the exploitation of streaming opportunities and use of other disruptive technologies.

The Association continue to negotiate 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. The Association is making some steady progress in that regard despite the current tough South African economic conditions.



## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

#### 26. Going concern (continued)

During the year under review, the Association signed a long-term partnership agreement with Le Coq Sportif South Africa ("LCS"). LCS is now the official technical sponsor of the South African Football Association and they will provide the Association with its kit requirements. Royalties fees will also accrue to the Association from this agreement and these will be based on revenue generated through the sales of replica jerseys and co-branded products.

Post year-end, the Association concluded a sponsorship deal with MultiChoice (Pty) Ltd. MultiChoice, through its subsidiary, Showmax, will sponsor the SAFA referees over a period of 5 (five) years. In addition to funding the referees' programmes, MultiChoice will also provide SAFA referees with kit and apparel.

The Association is now at advanced stages of constructing a merchandise shop at SAFA House. This project is funded through the FIFA Forward programme. The shop is expected to contribute additional and unencumbered revenue to the Association and this will be achieved through the selling of a wide range of our merchandise within the shop and through online sales.

Our Ima Nathi sponsorship programme has not achieved its planned success. However, the Association continues to put effort into it because its success will give our Local Football Associations ("LFA") a huge financial boost and make our Regions less reliant on the national office for funding. Currently 3 (three) LFAs are beneficiaries of this programme and work is currently under way to bring more LFAs on board.

The FIFA Forward programme is still in place and the Association will continue to benefit from it as a FIFA Member Association. The current funding cycle which was approved by the FIFA Council runs from 2019 to 2022. The Association, therefore, is guaranteed this funding for, at least, the next 2 years and FIFA has indicated that the funding will continue in future years. The total funding for Operational Costs and Projects is USD 6 million for the 4 years. These funds go a long way in covering the Association's normal operational costs and some projects costs as well. In addition, FIFA recently introduced funding for women's football. The first allocation, which was USD 500,000.00, was paid to all Members Associations around September 2020. This funding from FIFA for women's football will go a long way in assisting the Association.

The CAF grant funding is also still in place and each CAF Member Association receives USD 200,000.00 per year. This grant will continue to be paid by CAF, thus assuring the Association of future funding. The improved TV rights revenue for the 2022 and 2026 FIFA World Cup African Qualifiers are being finalised by FIFA. We expect a significant increase in this revenue category.

The Department of Sport, Arts and Culture of South Africa ("DSAC") has increased the Association's annual grant allocation from R2 million per year to R7 million per year. This increase was due to their valued commitment of supporting the recently launched SAFA Women's National League. The grant funding from DSAC has also been consistent and the Association's allocation for 2020/21 has also been confirmed. In addition to the Women's National League support, these funds are also assisting with the other football development programme costs.

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 strategy document.

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

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

#### 26. Going concern (continued)

The cooperation between Government's different spheres and the Association has resulted in a number of partnerships that have benefitted both parties and this will continue into the future. Recently, the Provincial Governments of the North West and KwaZulu Natal have hosted some of the Association's events. The eThekweni and Nelson Mandela Bay Metros have also contributed financially and in kind through the hosting of the Men's Senior National Team ("Bafana Bafana") matches.

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, which is now SAFA's National Technical Centre, so that the facility can gain more patronage and improve the business' profitability. Fun Valley hosts a number of SAFA events which include accommodating the national teams, hosting coaching courses, administration workshops, tournaments, etc. This is resulting in significant cost savings for the Association, especially accommodation costs. The National Technical Centre upgrades are still in progress but construction of 3 (three) soccer pitches and a boundary wall were completed during this financial year. This will result in cost savings of hiring soccer fields and travelling costs as well. With the FIFA Forward Programme, the Association is assured of a financial allocation for infrastructure upgrades at the National Technical Centre annually. There are also potential opportunities 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 the Group's income statement and balance sheet.

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 10 million, 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.

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.

The development and populating of the MYSAFA.net is progressing quite well. Whilst this system is of significant value to the effective registration of players and as a competition management system, the Association is also in the process of monetising it. 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 applications ("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

The Association expect to realise the potential revenue from this stream within the next 2 years.

The Group continues to vigorously manage its costs by being innovative in ways 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. The Group continues to create value within the supply chain by working closely with its suppliers. The Association has also embarked on a Section 189 process which will result in some employees being retrenched. A new organogram and salary bands were approved by the NEC on 19 September 2020. 17 (seventeen) employees have already been terminated after accepting voluntary separation packages. This process is expected to result in a salaries cost savings of R20 million per year.

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Notes to the Group Financial Statements And Association Financial Statements

#### 26. Going concern (continued)

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

FIFA has made available interest free loans to all its Member Associations. The Association is considering accessing this interest free loan for the purpose of settling most of its debts. FIFA's loan repayment terms are very generous; therefore, this will greatly improve the Association's liquidity. Currently, a huge amount of cashflows are allocated towards partially settling some long outstanding debts every month. So the consolidation of debts into a singular FIFA loan / debt will greatly improve our current and liquidity ratios.

