

South African Football Association

ANNUAL FINANCIAL REPORT incorporating
GROUP FINANCIAL STATEMENTS and
ASSOCIATION FINANCIAL STATEMENTS
for the year ended 30 June 2021



MOTSEPE FOUNDATION



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South African Football Association

Annual Financial Report for the year ended 30 June 2021

Governance Reports

Chairman: Finance and Procurement Committee 6

Chairman: Audit and Risk Committee 7

Administration Reports:

Chief Executive Officer 9

Chief Financial Officer 11

Charts & Graphs 12 – 17

National Executive Committee's Responsibility Statement 18

National Executive Committee's Statement on Corporate Governance 19

Composition of the National Executive Committee 20

Report of the National Executive Committee 21 – 24

Independent Auditor's Report 25 – 27

Statement of Profit or Loss and Other Comprehensive Income 28

Statement of Financial Position 29

Statement of Changes in Equity 30

Statement of Cash Flows 31

Summary of Significant Accounting Policies 32 – 43

Notes to the Group and Association Financial Statements 44 – 64

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

Detailed Income Statement 65

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**SOUTH AFRICAN
FOOTBALL ASSOCIATION**

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



Mr Mxolisi Sibam

Chairman:

Finance and Procurement Committee

INTRODUCTION: The world is still devastated, shocked, focused on saving lives, and careful to navigate a safe and best path through the ongoing Covid-19 pandemic, which started towards the end of 2019. The pandemic has major ramifications in the business of sport, with negative economic impact on the operations and funding of the Association as countries impose hard lockdowns, restrict economic activities, close their borders, and have restrictions on activities considered to be super spreaders, which include sporting events.

OUR ENVIRONMENT: The Association's main sources of revenue continue to be from sponsorship and broadcasting, which have activity-based contracts. The Covid-19 pandemic regulations have been applicable for the full financial year, this resulted in a limited number of activities and some reduction to revenue. The Association continues to be smart in its approach to cushion the impact of the pandemic.

FINANCIAL PERFORMANCE: The Association continues to apply strict and prudent cost control measures which contributed to the achievement of R1.1 million surplus; this is a major achievement when we consider the current operating, market, and economic conditions. The nature of our business model, computation and recognition of revenue has resulted in a decrease of 18% in revenue to R198 million, that should recover to R240 to R300 million range in the next financial year, should the state of disaster regulations be relaxed and our level of activities increased.

FINANCIAL POSITION: The quality of the Association's financial position has drastically improved, with significant reductions in trade receivables (41%), trade payables (22%), and interest-bearing debt (28%). The National Executive Committee and management's focus continue to be to strengthen the Association's financial position. The quick and current ratios are three times higher than the targeted and acceptable levels of quick ratio 1:1 and current ratio 1.5:1, based on our budget and projections for future years, that desired range should be achieved within the next four financial years.

CASH-FLOW MANAGEMENT: The Association's spending pattern continues to be guided by the strength of its cash position. The net cash flows from operating activities continue to be positive, used aggressively to reduce trade payables and interest-bearing debt which in the current financial year were reduced by R17 million and 2,6 million respectively.

FINANCIAL SUSTAINABILITY AND GOING CONCERN: The Association's ultimate goals are to be a financially sustainable and viable organisation, increase revenue to at least R300 million, apply prudent financial principle and cost containment measure including improved cash flow management, and increase investment in infrastructures to support our mandate to govern, develop and administer football. This is evident in our financial performance, financial position, and cash flows. The Association continues to engage current sponsors and broadcast partners for more creative ways to increase our revenue, explore new revenue streams and types, and learn from previous successes and failures to strength our going concern status.

CONCLUSION: The Association continues to achieve good results, while operating under the most adverse conditions. Its focus to invest on its members, governance, competitions and football development creates growth opportunities. The improved performances of the Men's and Women's Senior National Teams has generated new hope in the country and for the Association. This has enhanced the Association's pursuit to deliver on its mandate, deal with all challenges, exploit opportunities, mitigate threats, most of all remain stable in a constant growth path, and remain the beacon of hope to the country's masses, the continent, and the world.

On behalf of the Finance and Procurement Committee, let me take this opportunity to thank the Members of the Association for your trust and faith, members of the Committee for your commitment and hard work, the National Executive Committee for your support and belief, management, and staff for your contribution and hard work to ensure that we delivered the annual report and financial results as presented.

Mr Bennett Bailey

Chairman:
Audit and Risk Committee



The mandate from the Auditor, Sondlo Chartered Accountants, is to report if the Group and Association Financial Statements are fairly presented to them by the Group and Association in terms of the applicable financial reporting framework. Whereas the Committee provides a forum through which the independent Auditor reports to the National Executive Committee ("NEC"). The NEC Members met on 21 November 2021 at which occasion they met to receive and discuss the Annual Financial Statements ("AFS"). The NEC is satisfied with the excellent audit conducted and presents to the Congress the adoption of the AFS as a true reflection of the financial affairs of the Group and Association.

The Auditor raised a concern about how the pandemic adversely affected the functioning of Fun Valley, especially during the ban on gatherings. The pandemic, although negatively affecting our collections, also assisted in reducing the expenditure on international matches. It reduced the expenditure and assisted in the profit margins.

The responsibility of the NEC includes the fair presentation of the AFS and ensuring that control mechanisms are in place. The NEC responded to this mandate by reviewing, analysing and accepting 36 policies to regulate SAFA and respond to the legislative framework of South Africa. The Auditor found no material misstatements in the AFS, which augurs well for the Association as controls and the execution of policies are adhered to.

The Auditor's report confirmed that both the Group and Association are conducted on the basis of a going concern. A going concern is ascertained if an organisation can meet its obligations in the ensuing year and then conduct its business for the next three to five years. Secondly, a going concern is also ascertained via the assets being more than its liabilities. The Auditor found that in both instances, SAFA is a going concern because its assets are more than its liabilities. This is underpinned by its long-term sponsorships, with entities such as SABC, Hollywoodbets, Multichoice, Le Coq Sportif, Department of Sport, Arts and Culture, National Lotteries, Cathseta (for training) and by regular donations from CAF, FIFA and partnerships with various Provincial Governments based on a per project basis. These collections assist in keeping the Group and Association afloat and as a going concern.

We therefore submit to the Congress that the AFS represent the affairs of the Group and Association fairly and submit them for adoption.

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Advocate Tebogo Motlanthe

Chief Executive Officer



As we were implementing our financial recovery plan, which hinges on Vision 222, the Covid-19 pandemic descended on us in March 2020. This type of pandemic was unprecedented and it brought all our activities to a screeching halt. The financial year under review opened in the middle of the pandemic and all football activities were suspended due to the Covid-19 induced national lockdown. At that point, we were uncertain of the time it would take before football activities were to resume. We were also uncertain of the impact which Covid-19 was going to have on our sponsorship agreements. We are, however, extremely proud and grateful that our sponsors and partners stood shoulder to shoulder with us.

FIFA and CAF were agile and responsive in implementing Covid-19 relief programmes to cushion their Member Associations ("MAs") from the devastating effects of the pandemic. FIFA graciously paid each MA a Solidarity Grant of USD \$ 1 million each to ensure that the operations of MA could continue. They also contributed USD \$500,000.00 to each MA as a Women's Football Grant. This was meant to ensure that the development of women's football, which was gaining momentum before the pandemic, should not be stalled. FIFA also made available an interest free loan for all its MAs. We are glad to report that, post year-end, we submitted our application for a loan of USD \$1,5 million and we are waiting for the outcome from FIFA. CAF also contributed USD \$300,000.00 to each of their MAs as CAF Covid-19 Financial Support. We are, therefore, truly thankful to FIFA and CAF for their financial support and this contributed immensely to our financial performance.

Most of the football activities resumed during the second quarter of this financial year and the resumption was gradual and in line with the Government's risk adjusted lockdown restrictions. Therefore, our activity driven costs were reduced and this include National Teams costs and Football Development costs.

We have now completed the Section 189 employee restructuring process. This was quite a painful necessity because our employees' costs ratio was too high. The impact of this process was immediately realised as our salaries costs are lower than prior year's. We believe that we have now achieved stability and certainty among all employees.

We have adjusted our Financial Recovery strategy having taken into account the new global economic dynamics. It is becoming clearer that the traditional funding models do not work anymore. This is due to various factors which include impact of social media, new technology, artificial intelligence and generally struggling economies. Whilst traditional sponsorships are still the bedrock of our revenue structure, we can only achieve meaningful revenue growth through diversification of our revenue streams. We are, therefore, now vigorously pursuing other forms of funding and we are confident that we will begin to record progress over the next 12 to 24 months.

The construction of our National Technical Centre ("the Centre") has been quite slow. This is due to funding challenges. The national lockdown also delayed some of the projects that were in progress. However, we are proud that most of our National Teams are utilising the Centre which now boasts accommodation facilities, two natural grass pitches and one artificial grass pitch with floodlights. The construction of dressing rooms with ablution facilities and seating stands should commence soon.

Once again, I would like to thank our President, Dr Jordaan, for his leadership and guidance; the NEC and different committees for their continued support as we strive to implement our turnaround strategy. It is through the tireless work and guidance of the collective that we have managed to report a surplus for the second successive year.



D'S
damat

FOR YOUR DAILY COMFORT

Mr Gronie Hluyo



Chief Financial Officer

We are reporting a surplus for the second consecutive year. A surplus of R1,1 million was achieved for the financial year ended 30 June 2021. As you will recall that last year we delivered a R54,4 million surplus and this was mainly due to the favourable settlement that we reached with Siyaya TV and the writing off of the Regional grants. These were once off events which explain the variance between the current year and prior's profit positions.

Our net revenue position decreased when compared to the prior year. However, during the year under review we managed to secure the Hollywoodbets and Multichoice sponsorships for the SAFA Women's National League and Referees respectively. However, during this same period we could not access the South African Airways ("SAA") sponsorship revenue because SAA was placed under liquidation. The Grand Parade Investments (BURGER KING®) sponsorship agreement terminated and could not be renewed because BURGER KING® was sold to new investors. Due to the Covid-19 pandemic, we could not implement a number of activities because of the national lockdown restrictions. This resulted in less revenue being recognised from the 2010 FIFA World Cup Legacy Trust, Ima Nathi and Sasol funding. The National Lotteries funding was also not received during the year under review due to the suspension of football activities as a result of Covid-19.

The reduction in activities due to Covid-19 also resulted in a reduction in activity driven costs. These reduced costs include National Teams, Football Development and Academies' costs. Our governance costs and operational costs also decreased. The salaries costs also reduced drastically after the Association implemented a Section 189 retrenchment process. Even though generous termination packages were paid to our former colleagues who faithfully served the Association for some time, the net effect was a salaries costs reduction.

The efforts of strengthening our balance sheet are continuing. This is directly linked to our financial growth strategy which is clearly outlined in the National Executive Committee report under the Going Concern section. One of our key targets should be the reduction of current liabilities; ideally our current assets must exceed our current liabilities. This will address the liquidity challenges that we constantly experience.

The diversification of our revenue streams continues to be a priority. The traditional sponsorship market is becoming complex and dicey due to the global economic challenges. Therefore, the Association must explore other non-traditional revenue sources. We also continue to look for opportunities of cutting costs.