The National Executive Committee ("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.

#### 27. Events after the reporting period

In terms of IAS 10 Events after the reporting period, non-adjusting post balance sheet events are events after the reporting period that are indicative of a condition that arose after the reporting period ended 30 June 2020.

##### Impact of COVID-19

COVID-19 is an unprecedented humanitarian crisis that existed towards the end of Association's 2020 reporting period, and on 11 March 2020, the World Health Organization declared COVID-19 as a pandemic.

A National State of Disaster was declared in South Africa on 15 March 2020, followed by a nationwide lockdown taking effect from 26 March 2020. The lockdown was initially set at a duration of 21 days in South Africa, and subsequently extended indefinitely under risk-adjusted levels of economic restrictions.

Management has concluded that this is a non-adjusting balance sheet event, and the impact of COVID-19 on the accounting standard applicable to the Group and Association that requires the use of forward-looking information, expected credit losses, were assessed based on information available as at 30 June 2020.

The NEC are not aware of any other events after the reporting period that will have an impact on financial position, performance or cash flows of the Group.

## South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2020

### Detailed Income Statement

| Figures in Rand  | Notes | Group<br>2020        | Group<br>2019        | Association<br>2020  | Association<br>2019  |
|--|-------|----------------------|----------------------|----------------------|----------------------|
| <b>Revenue</b>   |       |                      |                      |                      |                      |
| Ticketing revenue  |       | 349,292              | 342,391              | 349,292              | 342,391              |
| Grants received  |       | 61,073,240           | 38,822,716           | 61,073,240           | 38,822,716           |
| Rental income  |       | 391,956              | 133,523              | 391,956              | 133,523              |
| Host cities' income  |       | 4,152,626            | 3,148,368            | 4,152,626            | 3,148,368            |
| National Technical Centre - day visitors and use of facilities |       | 4,234,937            | 5,893,277            | 4,234,937            | 5,893,277            |
| Sponsorship income   |       | 170,502,493          | 189,035,618          | 170,502,493          | 185,166,961          |
|  | 4     | <b>240,704,544</b>   | <b>237,375,893</b>   | <b>240,704,544</b>   | <b>233,507,236</b>   |
| <b>Other income</b>  |       |                      |                      |                      |                      |
|  | 8     | <b>815,243</b>       | <b>8,115,617</b>     | <b>815,243</b>       | <b>8,115,617</b>     |
| <b>Other operating gains (losses)</b>                          |       |                      |                      |                      |                      |
| (Impairment losses) / reversal of impairment losses            | 5     | (5,801,274)          | (4,715,281)          | (5,801,274)          | (4,715,281)          |
| <b>Other operating expenses</b>                                |       |                      |                      |                      |                      |
| Depreciation   |       | (10,119,636)         | (9,356,556)          | (10,119,636)         | (8,656,673)          |
| Competition and leagues costs                                  |       | (25,998,175)         | (31,433,755)         | (25,998,175)         | (31,433,755)         |
| Governance costs   |       | (10,552,327)         | (7,485,137)          | (10,552,327)         | (7,485,137)          |
| National Technical Centre                                      |       | (2,955,923)          | (4,537,042)          | (2,955,923)          | (4,537,042)          |
| Other administration costs                                     |       | (72,534,543)         | (114,180,470)        | (72,514,865)         | (109,292,903)        |
| National team costs  |       | (57,080,675)         | (119,480,758)        | (57,080,675)         | (119,480,758)        |
| Football development costs                                     |       | 2,072,233            | (21,943,902)         | 2,072,233            | (21,943,902)         |
|  |       | <b>(177,169,046)</b> | <b>(308,417,620)</b> | <b>(177,149,368)</b> | <b>(302,830,170)</b> |
| <b>Operating profit/(loss)</b>                                 | 5     | <b>58,549,467</b>    | <b>(67,641,391)</b>  | <b>58,569,145</b>    | <b>(65,922,598)</b>  |
| Finance income   | 6     | 570,029              | 483,392              | 561,523              | 458,477              |
| Finance costs  | 7     | (4,641,957)          | (3,482,311)          | (4,641,957)          | (3,479,244)          |
| <b>Other non-operating gains (losses)</b>                      |       |                      |                      |                      |                      |
| (Loss)/profit on sale of non-current assets                    |       | (103,987)            | 69,888               | (103,987)            | 69,888               |
| Decrease in fair value of financial asset                      |       | -                    | (5,302,296)          | -                    | (5,302,296)          |
| <b>Profit/(loss) for the year</b>                              |       | <b>54,373,552</b>    | <b>(75,872,718)</b>  | <b>54,384,724</b>    | <b>(74,175,773)</b>  |

# SAFA SPONSORS, PARTNERS AND SUPPLIERS

## National Teams' Sponsors

Banyana Banyana



Bafana Bafana



Amajita



## League Sponsors



Technical  
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## Suppliers



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