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



SOUTH AFRICAN
FOOTBALL ASSOCIATION



le coq sportif

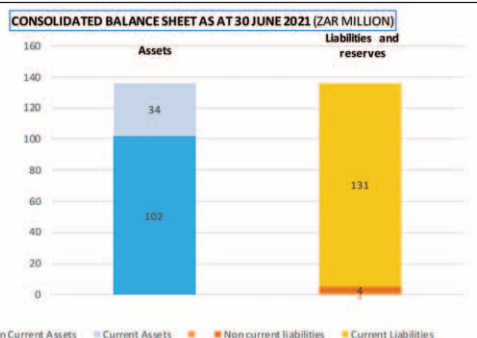


ASSETS

| | |
|--------------------|-----|
| Non Current Assets | 102 |
| Current Assets | 34 |

LIABILITIES AND RESERVES

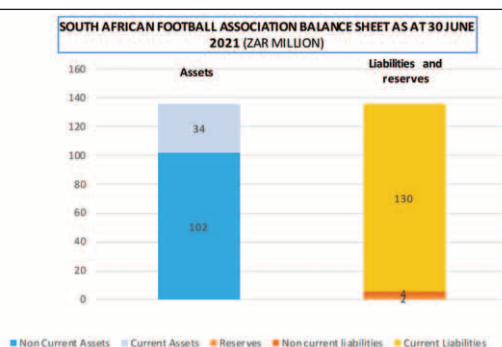
| | |
|-------------------------|-----|
| Non Current Liabilities | 4 |
| Current Liabilities | 131 |
| Reserves | 1 |

**ASSETS**

| | |
|--------------------|-----|
| Non Current Assets | 102 |
| Current Assets | 34 |

LIABILITIES AND RESERVES

| | |
|-------------------------|-----|
| Non Current Liabilities | 4 |
| Current Liabilities | 130 |
| Reserves | 2 |

**REVENUE 2021**

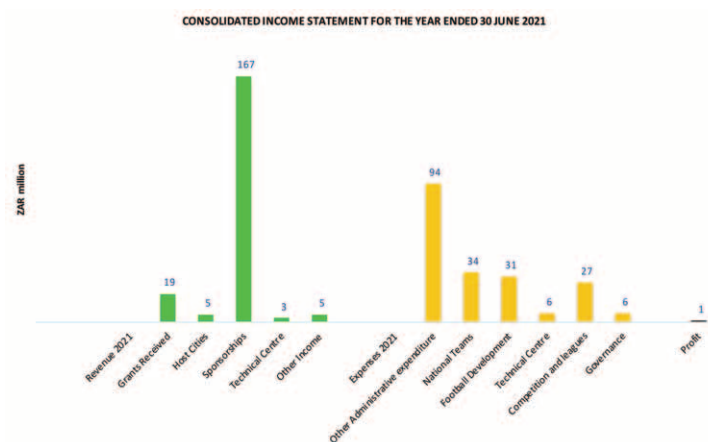
| | |
|---------------------------|-----|
| Grants Received | 19 |
| Host Cities | 5 |
| Sponsorships | 167 |
| National Technical Centre | 3 |
| Other Income | 5 |

EXPENSES 2021

| | |
|---------------------------|----|
| Other Admin Expenditure | 94 |
| National Teams | 34 |
| Football Development | 31 |
| National Technical Centre | 6 |
| Competitions & Leagues | 27 |
| Governance | 6 |

PROFIT

1

**REVENUE 2021**

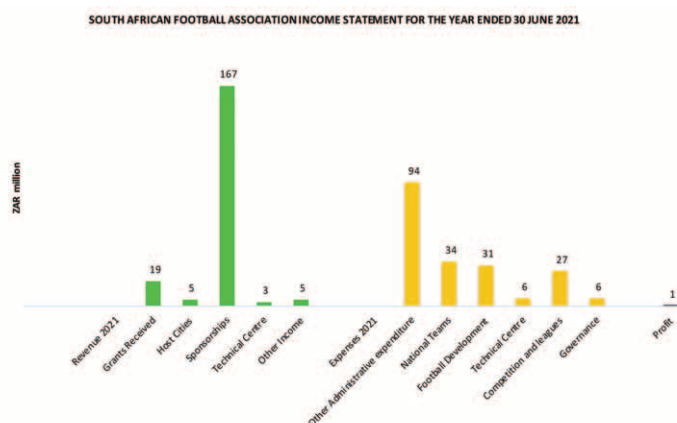
| | |
|---------------------------|-----|
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EXPENSES 2021

| | |
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| Other Admin Expenditure | 94 |
| National Teams | 34 |
| Football Development | 31 |
| National Technical Centre | 6 |
| Competitions & Leagues | 27 |
| Governance | 6 |

PROFIT

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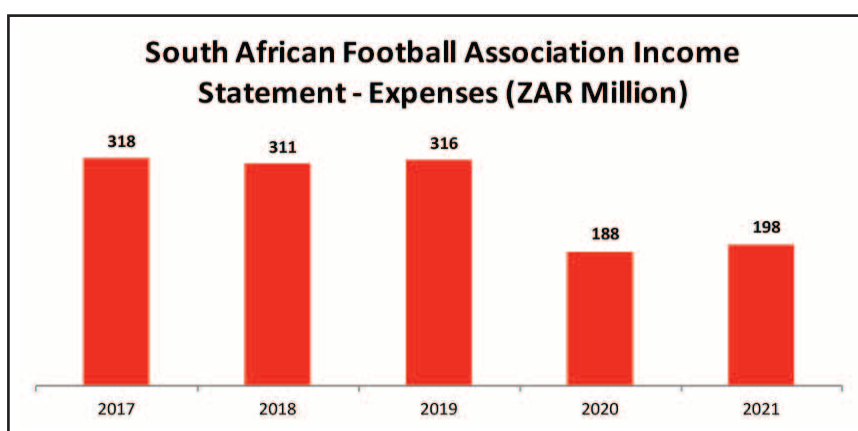
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**SAFA Income
Statement –
Revenue
(ZAR Million)**

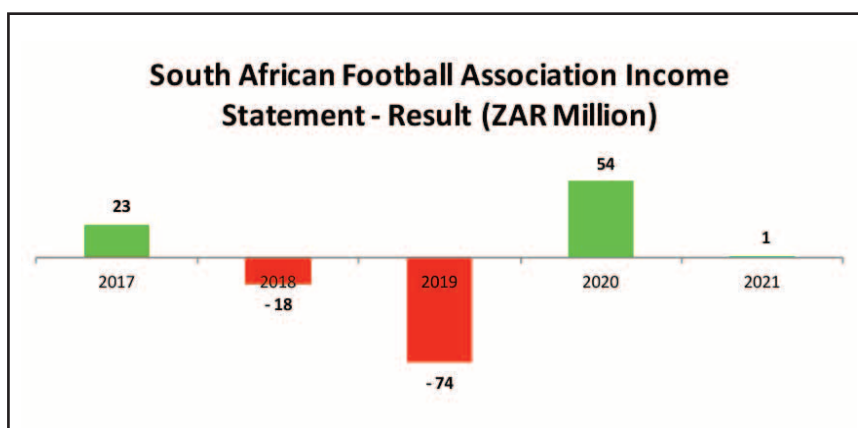
| | |
|-------|-----|
| 2017: | 341 |
| 2018: | 293 |
| 2019: | 242 |
| 2020: | 242 |
| 2021: | 199 |


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

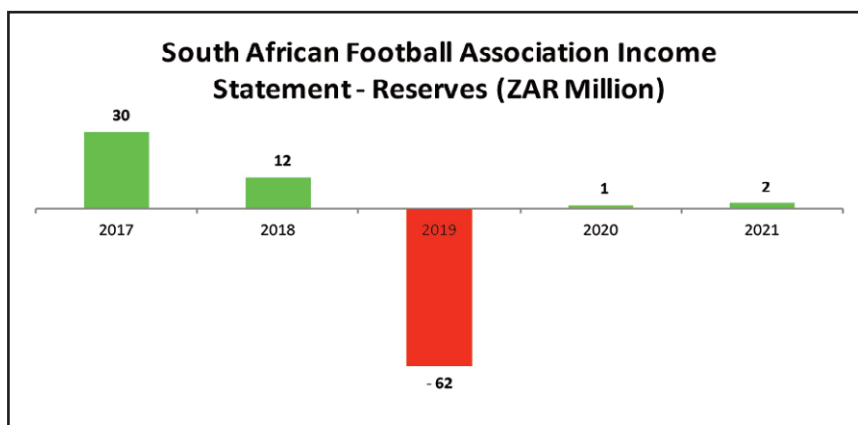
| | |
|-------|-----|
| 2017: | 318 |
| 2018: | 311 |
| 2019: | 316 |
| 2020: | 188 |
| 2021: | 198 |


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

| | |
|-------|------|
| 2017: | 23 |
| 2018: | - 18 |
| 2019: | - 74 |
| 2020: | 54 |
| 2021: | 1 |


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

| | |
|-------|------|
| 2017: | 30 |
| 2018: | 12 |
| 2019: | - 62 |
| 2020: | 1 |
| 2021: | 2 |



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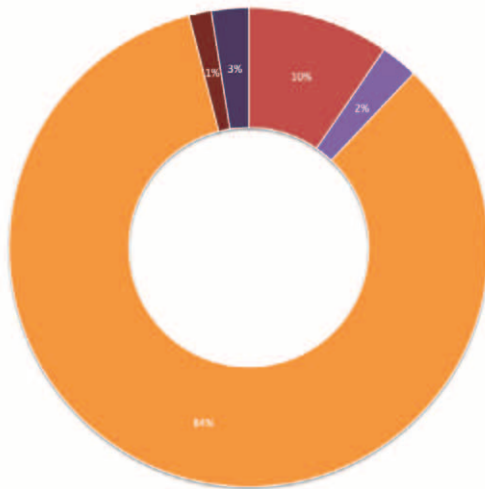
HOLLYWOOD
bets

**PROUD SPONSORS
OF THE**



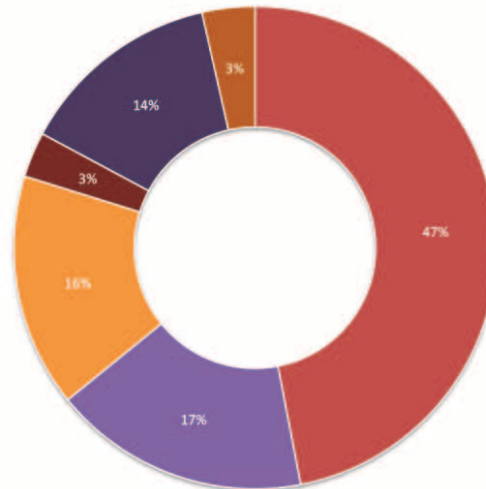
HOLLYWOOD SPORTSBOOK IS A LICENSED BETTING OPERATOR. HOLLYWOODBETS SUPPORTS RESPONSIBLE GAMBLING. NO PERSONS UNDER THE AGE OF 18 YEARS ARE PERMITTED TO GAMBLE. WINNERS KNOW WHEN TO STOP. SOUTH AFRICAN RESPONSIBLE GAMBLING FOUNDATION TOLL FREE COUNSELLING LINE 0800 006 008 OR WHATSAPP HELP TO 076 675 0710.

**Association Revenue 2021
(ZAR Million)**



■ Grants received - 19
■ Host Cities - 5
■ Sponsorships - 167
■ Technical Centre - 3
■ Other Income - 5

**Association Expenses 2021
(ZAR Million)**



■ Other Administrative expenditure - 93
■ National Teams - 34
■ Football Development - 31
■ Technical Centre - 6
■ Competition and leagues - 27
■ Governance - 7

| FINANCIAL PERFORMANCE | | | | | STATEMENT OF FINANCIAL POSITION | | | | |
|----------------------------|----------------|-------------|----------------|--------------|-------------------------------------|----------------|---------------|----------------|---------------|
| | 2021 | | 2020 | | | 2021 | | 2020 | |
| | R'000 | % | R'000 | % | | R'000 | % | R'000 | % |
| REVENUE | | | | | ASSETS | | | | |
| Sponsorship / broadcasting | 167,053 | 84.38 | 170,502 | 70.43 | Non-current assets | 102,144 | 75.15 | 109,614 | 71.43 |
| Host cities and ticketing | 4,680 | 2.36 | 4,502 | 1.86 | Current assets | 33,771 | 24.85 | 43,843 | 28.57 |
| Grants received | 19,301 | 9.75 | 61,073 | 25.23 | Total assets | 135,915 | 100 | 153,457 | 100 |
| National technical centre | 2,487 | 1.26 | 4,235 | 1.75 | EQUITY AND LIABILITIES | | | | |
| Finance income | 158 | 0.08 | 570 | 0.24 | Accumulated loss | 689 | 0.51 | -185 | -0.12 |
| Rental Income | 358 | 0.18 | 392 | 0.16 | Non-current liabilities | 3,906 | 2.87 | 14,022 | 9.14 |
| Other Income | 3937 | 1.99 | 815 | 0.34 | Current liabilities | 131,320 | 96.62 | 139,620 | 90.98 |
| TOTAL REVENUE | 197,794 | 100 | 242,090 | 100 | Total equity and liabilities | 135,915 | 100.00 | 153,457 | 100.00 |
| EXPENDITURE | | | | | CASH FLOW | | | | |
| Administration cost | 36,344 | 18.47 | 20,405 | 10.87 | | R | R | | |
| Depreciation | 10,137 | 5.15 | 10,120 | 5.39 | operating activities | 14,644 | | 7,940 | |
| Employee costs | 43,581 | 22.15 | 52,233 | 27.83 | investing activities | (2,947) | | (12,158) | |
| Finance costs | 1,649 | 0.84 | 4,642 | 2.47 | financing activities | (10,988) | | 9,044 | |
| Football competitions | 26,804 | 13.62 | 23,926 | 12.75 | TOTAL CASH MOVEMENT | 709 | | 4,826 | |
| Governance | 6,451 | 3.28 | 10,552 | 5.62 | BEGINNING OF THE YEAR | 17,804 | | 12,978 | |
| Impairment losses | 2,085 | 1.06 | 5,801 | 3.09 | END OF THE YEAR | 18,513 | | 17,804 | |
| National teams' cost | 33,691 | 17.12 | 57,081 | 30.41 | FINANCIAL STATEMENT ANALYSIS | | | | |
| National technical centre | 5,502 | 2.80 | 2,956 | 1.57 | Quick and Current Ratio | 1 : 3.88 | | 1 : 3.18 | |
| Football Development | 30,550 | 15.52 | - | - | Net Operating profit margin | 1% | | 24% | |
| TOTAL EXPENDITURE | 196,794 | 100 | 187,716 | 100 | Net profit margin | 1% | | 22% | |
| NET PROFIT/(LOSS) | 1,180 | 0.60 | 54,374 | 22.46 | Change in revenue | (18%) | | (2%) | |
| | | | | | Change in expenditure | (3%) | | 42% | |

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

National Executive Committee's Responsibility Statement

The National Executive Committee (the "NEC") is responsible for the preparation and fair presentation of the Group Financial Statements and Association Financial Statements of the South African Football Association (the "Association"), comprising the statements of financial position at 30 June 2021, 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 also not aware of any material non-compliance with statutory or regulatory requirements or 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 Financial Statements and Association Financial Statements

The Group Financial Statements and Association Financial Statements, as set out on pages 28 to 64, were approved by the NEC on 21 November 2021 and were signed on its behalf by:



Dr Danny A. Jordaan
President



Advocate Tebogo Motlanthe
Chief Executive Officer

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

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 2021

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
Xolile Nkompele
Gladwyn White

Chief Executive Officer

Tebogo Motlanthe

Honorary Presidents

Lesole Gadinabokao
Molefi Oliphant

Honorary Members

Jeremiah Mdlalose
Motebang Mosese
Obakeng Molatedi

Members

Andile Ngconjana
Anastasia Tschlas
Aubrey Baartman
Bennett Bailey
David Bantu
David Molwantwa
Elizabeth De Koker (Appointed 28 October 2020)
Emma Hendricks
Gerald Don
Jack Maluleke
Jose Ferreira
Kaizer Motaung
Kwenzakwakhe Ngwenya
Letima Mogorosi
Linda Zwane
Litheko Marago
Mato Madlala
Mbongeni Leonard Shibe
Monde Montshiwa
Mxolisi Sibam
Mzimkhulu Fina
Paseka Nkone
Pius Nqandela
Poobalan Govindasamy
Shuping Seboko
Simphele Xaba
Tankiso Modipa
Thabile Msomi
Vincent Ramphago

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.

The supplementary information presented does not form part of the Group Financial Statements and Association Financial Statements and is unaudited.

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

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 incurred a profit of R1,178,729 (2020: profit: R54.4 million). The Group's financial position reflects an accumulated profit of R689,132 (2020: accumulated loss R184,526). The Group's financial performance for the period was very close to a break-even position. Last year's financial performance was boosted mainly by the reassessment of the amounts that were owed to the SAFA Regions (grants) and the writing off of the SIYAYA debt after having successfully negotiated a favourable settlement. Since these were non-recurring events, the financial performance between current year and prior year would be impacted by these two events.

The Association's total revenue reduced mainly due to the 2010 FIFA Legacy Trust funding. The Trust is now providing the Association with less funding because its own funds have been depleted. The funding from the National Lotteries Commission was also reduced significantly and the Association is engaging them for more funding. Despite the net reduction in revenue, the Association managed to secure two committed partners during the year under review and these are Multichoice and Hollywoodbets.

The Covid-19 pandemic continues to minimise the number of activities that the Association can have. The reduced activities have inherently resulted in reduced costs as well during this financial year. The Association has also concluded an employee restructuring process which resulted in a "lean and mean" staff complement. This resulted in a much reduced and sustainable salary bill and the full effects will be felt during the next financial year. The retrenchment packages for all the affected employees were paid in full.

3. Going concern

The Group made a profit R1,178,729 for the year ended 30 June 2021 and, as of that date, the Group's total assets exceeded its total liabilities by R689,132. 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, therefore, continues 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 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.

The Association's relationship with the public broadcaster, the South African Broadcasting Corporation (the "SABC") continues to improve. This has resulted in increased mutual benefits for both parties. This relationship has been further strengthened by the regular broadcasting of the Hollywoodbets Super League matches. During the past few years, all African Football Federations have not been receiving the Television rights income from CAF due to a legal battle between CAF and Lagardere Sports Agency. The new CAF leadership is prioritising this matter and an amicable solution is expected soon so that the African Federations can start receiving the TV rights income again. In addition, the Association, like most African Football Federations, signed a mandate with FIFA for the Media rights for the 2022 and 2026 FIFA World Cups™ and we expect to receive significant shares of the TV rights income. The Association has engaged with a major satellite broadcast house and negotiations are ongoing. 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.

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Report of the National Executive Committee

3. Going concern (continued)

During the year under review, the Association concluded major sponsorship deals with Multichoice and Hollywoodbets. Multichoice sponsors the Association's Referees through their brand, Showmax. Hollywoodbets sponsors the SAFA Naional Women's League which is now known as the Hollywoodbets Super League. The Association continues to negotiate with a number of other 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 also considering secondary sponsors for properties that are already sponsored.

Our Royalties programme, in conjunction with Le Coq Sportif, has not started to bear fruits yet due to the banning of spectators at football events because of the Covid-19 pandemic. Once the spectators are back at the stadiums, we expects this programme to flourish and it will be based on revenues generated through the sales of replica jerseys and co-branded products. This will be complemented by the merchandise shop that will be constructed at SAFA House and also an online shop.

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. It is expected that FIFA will approve more funding for the next cycle which is from 2023 to 2026.

CAF has increased the annual grant funding to its members from USD 200,000.00 to USD 250,000.00. These grants will continue to be paid by CAF in the near future, thus assuring the Association of future funding.

The Department of Sport, Arts and Culture (the "DSAC") continues to fund the Association. The bulk of its funding is for the SAFA National Women's League. It also funds other football development programmes. The grant funding from DSAC has been consistent over the last few years.

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

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

The Association is working on establishing strong partnerships with the different spheres of Government. These are National Government, Provincial Governments and local municipalities. These partnerships must result in our events being hosted by these structures for the mutual benefit of all. This has been done successfully in the past.

The Fun Valley business was adversely affected by the Covid-19 pandemic induced Government regulations. Due to the ban on gatherings, the business was strained since March 2020. However, once the restrictions have been lifted, we expect the business to return to profitability. Fun Valley will resume to host a number of SAFA events which include accommodating the national teams, hosting coaching courses, administration workshops, tournaments, etc. This, in the past, resulted in significant cost savings for the Association, especially accommodation costs. The National Technical Centre upgrades are still in progress. 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.

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

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Report of the National Executive Committee

3. Going concern (continued)

the Section 189 restructuring process. The process resulted in a new organogram with few employees and new salary bands. Consequently, the Association's salary bill has been reduced significantly. Some retrenchment packages were paid to the employees who left and these costs were borne in the financial year under review. Therefore, the full benefits of the restructuring exercise will be realised during the financial year ending 30 June 2022.

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

The Association has submitted its application to FIFA for the interest free loans which were made available to all FIFA Member Associations. The loan repayment terms are very generous; therefore, this will greatly improve the Association's liquidity. Currently, a huge amount of cash flows 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 (the "NEC") believes that the Group will achieve its targets which are contained in its Financial Recovery Plan. Despite the prevailing tough economic conditions, the NEC firmly believes that the Group will leverage on the popularity of the sport, football being the most popular sport in the world, to achieve its plans. The NEC is also satisfied that the Group is able to meet its working capital requirements through the normal cyclical nature of its receipts. Further, the NEC continues to intensify its efforts in monitoring the Group's expenditure levels with a view of minimising costs through greater efficiencies. The NEC also continues to focus on maintaining an appropriate level of overheads in line with the Group's available cash resources.

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

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

Impact of Covid-19

The uncertainty of the future impact of the recent Covid-19 outbreak on the Association has been considered as part of the Association's adoption of the going concern basis. Management has however considered the continued effect of the pandemic in the Association's projected results for the 2022 year and will continue to closely monitor costs in a view to minimise expenses and maximise profits. The Association therefore, continues to adopt the going concern basis in preparing its annual financial statements.

4. Property, plant and equipment

Details of changes in property, plant and equipment are shown in note 10 to the financial statements.

The Association received a grant from FIFA for the development of SAFA House during the 2006 financial year. SAFA House has been built on land to which the Association was granted a right to erect improvements. This land belongs to the Department of Public Works. There is an understanding that the land on which SAFA House was built would ultimately be transferred to the Association. At the date of this report, this has not happened and the Association is still in discussions with the Government regarding the transfer of the property to the Association.

During the prior years, the South African Football Development Agency Trust (the "SDA") transferred its leasehold property, Alex Hub, to the Association in settlement of its loan account with SAFA of R5,655,148, this was subsequently settled. The property's user and maintenance agreement with the City of Johannesburg was also ceded to the Association.

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

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 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 (the "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 the Association and the legal entity will be closed.

6. Tax status

On 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 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.

7. Registered office

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

8. Subsequent events

No significant events have occurred after 30 June 2021 that will have an impact on the reported financial results.

9. Auditor

The Association's auditor is Sondlo Chartered Accountants Inc. and was appointed by the NEC on 16 December 2020 for two financial years. This appointment will be ratified by the Congress at its next sitting.

10. Compilation of annual financial statements

The compiler was responsible for the presentation of the annual financial statements based on the information provided by management and worked under the supervision of management. Management is responsible for these annual financial statements.



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Independent Auditor's Report

To the Members of the South African Football Association

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited South African Football Association's consolidated financial statements set out on pages 28 to 64 which comprise the consolidated statement of financial position as at 30 June 2021, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.
2. In our opinion, the consolidated 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 2021, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Context for the opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.
4. We are independent of the South African Football Association in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)*.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Monalisa Nkonki CA(SA), RA Nolubabalo Sondlo CA(SA), RA

Other information:

6. The Executive Committee is responsible for the other information. Other Information Includes the report of the National Executive Committee for the year ended 30 June 2021. The other information does not include the financial statements and our auditor's report thereon.
7. Our opinion on the consolidated 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 concluded 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 Consolidated Financial Statements:

8. The National Executive Committee is responsible for the preparation and fair presentation of the consolidated 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.
9. In preparing the financial statements, the National Executive's Committee is responsible for assessing the Group 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 Consolidated Financial Statements:

10. 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.
11. As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the 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.

Monalisa Nkonki CA(SA), RA Nolubabalo Sondlo CA(SA), RA

- 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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual financial statements. We remain solely responsible for our audit opinion.

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



Sondlo Chartered Accountant Inc.

Per: Monalisa Nkonki

Partner

Registered Auditors

Chartered Accountants (SA)

22 November 2021

Physical Address:

5 Bauhinia Street
Cambridge office park, Highveld Techno Park
Centurion
0157

Monalisa Nkonki CA(SA), RA Nolubabalo Sondlo CA(SA), RA

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Statement of Profit or Loss and Other Comprehensive Income

| Figures in Rand | Notes | Group | | Association | |
|--|-------|------------------|-------------------|------------------|-------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| Revenue | 3 | 193,878,869 | 240,704,544 | 193,878,869 | 240,704,544 |
| Other income | 4 | 3,271,457 | 815,243 | 3,262,257 | 815,243 |
| Impairment losses | 5 | (2,085,166) | (5,801,274) | (2,085,166) | (5,801,274) |
| Operating expenses | | (149,480,424) | (124,935,943) | (149,465,233) | (124,916,265) |
| Employee benefit expenses | | (43,580,547) | (52,233,103) | (43,580,547) | (52,233,103) |
| Operating profit | 5 | 2,004,189 | 58,549,467 | 2,010,180 | 58,569,145 |
| Finance income | 6 | 158,018 | 570,029 | 154,030 | 561,523 |
| Finance costs | 7 | (1,648,701) | (3,895,678) | (1,648,686) | (3,895,678) |
| Other non-operating gains (losses) | 8 | 665,223 | (850,266) | 665,223 | (850,266) |
| Profit before taxation | | 1,178,729 | 54,373,552 | 1,180,747 | 54,384,724 |
| Taxation | 9 | - | - | - | - |
| Profit for the year | | 1,178,729 | 54,373,552 | 1,180,747 | 54,384,724 |
| Total comprehensive income for the year | | 1,178,729 | 54,373,552 | 1,180,747 | 54,384,724 |

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

| Figures in Rand | Notes | 2021 | Group 2020 | 2021 | Association 2020 |
|---------------------------------------|-------|--------------------|--------------------|--------------------|---------------------|
| Assets | | | | | |
| Non-Current Assets | | | | | |
| Property, plant and equipment | 10 | 97,144,187 | 104,614,059 | 97,144,187 | 104,614,059 |
| Intangible assets | 11 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| Investment in subsidiaries | 14 | - | - | - | - |
| | | 102,144,187 | 109,614,059 | 102,144,187 | 109,614,059 |
| Current Assets | | | | | |
| Trade and other receivables | 12 | 15,257,835 | 26,039,470 | 15,248,886 | 26,034,909 |
| Cash and cash equivalents | 13 | 18,513,014 | 17,803,899 | 18,188,729 | 17,465,209 |
| | | 33,770,849 | 43,843,369 | 33,437,615 | 43,500,118 |
| Total Assets | | 135,915,036 | 153,457,428 | 135,581,802 | 153,114,177 |
| Equity and Liabilities | | | | | |
| Equity | | | | | |
| Retained income/(Accumulated loss) | | 689,132 | (184,526) | 1,672,221 | 796,545 |
| Liabilities | | | | | |
| Non-Current Liabilities | | | | | |
| Interest bearing loans | 15 | 3,905,639 | 5,638,231 | 3,905,639 | 5,638,231 |
| Non-current portion of trade payables | | - | 8,384,192 | - | 8,384,192 |
| | | 3,905,639 | 14,022,423 | 3,905,639 | 14,022,423 |
| Current Liabilities | | | | | |
| Trade and other payables | 16 | 60,762,765 | 69,634,409 | 59,446,442 | 68,310,087 |
| Interest bearing loans | 15 | 2,603,760 | 3,474,931 | 2,603,760 | 3,474,931 |
| Provisions | 17 | 23,569,727 | 21,485,530 | 23,569,727 | 21,485,530 |
| Income received in advance | 18 | 44,384,013 | 45,024,661 | 44,384,013 | 45,024,661 |
| | | 131,320,265 | 139,619,531 | 130,003,942 | 138,295,209 |
| Total Liabilities | | 135,225,904 | 153,641,954 | 133,909,581 | 152,317,632 |
| Total Equity and Liabilities | | 135,915,036 | 153,457,428 | 135,581,802 | 153,114,177 |

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Statement of Changes in Equity

| Figures in Rand | Retained income / (Accumulated loss) | Total equity |
|--|---|---------------------|
| Group | | |
| Balance at 01 July 2019 | (63,528,180) | (63,528,180) |
| Profit for the year | 54,373,552 | 54,373,552 |
| Total comprehensive income for the year | 54,373,552 | 54,373,552 |
| Prior period error | 8,970,102 | 8,970,102 |
| Balance at 01 July 2020 | (184,526) | (184,526) |
| Profit for the year | 1,178,729 | 1,178,729 |
| Total comprehensive income for the year | 1,178,729 | 1,178,729 |
| Prior period error * | (305,071) | (305,071) |
| Balance at 30 June 2021 | 689,132 | 689,132 |
| Association | | |
| Balance at 01 July 2019 | (62,558,281) | (62,558,281) |
| Profit for the year | 54,384,724 | 54,384,724 |
| Total comprehensive income for the year | 54,384,724 | 54,384,724 |
| Prior period error | 8,970,102 | 8,970,102 |
| Balance at 01 July 2020 | 796,545 | 796,545 |
| Profit for the year | 1,180,747 | 1,180,747 |
| Total comprehensive income for the year | 1,180,747 | 1,180,747 |
| Prior period error * | (305,071) | (305,071) |
| Balance at 30 June 2021 | 1,672,221 | 1,672,221 |

*The prior period error is disclosed in note 22.

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Statement of Cash Flows

| Figures in Rand | Notes | 2021 | Group 2020 | 2021 | Association 2020 |
|---|-------|---------------------|---------------------|---------------------|---------------------|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 19 | 16,135,103 | 12,011,734 | 16,153,481 | 12,023,412 |
| Finance income | | 158,018 | 570,029 | 154,030 | 561,523 |
| Finance costs | | (1,648,701) | (4,641,957) | (1,648,686) | (4,641,957) |
| Net cash generated from operating activities | | 14,644,420 | 7,939,806 | 14,658,825 | 7,942,978 |
| Cash flows from investing activities | | | | | |
| Purchase of property, plant and equipment | 10 | (3,089,151) | (12,158,042) | (3,089,151) | (12,158,042) |
| Sale of property, plant and equipment | 10 | 117,357 | 103,986 | 117,357 | 103,986 |
| Gains/(losses) on sale on non-current assets | | 24,444 | (103,986) | 24,444 | (103,987) |
| Net cash utilised in investing activities | | (2,947,350) | (12,158,042) | (2,947,350) | (12,158,043) |
| Cash flows from financing activities | | | | | |
| Movement in non-current portion of trade payables | | (8,384,192) | - | (8,384,192) | - |
| Movement of interest-bearing loans | | (2,603,763) | 9,044,121 | (2,603,763) | 9,044,121 |
| Net cash from financing activities | | (10,987,955) | 9,044,121 | (10,987,955) | 9,044,121 |
| Total cash movement for the year | | 709,115 | 4,825,885 | 723,520 | 4,829,056 |
| Cash at the beginning of the year | | 17,803,899 | 12,978,014 | 17,465,209 | 12,636,153 |
| Total cash at end of the year | 13 | 18,513,014 | 17,803,899 | 18,188,729 | 17,465,209 |

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Summary of Significant Accounting Policies

Reporting entity

The South African Football Association (the "Association") is domiciled in South Africa. The Association and Group financial statements for the year ended 30 June 2021 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 21 November 2021.

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.

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Summary of Significant Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty

Key sources of estimation uncertainty

Impairment of financial 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.

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% |

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Summary of Significant Accounting Policies

1.4 Property, plant and equipment (continued)

| Item | Depreciation method | Average useful life |
|---------------------------------------|---------------------|---------------------|
| 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.

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,

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Summary of Significant Accounting Policies

1.6 Basis of consolidation (continued)

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

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

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

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

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:

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Summary of Significant Accounting Policies

1.9 Financial instruments: IFRS 9 (continued)

Financial assets which are debt instruments:

- Amortised cost

Financial liabilities:

- Amortised cost

Note 24 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 12).

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.

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

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Summary of Significant Accounting Policies

1.9 Financial instruments: IFRS 9 (continued)

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 12) and the financial instruments and risk management note (note 24).

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 loans from related parties are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

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

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

Borrowings expose the Group to liquidity risk and interest rate risk. Refer to note 24 for details of risk exposure and management thereof.

Trade and other payables

Classification

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

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Summary of Significant Accounting Policies

1.9 Financial instruments: IFRS 9 (continued)

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 24 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 amortised cost.

Bank overdrafts

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

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 2021

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 Group and Association recognise 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.

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 2021

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 4).

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.

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Summary of Significant Accounting Policies

1.12 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 are 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.

1.13 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.

1.14 Employee benefits

Current employee benefits

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

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

Retirement benefits

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

1.15 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 reimbursement shall not exceed the amount of the provision.

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Summary of Significant Accounting Policies

1.15 Provisions and contingencies (continued)

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.

1.16 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.

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Summary of Significant Accounting Policies

1.16 Revenue from contracts with customers (continued)

Sponsorship income

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

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

Revenue received from CAF in respect of the National Teams' qualifications in terms of CAF tournaments is recognised in profit or loss once the events have 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 2021

Notes to the Group Financial Statements And Association Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

| Standard / Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|--|---|---|
| • Onerous Contracts: Cost of Fulfilling a Contract | 01 January 2020 | The impact of the amendment is not material |
| • Annual Improvements to IFRS Standards 2018 - 2020 | 01 January 2020 | The impact of the amendment is not material |
| • Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative | 01 January 2020 | The impact of the amendment is not material |
| • Amendments to References to the Conceptual Framework in IFRS Standards | 01 January 2020 | The impact of the amendment is not material |
| • Covid-19 - Related Rent Concessions - Amendment to IFRS 16 | 01 June 2020 | The impact of the amendment is not material |
| • Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7 | 01 January 2020 | The impact of the amendment is not material |
| • Definition of a business - Amendments to IFRS 3 | 01 January 2020 | The impact of the amendment is not material |
| • Presentation of Financial Statements: Disclosure initiative | 01 January 2020 | The impact of the amendment is not material |
| • Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative | 01 January 2020 | The impact of the amendment is not material |

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2021 or later periods:

| Standard / Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|---|---|--|
| • Classification of Liabilities as Current or Non-Current - Amendment to IAS 1 | 01 January 2023 | Unlikely there will be a material impact |
| • Reference to the Conceptual Framework: Amendments to IFRS 3 | 01 January 2022 | Unlikely there will be a material impact |
| • Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16 | 01 January 2022 | Unlikely there will be a material impact |
| • Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37 | 01 January 2022 | Unlikely there will be a material impact |
| • Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7, IFRS 9, IFRS 16, IAS 39 and IAS 16 | 01 January 2021 | Unlikely there will be a material impact |
| • AIP IFRS 9 Financial instruments - Fee in the '10 per cent' test for derecognition of financial liabilities | 01 January 2022 | Unlikely there will be a material impact |
| • Definition of Accounting Estimates - Amendments to IAS 8 | 01 January 2023 | Unlikely there will be a material impact |
| • Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 | 01 January 2023 | Unlikely there will be a material impact |

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

| Figures in Rand | Group | | Association | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 2021 | 2020 | 2021 | 2020 |
| 3. Revenue | | | | |
| Revenue from contracts with customers | | | | |
| Ticketing revenue | - | 349,292 | - | 349,292 |
| National Technical Centre - day visitors and use of facilities | 2,487,068 | 4,234,937 | 2,487,068 | 4,234,937 |
| Sponsorship income | 167,053,246 | 170,502,493 | 167,053,246 | 170,502,493 |
| Host cities' income | 4,680,000 | 4,152,626 | 4,680,000 | 4,152,626 |
| | 174,220,314 | 179,239,348 | 174,220,314 | 179,239,348 |
| Revenue other than from contracts with customers | | | | |
| Rental Income | 357,699 | 391,956 | 357,699 | 391,956 |
| Grants received | 19,300,856 | 61,073,240 | 19,300,856 | 61,073,240 |
| | 19,658,555 | 61,465,196 | 19,658,555 | 61,465,196 |
| | 193,878,869 | 240,704,544 | 193,878,869 | 240,704,544 |
| Disaggregation of revenue from contracts with customers | | | | |
| The Group disaggregates revenue from customers as follows: | | | | |
| Ticketing revenue | - | 349,292 | - | 349,292 |
| National Technical Centre - day visitors and use of facilities | 2,487,068 | 4,234,937 | 2,487,068 | 4,234,937 |
| Sponsorship income | 167,053,246 | 170,502,493 | 167,053,246 | 170,502,493 |
| Host cities' income | 4,680,000 | 4,152,626 | 4,680,000 | 4,152,626 |
| | 174,220,314 | 179,239,348 | 174,220,314 | 179,239,348 |
| Timing of revenue recognition | | | | |
| At a point in time | | | | |
| Ticketing revenue | - | 349,292 | - | 349,292 |
| Host cities' income | 4,680,000 | 4,152,626 | 4,680,000 | 4,152,626 |
| Sponsorship income | 15,797,578 | 47,049,783 | 15,797,578 | 49,618,184 |
| National Technical Centre - day visitors and use of facilities | 2,487,068 | 4,234,937 | 2,487,068 | 4,234,937 |
| | 22,964,646 | 55,786,638 | 22,964,646 | 58,355,039 |
| Over time | | | | |
| Sponsorship income | 151,255,668 | 123,452,710 | 151,255,668 | 120,884,309 |
| Total revenue from contracts with customers | 174,220,314 | 179,239,348 | 174,220,314 | 179,239,348 |

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

| Figures in Rand | Group | | Association | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| 4. Other income | | | | |
| Bad debts recovered | 134,271 | - | 134,271 | - |
| Other sundry income | 3,137,186 | 815,243 | 3,127,986 | 815,243 |
| | 3,271,457 | 815,243 | 3,262,257 | 815,243 |
| 5. Operating profit | | | | |
| Operating profit for the year is stated after accounting for the following, amongst others: | | | | |
| Compensation of Key management personnel to the Group | | | | |
| Short-term employee benefits | 6,508,715 | 7,551,505 | 6,508,715 | 7,551,505 |
| Termination benefits | 126,904 | 128,692 | 126,904 | 128,692 |
| | 6,635,619 | 7,680,197 | 6,635,619 | 7,680,197 |
| Employee costs | | | | |
| Salaries | 26,297,594 | 39,266,685 | 26,297,594 | 39,266,685 |
| Bonus | 589,460 | 240,000 | 589,460 | 240,000 |
| UIF | 97,582 | 161,985 | 97,582 | 161,985 |
| Termination benefits | 7,773,839 | 120,307 | 7,773,839 | 120,307 |
| Medical benefits | 379,890 | 950,609 | 379,890 | 950,609 |
| Pension costs | 1,806,563 | 3,813,319 | 1,806,563 | 3,813,319 |
| Total employee costs | 36,944,928 | 44,552,905 | 36,944,928 | 44,552,905 |
| Depreciation and amortisation | | | | |
| Buildings - Fun Valley | 3,255,989 | 3,297,634 | 3,255,989 | 3,297,634 |
| Leasehold property - SAFA House | 3,044,982 | 3,045,135 | 3,044,982 | 3,045,135 |
| Leasehold property - Alex Hub | 1,049,824 | 1,049,824 | 1,049,824 | 1,049,824 |
| Land and Buildings - Artificial Pitch | 896,228 | 522,799 | 896,228 | 522,799 |
| Furniture and fittings | 500,772 | 557,912 | 500,772 | 557,912 |
| Motor vehicles | 261,012 | 187,572 | 261,012 | 187,572 |
| Office equipment | 93,481 | 92,412 | 93,481 | 92,412 |
| Computer equipment | 261,343 | 745,619 | 261,343 | 745,619 |
| Land and Buildings - 2x Natural Grass Pitch | 265,867 | 66,467 | 265,867 | 66,467 |
| General equipment | 473,772 | 554,262 | 473,772 | 554,262 |
| Buses | 33,323 | 1 | 33,323 | 1 |
| Total depreciation and amortisation | 10,136,593 | 10,119,637 | 10,136,593 | 10,119,637 |
| Impairment losses | | | | |
| Receivables written off as uncollectable | 1,376,810 | 2,582,149 | 1,376,810 | 2,582,149 |
| Net movement in allowance for credit losses | 708,356 | 3,219,125 | 708,356 | 3,219,125 |
| | 2,085,166 | 5,801,274 | 2,085,166 | 5,801,274 |
| Other | | | | |
| Accounting fees | 1,545,250 | 1,703,733 | 1,545,250 | 1,703,733 |
| Auditor's remuneration | 587,768 | 1,181,679 | 587,768 | 1,181,679 |
| Legal and consulting fees | 9,308,673 | 8,243,370 | 9,308,673 | 8,243,370 |
| NEC honoraria | 3,807,512 | 2,400,388 | 3,807,512 | 2,400,388 |
| NEC allowances | 982,057 | 1,226,359 | 982,057 | 1,226,359 |

South African Football Association

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

| Figures in Rand | 2021 | Group 2020 | 2021 | Association 2020 |
|---|------------------|------------------|------------------|---------------------|
| 6. Finance income | | | | |
| Investments in financial assets: | | | | |
| Bank | 158,018 | 570,029 | 154,030 | 561,523 |
| 7. Finance costs | | | | |
| Interest paid - South African Revenue Service | - | 740,167 | - | 740,167 |
| Interest paid - bank and finance charges | 31,739 | 435,456 | 31,739 | 435,456 |
| Interest paid - suppliers | 1,616,947 | 2,720,055 | 1,616,947 | 2,720,055 |
| Bank overdraft | 15 | - | - | - |
| Total finance costs | 1,648,701 | 3,895,678 | 1,648,686 | 3,895,678 |
| 8. Other non-operating gains (losses) | | | | |
| Fair value gains (losses) | | | | |
| Gains/(losses) on sale of on non-current assets | 24,444 | (103,987) | 24,444 | (103,987) |
| Foreign exchange gains | 642,888 | - | 642,888 | - |
| Foreign exchange losses | (2,109) | (746,279) | (2,109) | (746,279) |
| | 665,223 | (850,266) | 665,223 | (850,266) |

9. Taxation

On 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 Public Benefit Organisations ("PBOs") in terms of Section 30 of the Income Tax Act and the receipts and accruals will therefore not be subject to section 10(1)(cN) of the Act.

No provision has been made for 2021 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 2021

Notes to the Group Financial Statements And Association Financial Statements

10. Property, plant and equipment

| Group | 2021 | | | 2020 | | |
|-----------------------------|--------------------|--------------------------|-------------------|--------------------|--------------------------|--------------------|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Land and buildings | 75,785,071 | (18,201,001) | 57,584,070 | 75,785,071 | (14,945,012) | 60,840,059 |
| - Fun Valley | | | | | | |
| Leasehold property | 6,298,943 | (2,449,589) | 3,849,354 | 6,298,943 | (1,399,765) | 4,899,178 |
| - Alex Hub | | | | | | |
| Leasehold property | 60,902,699 | (42,132,417) | 18,770,282 | 60,902,699 | (39,087,435) | 21,815,264 |
| - SAFA House | | | | | | |
| Land and Buildings | 7,169,819 | (1,419,026) | 5,750,793 | 7,169,820 | (522,799) | 6,647,021 |
| - Artificial Pitch | | | | | | |
| Land and Buildings | 5,317,346 | (332,334) | 4,985,012 | 5,317,346 | (66,467) | 5,250,879 |
| - 2x Natural Grass Pitch | | | | | | |
| Land and Buildings | 2,909,850 | - | 2,909,850 | 1,307,717 | - | 1,307,717 |
| - Assets Under Construction | | | | | | |
| Furniture and fittings | 3,244,564 | (2,744,123) | 500,441 | 4,545,808 | (3,529,184) | 1,016,624 |
| Motor vehicles | 5,501,687 | (4,201,285) | 1,300,402 | 4,041,089 | (3,940,273) | 100,816 |
| Office equipment | 457,247 | (318,165) | 139,082 | 470,336 | (237,773) | 232,563 |
| Computer equipment | 3,682,312 | (3,333,926) | 348,386 | 3,749,316 | (3,117,368) | 631,948 |
| General equipment | 2,241,620 | (1,368,398) | 873,222 | 2,678,008 | (1,277,707) | 1,400,301 |
| Buses | 7,471,563 | (7,338,270) | 133,293 | 7,471,563 | (6,999,874) | 471,689 |
| Total | 180,982,721 | (83,838,534) | 97,144,187 | 179,737,716 | (75,123,657) | 104,614,059 |

| Association | 2021 | | | 2020 | | |
|-----------------------------|--------------------|--------------------------|-------------------|--------------------|--------------------------|--------------------|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Land and buildings | 75,785,071 | (18,201,001) | 57,584,070 | 75,785,071 | (14,945,012) | 60,840,059 |
| - Fun Valley | | | | | | |
| Leasehold property | 6,298,943 | (2,449,589) | 3,849,354 | 6,298,943 | (1,399,765) | 4,899,178 |
| - Alex Hub | | | | | | |
| Leasehold property | 60,902,699 | (42,132,417) | 18,770,282 | 60,902,699 | (39,087,435) | 21,815,264 |
| - SAFA House | | | | | | |
| Land and Buildings | 7,169,819 | (1,419,026) | 5,750,793 | 7,169,820 | (522,799) | 6,647,021 |
| - Artificial Pitch | | | | | | |
| Land and Buildings | 5,317,346 | (332,334) | 4,985,012 | 5,317,346 | (66,467) | 5,250,879 |
| - 2x Natural Grass Pitch | | | | | | |
| Land and Buildings | 2,909,850 | - | 2,909,850 | 1,307,717 | - | 1,307,717 |
| - Assets Under Construction | | | | | | |
| Furniture and fittings | 3,244,564 | (2,744,123) | 500,441 | 4,545,808 | (3,529,184) | 1,016,624 |
| Motor vehicles | 5,501,687 | (4,201,285) | 1,300,402 | 4,041,089 | (3,940,273) | 100,816 |
| Office equipment | 457,247 | (318,165) | 139,082 | 470,336 | (237,773) | 232,563 |
| Computer equipment | 3,682,312 | (3,333,926) | 348,386 | 3,749,316 | (3,117,368) | 631,948 |
| General equipment | 2,241,620 | (1,368,398) | 873,222 | 2,678,008 | (1,277,707) | 1,400,301 |
| Buses | 7,471,563 | (7,338,270) | 133,293 | 7,471,563 | (6,999,874) | 471,689 |
| Total | 180,982,721 | (83,838,534) | 97,144,187 | 179,737,716 | (75,123,657) | 104,614,059 |

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2021

| | Opening balance | Additions | Disposals | Prior period error | Depreciation | Total |
|-----------------------------|--------------------|------------------|------------------|--------------------|---------------------|-------------------|
| Land and buildings | 60,840,059 | - | - | - | (3,255,989) | 57,584,070 |
| - Fun Valley | | | | | | |
| Leasehold property | 4,899,178 | - | - | - | (1,049,824) | 3,849,354 |
| - Alex Hub | | | | | | |
| Leasehold property | 21,815,264 | - | - | - | (3,044,982) | 18,770,282 |
| - SAFA House | | | | | | |
| Land and Buildings | 6,647,021 | - | - | - | (896,228) | 5,750,793 |
| - Artificial Pitch | | | | | | |
| Land and Buildings | 5,250,879 | - | - | - | (265,867) | 4,985,012 |
| - 2x Natural Grass Pitch | | | | | | |
| Land and Buildings | 1,307,717 | 1,602,133 | - | - | - | 2,909,850 |
| - Assets Under Construction | | | | | | |
| Furniture and fittings | 1,016,624 | - | (15,411) | - | (500,772) | 500,441 |
| Motor vehicles | 100,816 | 1,460,598 | - | - | (261,012) | 1,300,402 |
| Office equipment | 232,563 | - | - | - | (93,481) | 139,082 |
| Computer equipment | 631,948 | - | (22,219) | - | (261,343) | 348,386 |
| General equipment | 1,400,301 | 26,420 | (79,727) | - | (473,772) | 873,222 |
| Buses | 471,689 | - | - | (305,073) | (33,323) | 133,293 |
| | 104,614,059 | 3,089,151 | (117,357) | (305,073) | (10,136,593) | 97,144,187 |

Reconciliation of property, plant and equipment - Group - 2020

| | Opening balance | Additions | Disposals | Transfers | Depreciation | Total |
|-----------------------------|--------------------|-------------------|------------------|-------------|---------------------|--------------------|
| Land and buildings | 63,781,598 | 356,097 | - | - | (3,297,636) | 60,840,059 |
| - Fun Valley | | | | | | |
| Leasehold property | 5,949,002 | - | - | - | (1,049,824) | 4,899,178 |
| - Alex Hub | | | | | | |
| Leasehold property | 24,860,399 | - | - | - | (3,045,135) | 21,815,264 |
| - SAFA House | | | | | | |
| Land and Buildings | - | 7,169,820 | - | - | (522,799) | 6,647,021 |
| - Artificial Pitch | | | | | | |
| Land and Buildings | - | - | - | 5,317,346 | (66,467) | 5,250,879 |
| - 2x Natural Grass Pitch | | | | | | |
| Land and Buildings | 2,438,747 | 4,186,316 | - | (5,317,346) | - | 1,307,717 |
| - Assets Under Construction | | | | | | |
| 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 |
| General equipment | 1,537,586 | 416,977 | - | - | (554,262) | 1,400,301 |
| Buses | 471,688 | - | - | - | 1 | 471,689 |
| | 102,679,640 | 12,158,042 | (103,986) | - | (10,119,637) | 104,614,059 |

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Association - 2021

| | Opening balance | Additions | Disposals | Prior period error | Depreciation | Total |
|-----------------------------|--------------------|------------------|------------------|--------------------|---------------------|-------------------|
| Land and buildings | 60,840,059 | - | - | - | (3,255,989) | 57,584,070 |
| - Fun Valley | | | | | | |
| Leasehold property | 4,899,178 | - | - | - | (1,049,824) | 3,849,354 |
| - Alex Hub | | | | | | |
| Leasehold property | 21,815,264 | - | - | - | (3,044,982) | 18,770,282 |
| - SAFA House | | | | | | |
| Land and Buildings | 6,647,021 | - | - | - | (896,228) | 5,750,793 |
| - Artificial Pitch | | | | | | |
| Land and Buildings | 5,250,879 | - | - | - | (265,867) | 4,985,012 |
| - 2x Natural Grass Pitch | | | | | | |
| Land and Buildings | 1,307,717 | 1,602,133 | - | - | - | 2,909,850 |
| - Assets Under Construction | | | | | | |
| Furniture and fittings | 1,016,624 | - | (15,411) | - | (500,772) | 500,441 |
| Motor vehicles | 100,816 | 1,460,598 | - | - | (261,012) | 1,300,402 |
| Office equipment | 232,563 | - | - | - | (93,481) | 139,082 |
| Computer equipment | 631,948 | - | (22,219) | - | (261,343) | 348,386 |
| General equipment | 1,400,301 | 26,420 | (79,727) | - | (473,772) | 873,222 |
| Buses | 471,689 | - | - | (305,073) | (33,323) | 133,293 |
| | 104,614,059 | 3,089,151 | (117,357) | (305,073) | (10,136,593) | 97,144,187 |

Reconciliation of property, plant and equipment - Association - 2020

| | Opening balance | Additions | Disposals | Transfers | Depreciation | Total |
|-----------------------------|--------------------|-------------------|------------------|-------------|---------------------|--------------------|
| Land and buildings | 63,781,598 | 356,097 | - | - | (3,297,636) | 60,840,059 |
| - Fun Valley | | | | | | |
| Leasehold property | 5,949,002 | - | - | - | (1,049,824) | 4,899,178 |
| - Alex Hub | | | | | | |
| Leasehold property | 24,860,399 | - | - | - | (3,045,135) | 21,815,264 |
| - SAFA House | | | | | | |
| Land and Buildings | - | 7,169,820 | - | - | (522,799) | 6,647,021 |
| - Artificial Pitch | | | | | | |
| Land and Buildings | - | - | - | 5,317,346 | (66,467) | 5,250,879 |
| - 2x Natural Grass Pitch | | | | | | |
| Land and Buildings | 2,438,747 | 4,186,316 | - | (5,317,346) | - | 1,307,717 |
| - Assets Under Construction | | | | | | |
| 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 |
| General equipment | 1,537,586 | 416,977 | - | - | (554,262) | 1,400,301 |
| Buses | 471,688 | - | - | - | 1 | 471,689 |
| | 102,679,640 | 12,158,042 | (103,986) | - | (10,119,637) | 104,614,059 |

During the current year, the Group had reassessed the useful life of Buses with a nil book value. Therefore, the adjustment was made to retained earnings and accumulated depreciation. As a consequence, depreciation was understated and related assets have been overstated. The errors have been corrected by restating each of the affected financial statement line items for prior period and accounting for the depreciation in the correct year.

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

10. Property, plant and equipment (continued)

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

Alex Hub has been erected on land that is not owned by the 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 29 February 2020 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 2020 comparative figures presented above are thus not comparable to the 2020 financial statements. Refer to note 22 for more detail.

11. Intangible assets

| Group | 2021 | | | 2020 | | |
|-------------------------|-----------|--------------------------|----------------|-----------|--------------------------|----------------|
| | Cost | Accumulated amortisation | Carrying value | Cost | Accumulated amortisation | Carrying value |
| Bafana Bafana trademark | 5,000,000 | - | 5,000,000 | 5,000,000 | - | 5,000,000 |

| Association | 2021 | | | 2020 | | |
|-------------------------|-----------|--------------------------|----------------|-----------|--------------------------|----------------|
| | Cost | Accumulated amortisation | Carrying value | Cost | Accumulated amortisation | Carrying value |
| Bafana Bafana trademark | 5,000,000 | - | 5,000,000 | 5,000,000 | - | 5,000,000 |

Reconciliation of intangible assets - Group - 2021

| | Opening balance | Total |
|-------------------------|-----------------|-----------|
| Bafana Bafana trademark | 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 - Association - 2021

| | 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 |

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

11. 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.

| Figures in Rand | Group | | Association | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| 12. Trade and other receivables | | | | |
| Financial instruments: | | | | |
| Sponsorships and related income | 16,648,085 | 24,021,604 | 16,648,085 | 24,021,604 |
| Loss allowance | (11,283,325) | (11,599,451) | (11,283,325) | (11,599,451) |
| Trade receivables at amortised cost | 5,364,760 | 12,422,153 | 5,364,760 | 12,422,153 |
| Other receivables | 8,300,299 | 6,660,940 | 8,300,299 | 6,660,940 |
| Non-financial instruments: | | | | |
| VAT | 1,009,229 | 6,251,232 | 1,000,280 | 6,246,671 |
| Prepayments | 583,547 | 705,145 | 583,547 | 705,145 |
| Total trade and other receivables | 15,257,835 | 26,039,470 | 15,248,886 | 26,034,909 |

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

| | | | | |
|---------------------------|-------------------|-------------------|-------------------|-------------------|
| At amortised cost | 13,665,059 | 19,083,093 | 13,665,059 | 19,083,093 |
| Non-financial instruments | 1,592,776 | 6,956,377 | 1,583,827 | 6,951,816 |
| | 15,257,835 | 26,039,470 | 15,248,886 | 26,034,909 |

Ageing of trade receivables

The ageing of trade and other receivables is as follows:

| | | | | |
|-----------------------------|------------------|-------------------|------------------|-------------------|
| Not past due | 747,739 | 3,287,579 | 747,739 | 3,287,579 |
| Past due 30 - 90 days | 330,831 | 178,678 | 330,831 | 178,678 |
| 120+ days | 15,569,515 | 20,555,347 | 15,569,515 | 20,555,347 |
| Allowance for credit losses | (11,283,325) | (11,599,451) | (11,283,325) | (11,599,451) |
| | 5,364,760 | 12,422,153 | 5,364,760 | 12,422,153 |

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.

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

12. Trade and other receivables (continued)

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.

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 | 2021 Estimated gross carrying amount at default | 2021 Loss Allowance (Lifetime expected credit loss) | 2020 Estimated gross carrying amount at default | 2020 Loss Allowance (Lifetime expected credit loss) |
|--|--|--|--|--|
| Expected credit loss rate: | | | | |
| Not past due: 1.13% (2020: 0.30%) | 747,739 | (60,539) | 3,287,579 | (14,117) |
| 30 - 90 days past due: 0.43% (2020: 0.11%) | 330,831 | (23,125) | 178,678 | (47,197) |
| 120 + days past due: 208.76% (2020: 49.44%) | 15,569,515 | (11,199,661) | 20,555,347 | (11,538,137) |
| Total | 16,648,085 | (11,283,325) | 24,021,604 | (11,599,451) |
| Association | 2021 Estimated gross carrying amount at default | 2021 Loss Allowance (Lifetime expected credit loss) | 2020 Estimated gross carrying amount at default | 2020 Loss Allowance (Lifetime expected credit loss) |
| Expected credit loss rate: | | | | |
| Not past due: 1.13% (2020: 0.30%) | 747,739 | (60,539) | 3,287,579 | (14,117) |
| 30 - 90 days past due: 0.43% (2020: 0.11%) | 330,831 | (23,125) | 178,678 | (47,197) |
| 120 + days past due: 208.76% (2020: 49.44%) | 15,569,515 | (11,199,661) | 20,555,347 | (11,538,137) |
| Total | 16,648,085 | (11,283,325) | 24,021,604 | (11,599,451) |

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

| Figures in Rand | Group | | Association | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2021 | 2020 | 2021 | 2020 |
| 12. Trade and other receivables (continued) | | | | |
| Reconciliation of loss allowances | | | | |
| The following table shows the movement in the loss allowance (lifetime expected credit losses) for lease receivables: | | | | |
| Opening balance | (11,599,451) | (9,017,302) | (11,599,451) | (9,017,302) |
| Net movement in allowance for credit losses | 316,216 | (2,582,149) | 316,216 | (2,582,149) |
| Closing balance | (11,283,235) | (11,599,451) | (11,283,235) | (11,599,451) |

13. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | | | |
|---------------|-------------------|-------------------|-------------------|-------------------|
| Bank balances | 18,497,695 | 17,798,432 | 18,173,410 | 17,459,742 |
| Petty cash | 15,319 | 5,467 | 15,319 | 5,467 |
| | 18,513,014 | 17,803,899 | 18,188,729 | 17,465,209 |

14. 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 2021 | Carrying amount 2020 |
|--|-------------------------|----------------------|----------------------|
| 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.

15. Interest-bearing borrowings

| | | | | |
|------------------------------------|------------------|------------------|------------------|------------------|
| Delphisure Group Insurance Brokers | 6,509,399 | 9,113,162 | 6,509,399 | 9,113,162 |
| Non-current liabilities | 3,905,639 | 5,638,231 | 3,905,639 | 5,638,231 |
| Current liabilities | 2,603,760 | 3,474,931 | 2,603,760 | 3,474,931 |
| | 6,509,399 | 9,113,162 | 6,509,399 | 9,113,162 |

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.

South African Football Association

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

| Figures in Rand | Group | | Association | |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| 16. Trade and other payables | | | | |
| Financial instruments: | | | | |
| Trade payables | 31,596,499 | 39,593,209 | 30,280,176 | 38,268,887 |
| Salary payables | 921,758 | 959,556 | 921,758 | 959,556 |
| Accruals | 24,360,736 | 25,246,064 | 24,360,736 | 25,246,064 |
| Other payables | 3,883,772 | 3,835,580 | 3,883,772 | 3,835,580 |
| | 60,762,765 | 69,634,409 | 59,446,442 | 68,310,087 |
| | 60,762,765 | 69,634,409 | 59,446,442 | 68,310,087 |

17. Provisions

Reconciliation of provisions - Group - 2021

| | Opening balance | Additions | Utilised during the year | Total |
|----------------|-------------------|-------------------|--------------------------|-------------------|
| Referees | 2,000,000 | - | - | 2,000,000 |
| Leave Pay | 3,890,980 | 6,289,960 | - | 10,180,940 |
| Honoraria | 5,090,470 | - | (2,997,904) | 2,092,566 |
| National Teams | 9,349,080 | 5,224,764 | (6,145,263) | 8,428,581 |
| Audit fees | 1,155,000 | 867,640 | (1,155,000) | 867,640 |
| | 21,485,530 | 12,382,364 | (10,298,167) | 23,569,727 |

Reconciliation of provisions - Group - 2020

| | 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 |
| | 37,837,660 | 84,835 | (16,436,965) | 21,485,530 |

Reconciliation of provisions - Association - 2021

| | Opening balance | Additions | Utilised during the year | Total |
|----------------|-------------------|-------------------|--------------------------|-------------------|
| Referees | 2,000,000 | - | - | 2,000,000 |
| Leave Pay | 3,890,980 | 6,289,960 | - | 10,180,940 |
| Honoraria | 5,090,470 | - | (2,997,904) | 2,092,566 |
| National Teams | 9,349,080 | 5,224,764 | (6,145,263) | 8,428,581 |
| Audit fees | 1,155,000 | 867,640 | (1,155,000) | 867,640 |
| | 21,485,530 | 12,382,364 | (10,298,167) | 23,569,727 |

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

17. Provisions (continued)

Reconciliation of provisions - Association - 2020

| | 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 |
| | 37,837,660 | 84,835 | (16,436,965) | 21,485,530 |

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.

| Figures in Rand | Group | | Association | |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 |
| 18. Income received in advance | | | | |
| FIFA | 5,154,728 | 5,431,880 | 5,154,728 | 5,431,880 |
| PSL | 833,333 | 833,333 | 833,333 | 833,333 |
| The 2010 FIFA World Cup Legacy Trust | 5,331,151 | 14,876,007 | 5,331,151 | 14,876,007 |
| Motsepe Foundation | 3,904,170 | 5,554,170 | 3,904,170 | 5,554,170 |
| Afrisam | 508 | 998,633 | 508 | 998,633 |
| Aspen Pharmacare | 700,000 | 700,000 | 700,000 | 700,000 |
| SA Breweries | 10,320,000 | - | 10,320,000 | - |
| SABC | 8,463,323 | 12,782,827 | 8,463,323 | 12,782,827 |
| Tiger Brands | 1,333,333 | 1,000,000 | 1,333,333 | 1,000,000 |
| Department of Sports and Recreation | 5,505,646 | 2,847,811 | 5,505,646 | 2,847,811 |
| Hollywood Sportsbook | 2,750,000 | - | 2,750,000 | - |
| BDB | 13,471 | - | 13,471 | - |
| SASCOC | 74,350 | - | 74,350 | - |
| | 44,384,013 | 45,024,661 | 44,384,013 | 45,024,661 |

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

| Figures in Rand | 2021 | Group 2020 | 2021 | Association 2020 |
|--|-------------------|-------------------|-------------------|---------------------|
| 19. Cash generated from operations | | | | |
| Profit/(loss) before taxation | 1,178,729 | 54,373,552 | 1,180,747 | 54,384,724 |
| Adjustments for: | | | | |
| Depreciation and amortisation | 10,136,593 | 10,119,637 | 10,136,593 | 10,119,637 |
| (Gains)/losses on disposals of property, plant and equipment | (24,444) | 103,987 | (24,444) | 103,987 |
| Finance income | (158,018) | (570,029) | (154,030) | (561,523) |
| Finance costs | 1,648,701 | 4,641,957 | 1,648,686 | 4,641,957 |
| Movements in provisions | 2,084,197 | (16,352,130) | 2,084,197 | (16,352,130) |
| Other items | 1 | (1,252) | 1 | (1,250) |
| Prior period error | - | 8,970,102 | - | 8,970,102 |
| Changes in working capital: | | | | |
| Decrease in trade and other receivables | 10,781,635 | 21,051,232 | 10,786,023 | 21,051,231 |
| Decrease in trade and other payables | (8,871,643) | (84,620,064) | (8,863,644) | (84,628,065) |
| (Decrease)/Increase in income received in advance | (640,648) | 14,294,742 | (640,648) | 14,294,742 |
| | 16,135,103 | 12,011,734 | 16,153,481 | 12,023,412 |
| 20. Related parties | | | | |
| Relationships | | | | |
| Related party balances | | | | |
| Loan accounts - Owing (to) by related parties | | | | |
| NEC members in respect of motor vehicles | 4,193,956 | 4,042,777 | 4,193,956 | 4,042,777 |
| Related party transactions | | | | |
| NEC | | | | |
| Honoraria | 3,807,512 | 2,400,388 | 3,807,512 | 2,400,388 |
| Allowances | 982,057 | 1,226,359 | 982,057 | 1,226,359 |
| Key management personnel | | | | |
| Remuneration | 6,317,524 | 7,680,197 | 6,317,524 | 7,680,197 |
| Grants received | | | | |
| The 2010 FIFA World Cup Legacy Trust | 9,756,000 | 42,063,171 | 9,756,000 | 42,063,171 |

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

21. Contingencies

Mr Leslie Sedibe, a former CEO of the Association, 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 R5 million. 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 been finalised.

In 2014, the Association's Congress decided that Schools' Football will now be organised and run by the Association instead of 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. On 11 March 2019, the arbitrator, N.H. Maenetjie SC, ruled in the Association's favour. SASFA advised the Association of its intention to take the arbitration award on review and the Association is waiting for the review date.

Mr Thamsanqa Gay Mokoena, a former Vice President of the Association, is suing the Association for being unlawfully removed from his former position. The matter has not been set down yet for hearing by the High Court.

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

22. Prior period errors

During the current year, the Group had reassessed the useful life of Buses with a nil book value. Therefore, the adjustment was made to retained earnings and accumulated depreciation. As a consequence, depreciation was understated and related assets have been overstated. The errors have been corrected by restating each of the affected financial statement line items for prior period and accounting for the depreciation in the correct year.

The correction of the error results in adjustments as follows:

| Figures in Rand | Group | | Association | |
|--|-----------|------|-------------|------|
| | 2021 | 2020 | 2021 | 2020 |
| Statement of Financial Position | | | | |
| Property, plant and equipment | (305,071) | - | (305,071) | - |
| Retained earnings | 305,071 | - | 305,071 | - |

23. Comparative figures

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 foreign exchange loss was reclassified to other non-operating gains (losses) and has no effect on the previously reported profit or loss, financial position and cash flows of the Group and Association.

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

24. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

| Group - 2021 | | Notes | Amortised cost | Total |
|--|--|-------|-------------------|-------------------|
| Trade and other receivables | | 12 | 13,665,059 | 13,665,059 |
| Cash and cash equivalents | | 13 | 18,513,014 | 18,513,014 |
| | | | 32,178,073 | 32,178,073 |
| Group - 2020 | | | Amortised cost | Total |
| Trade and other receivables | | 12 | 19,083,093 | 19,083,093 |
| Cash and cash equivalents | | 13 | 17,803,899 | 17,803,899 |
| | | | 36,886,992 | 36,886,992 |
| Association - 2021 | | | Amortised cost | Total |
| Trade and other receivables | | 12 | 13,665,059 | 13,665,059 |
| Cash and cash equivalents | | 13 | 18,188,729 | 18,188,729 |
| | | | 31,853,788 | 31,853,788 |
| Association - 2020 | | | Amortised cost | Total |
| Trade and other receivables | | 12 | 19,083,093 | 19,083,093 |
| Cash and cash equivalents | | 13 | 17,465,209 | 17,465,209 |
| | | | 36,548,302 | 36,548,302 |
| Categories of financial liabilities | | | | |
| Group - 2021 | | | Amortised cost | Total |
| Trade and other payables | | 16 | 60,762,765 | 60,762,765 |
| Interest bearing loans | | 15 | 6,509,399 | 6,509,399 |
| | | | 67,272,164 | 67,272,164 |
| Group - 2020 | | | Amortised cost | Total |
| Trade and other payables | | 16 | 69,634,409 | 69,634,409 |
| Interest bearing loans | | 15 | 9,113,162 | 9,113,162 |
| | | | 78,747,571 | 78,747,571 |
| Association - 2021 | | | Amortised cost | Total |
| Trade and other payables | | 16 | 59,446,442 | 59,446,442 |
| Interest bearing loans | | 15 | 6,509,399 | 6,509,399 |
| | | | 65,955,841 | 65,955,841 |
| Association - 2020 | | | Amortised cost | Total |
| Trade and other payables | | 16 | 68,310,087 | 68,310,087 |
| Interest bearing loans | | 15 | 9,113,162 | 9,113,162 |
| | | | 77,423,249 | 77,423,249 |

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

24. Financial instruments and risk management (continued)

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.

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.

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

24. Financial instruments and risk management (continued)

Credit risk (continued)

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

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

| Group | Notes | 2021 | | | 2020 | | |
|-----------------------------|-------|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|
| | | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Trade and other receivables | 12 | 24,948,384 | (11,283,325) | 13,665,059 | 30,682,544 | (11,599,451) | 19,083,093 |
| Cash and cash equivalents | 13 | 18,513,014 | - | 18,513,014 | 17,803,899 | - | 17,803,899 |
| | | 43,461,398 | (11,283,325) | 32,178,073 | 48,486,443 | (11,599,451) | 36,886,992 |

| Association | Notes | 2021 | | | 2020 | | |
|-----------------------------|-------|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------------|
| | | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Trade and other receivables | 12 | 24,948,384 | (11,283,325) | 13,665,059 | 30,682,544 | (11,599,451) | 9,083,093 |
| Cash and cash equivalents | 13 | 18,188,729 | - | 18,188,729 | 17,465,209 | - | 17,465,209 |
| | | 43,137,113 | (11,283,325) | 31,853,788 | 48,147,753 | (11,599,451) | 6,548,302 |

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 - 2021

| | Notes | Less than 1 year | 2 to 5 years | Total |
|--------------------------------|-------|---------------------|--------------------|---------------------|
| Non-current liabilities | | | | |
| Interest bearing borrowings | 15 | - | 3,905,639 | 3,905,639 |
| Current liabilities | | | | |
| Trade and other payables | 16 | 60,762,765 | - | 60,762,765 |
| Interest bearing borrowings | 15 | 2,603,760 | - | 2,603,760 |
| Bank overdraft | 13 | 78 | - | 78 |
| | | (63,366,603) | (3,905,639) | (67,272,242) |

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

24. Financial instruments and risk management (continued)

Group - 2020

| | Notes | Less than 1 year | 2 to 5 years | Total |
|--------------------------------|-------|---------------------|---------------------|---------------------|
| Non-current liabilities | | | | |
| Interest bearing borrowings | 15 | - | 5,638,231 | 5,638,231 |
| Current liabilities | | | | |
| Trade and other payables | 16 | 69,634,409 | 8,384,182 | 78,018,591 |
| Interest bearing borrowings | 15 | 3,474,931 | - | 3,474,931 |
| | | (73,109,340) | (14,022,413) | (87,131,753) |

Association - 2021

| | | Less than 1 year | 2 to 5 years | Total |
|--------------------------------|----|---------------------|--------------------|---------------------|
| Non-current liabilities | | | | |
| Interest bearing borrowings | 15 | - | 3,905,639 | 3,905,639 |
| Current liabilities | | | | |
| Trade and other payables | 16 | 59,446,442 | - | 59,446,442 |
| Interest bearing borrowings | 15 | 2,603,760 | - | 2,603,760 |
| | | (62,050,202) | (3,905,639) | (65,955,841) |

Association - 2020

| | | Less than 1 year | 2 to 5 years | Total |
|--------------------------------|----|---------------------|--------------------|---------------------|
| Non-current liabilities | | | | |
| Interest bearing borrowings | 15 | - | 5,638,231 | 5,638,231 |
| Current liabilities | | | | |
| Trade and other payables | 16 | 68,310,087 | - | 68,310,087 |
| Interest bearing borrowings | 15 | 3,474,931 | - | 3,474,931 |
| | | (71,785,018) | (5,638,231) | (77,423,249) |

25. Going concern

The Group made net profits of R1,178,729 (2020: R54.4 million net profit) during the year ended 30 June 2021. 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, therefore, continues 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

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

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.

The Association's relationship with the public broadcaster, the South African Broadcasting Corporation (the "SABC"), continues to improve. This has resulted in increased mutual benefits for both parties. This relationship has been further strengthened by the regular broadcasting of the Hollywoodbets Super League matches. During the past few years, all African Football Federations have not been receiving the Television rights income from CAF due to a legal battle between CAF and Lagardere Sports Agency. The new CAF leadership is prioritising this matter and an amicable solution is expected soon so that the African Federations can start receiving the TV rights income again. In addition, the Association, like most African Football Federations, signed a mandate with FIFA for the Media rights for the 2022 and 2026 FIFA World Cups™ and we expect to receive significant shares of the TV rights income. The Association has engaged with a major satellite broadcast house and negotiations are ongoing. 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.

During the year under review, the Association concluded major sponsorship deals with Multichoice and Hollywoodbets. Multichoice sponsors the Association's Referees through their brand, Showmax. Hollywoodbets sponsors the SAFA National Women's League which is now known as the Hollywoodbets Super League. The Association continues to negotiate with a number of other 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 also considering secondary sponsors for properties that are already sponsored.

The Royalties programme, in conjunction with Le Coq Sportif, has not started to bear fruits yet due to the banning of spectators at football events because of the Covid-19 pandemic. Once the spectators are back at the stadiums, the Association expects this programme to flourish and it will be based on revenues generated through the sales of replica jerseys and co-branded products. This will be complemented by the merchandise shop that will be constructed at SAFA House and also an online shop.

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. It is expected that FIFA will approve more funding for the next cycle which is from 2023 to 2026.

CAF has increased the annual grant funding to its members from USD 200,000.00 to USD 250,000.00. These grants will continue to be paid by CAF in the near future, thus assuring the Association of future funding.

The Department of Sport, Arts and Culture (the "DSAC") continues to fund the Association. The bulk of its funding is for the SAFA National Women's League. It also funds other football development programmes. The grant funding from the DSAC has been consistent over the last few years.

The National Lotteries Commission (the "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's League. This approach is most welcome as we endeavour to achieve gender parity as enshrined in our Vision 2022.

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

The Association is working on establishing strong partnerships with the different spheres of Government. These are National Government, Provincial Governments and local municipalities. These partnerships must result in our events being hosted by these structures for the mutual benefit of all. This has been done successfully in the past.

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Notes to the Group Financial Statements And Association Financial Statements

25. Going concern (continued)

The Fun Valley business was adversely affected by the Covid-19 pandemic induced Government regulations. Due to the ban on gatherings, the business was strained since March 2020. However, once the restrictions have been lifted we expect the business to return to profitability. Fun Valley will resume to host a number of SAFA events which include accommodating the national teams, hosting coaching courses, administration workshops, tournaments, etc. This, in the past, resulted in significant cost savings for the Association, especially accommodation costs. The National Technical Centre upgrades are still in progress. 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.

The Group continues to vigorously manage its costs by being innovative in the way that it carries out its activities. Fiscal discipline is being practised across the full organisation's spectrum. This is strengthened by, among other tools, operating with an approved budget, enforcement of procurement policies and regular financial reporting. The Group continues to create value within the supply chain by working closely with our suppliers. The Association also concluded the Section 189 restructuring process. The process resulted in a new organogram with few employees and new salary bands. Consequently, the Association's salary bill has been reduced significantly. Some retrenchment packages were paid to the employees who left and these costs were borne in the financial year under review. Therefore, the full benefits of the restructuring exercise will be realised during the financial year ending 30 June 2022.

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

The Association has submitted its application to FIFA for the interest free loans which were made available to all FIFA Member Associations. The loan repayment terms are very generous; therefore, this will greatly improve the Association's liquidity. Currently, a huge amount of cash flows 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 (the "NEC") believes that the Group will achieve its targets which are contained in its Financial Recovery Plan. Despite the prevailing tough economic conditions, the NEC firmly believes that the Group will leverage on the popularity of the sport, football being the most popular sport in the world, to achieve its plans. The NEC is also satisfied that the Group is able to meet its working capital requirements through the normal cyclical nature of its receipts. Further, the NEC continues to intensify its efforts in monitoring the Group's expenditure levels with a view of minimising costs through greater efficiencies. The NEC also continues to focus on maintaining an appropriate level of overheads in line with the Group's available cash resources.

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

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

Impact of Covid-19

The uncertainty of the future impact of the recent Covid-19 outbreak on the Association has been considered as part of the Association's adoption of the going concern basis. Management has however considered the continued effect of the pandemic in the Association's projected results for the 2022 year and will continue to closely monitor costs in a view to minimise expenses and maximise profits. The Association therefore, continues to adopt the going concern basis in preparing its annual financial statements.

26. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

South African Football Association

Group Financial Statements And Association Financial Statements for the year ended 30 June 2021

Detailed Income Statement

| Figures in Rand | Notes | Group 2021 | Group 2020 | Association 2021 | Association 2020 |
|---|-------|----------------------|----------------------|----------------------|----------------------|
| Revenue | | | | | |
| Ticketing revenue | | - | 349,292 | - | 349,292 |
| Grants received | | 19,300,856 | 61,073,240 | 19,300,856 | 61,073,240 |
| Rental income | | 357,699 | 391,956 | 357,699 | 391,956 |
| Host cities' income | | 4,680,000 | 4,152,626 | 4,680,000 | 4,152,626 |
| National Technical Centre - day visitors and use of facilities | | 2,487,068 | 4,234,937 | 2,487,068 | 4,234,937 |
| Sponsorship income | | 167,053,246 | 170,502,493 | 167,053,246 | 170,502,493 |
| | 3 | 193,878,869 | 240,704,544 | 193,878,869 | 240,704,544 |
| Other income | | | | | |
| Bad debts recovered | | 134,271 | - | 134,271 | - |
| Other sundry income | | 3,137,186 | 815,243 | 3,127,986 | 815,243 |
| | 4 | 3,271,457 | 815,243 | 3,262,257 | 815,243 |
| Impairment losses | 5 | (2,085,166) | (5,801,274) | (2,085,166) | (5,801,274) |
| Other operating expenses | | | | | |
| Depreciation | | (10,136,593) | (10,119,636) | (10,136,593) | (10,119,636) |
| Competitions and Leagues costs | | (26,804,983) | (25,998,175) | (26,804,983) | (25,998,175) |
| Governance costs | | (6,450,645) | (10,552,327) | (6,450,645) | (10,552,327) |
| National Technical Centre | | (5,502,246) | (2,955,923) | (5,502,246) | (2,955,923) |
| Other administration costs | | (79,924,927) | (72,534,543) | (79,909,736) | (72,514,865) |
| National Teams costs | | (33,691,423) | (57,080,675) | (33,691,423) | (57,080,675) |
| Football development costs | | (30,550,154) | 2,072,233 | (30,550,154) | 2,072,233 |
| | | (193,060,971) | (177,169,046) | (193,045,780) | (177,149,368) |
| Operating profit | 5 | 2,004,189 | 58,549,467 | 2,010,180 | 58,569,145 |
| Finance income | 6 | 158,018 | 570,029 | 154,030 | 561,523 |
| Finance costs | 7 | (1,648,701) | (3,895,678) | (1,648,686) | (3,895,678) |
| Other non-operating gains (losses) | 8 | 665,223 | (850,266) | 665,223 | (850,266) |
| Profit for the year | | 1,178,729 | 54,373,552 | 1,180,747 | 54,384,724) |

The supplementary information presented does not form part of the Group Financial Statements and Association Financial Statements and is unaudited.

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