South African Football Association

GROUP ANNUAL FINANCIAL STATEMENTS
AND ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

SOUTH AFRICAN
FOOTBALL ASSOCIATION

South African Football Association

Annual Financial Statements
for the year ended 30 June 2013

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South African Football Association

National Executive Committee's responsibility statement

The National Executive Committee is responsible for the preparation and fair presentation of the group annual financial statements and annual financial statements of South African Football Association, comprising the statements of financial position at 30 June 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the National Executive Committee report, in accordance with International Financial Reporting Standards.

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

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

The auditor is responsible for reporting on whether the group annual financial statements and annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the group annual financial statements and annual financial statements

The group annual financial statements and annual financial statements of South African Football Association for the year ended 30 June 2013 set out on pages 6 to 41 were approved by the National Executive Committee on 6 September 2013 and are signed by:

K Nematandani
President

D Mumble
Chief Executive Officer

South African Football Association

National Executive Committee's statement on corporate governance
for the year ended 30 June 2013

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

The Committee is in the process of addressing full compliance with all generally accepted principles embodied in the Code.

Group annual financial statements and annual financial statements

The members of the National Executive Committee are responsible for preparing the group annual financial statements and annual financial statements in a manner which fairly presents the state of affairs and results of the operations of the Association. The financial statements are prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted in the preparation of these group annual financial statements and annual financial statements are set out in note 2 to the annual financial statements.

The auditors' responsibility is to express an opinion on these financial statements based on an audit conducted in accordance with International Standards on Auditing.

Internal controls

The members of the National Executive Committee are responsible for maintaining adequate accounting records and for taking reasonable steps to safeguard the assets of the Association and its subsidiaries to prevent and detect fraud and other irregularities. The internal controls implemented operated effectively throughout the year.

Finance committee

The committee members are appointed by the National Executive Committee.

The committee has met regularly over the past year to discuss accounting, auditing, internal control and other financially related matters. The committee provides an independent forum through which the independent auditors report to the National Executive Committee.

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Docex 472 Johannesburg

Independent auditor's report

To the members of the South African Football Association

We have audited the group annual financial statements and annual financial statements of the South African Football Association, which comprise the statements of financial position at 30 June 2013, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and report of the National Executive Committee, as set out on pages 8 to 41.

National Executive Committee's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of South African Football Association at 30 June 2013, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In accordance with our responsibilities in terms of Sections 44(2) and 44(3) of the auditing Profession Act, we report that we have identified certain unlawful acts committed by persons responsible for the management of the South African Football Association which constitute reportable irregularities in terms of the Auditing Profession Act, and have reported such matters to the Independent Regulatory Board for Auditors. The matter pertaining to the reportable irregularities have been described in the report of the National Executive Committee. At the date of this report the reportable irregularity does not exist.

Our opinion is not qualified in respect of this matter.

KPMG Inc.

Per N Keshav
Chartered Accountant (SA)
Registered Auditor
Director
6 September 2013

South African Football Association

Composition of the National Executive Committee
for the year ended 30 June 2013

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

President
Kirsten NEMATANDANI

Vice Presidents
Irvin KHOZA
Mandla MAZIBUKO
Mwelo NONKONYANA
Danny JORDAAN

Members

Abel RAKOMA
Alpha MCHUNU
Anthony REEVES
Aubrey BAARTMAN
Andile NDENGEZI
David ZULU
Dennis MUMBLE (Chief Executive Officer Appointed 2 January 2013)
Elvis SHISHANA
Eric MTSHATSHA
Fanyana SIBANYONI
Gerald DON
Henry MOSESE
Jan KOOPMAN
Jeremiah MDLALOSE
Kaizer MOTAUNG
Khorommbi NEMAVHOLA
Lefore LEREFOLO
Lucas NHLAPO
Morris TSHABALALA
Mato MADLALA
Mzwandile MAFORVANE
Mzimkhulu NDLELO
Nomsa MAHLANGU
Paseka NKONE
Poobalan GOVINDASAMY
Robin PETERSEN (Chief Executive Officer Resigned 31 December 2012)
Samuel MASITENYANE
Stanley MATTHEWS
Theodore KHUPE
Truman PRINCE
Velaphi KUBEKA
Vincent TSEKA
Xolani MTUMTUM

South African Football Association

Composition of the National Executive Committee
for the year ended 30 June 2013 (continued)

Honorary Presidents
Lesole GADINABOKAO
Molefi OLIPHANT

Honorary Member
Leepile TAUNYANE

The above members, save for the position of the Chief Executive Officer, and where indicated otherwise were elected onto the National Executive Committee on 26 September 2009 and 3 December 2010. In terms of paragraph 13.23 of the Association's constitution, these members will hold office for a period of four years until the election on 28 September 2013.

South African Football Association

Report of the National Executive Committee
for the year ended 30 June 2013

Nature of business

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

Financial results

The Group's results are contained in the attached financial statements. The Group and Association incurred loss of R46.5 million (2012: R56.5 million).

The Group's financial position reflects a total loss of R46.5 million. The Group managed to contain its costs successfully. The Group intensified its cost-saving strategy with some very positive results in a number of areas. Consequently the total costs for the year were below budget. However, the Group did not manage to secure all of the revenue that it was anticipating to. This can largely be attributed to adverse global economic conditions. Most corporates have slashed their sponsorship budgets pending the upturn in the economy. The Group performed well below the revenue budget.

The Group now has an accumulated deficit of R4.2 million. This technical insolvency is primarily a result of Africa Cup of Nations 2013 Local Organising Committee South Africa NPC ("LOC") results that have been consolidated into the Group financial statements. The LOC contributed a loss of R5.9 million in the prior year and another R3.2 million in the current year. Thus the LOC has contributed a total of R9.2 million to the Group's accumulated deficit of R4.2 million. The 2013 Africa Cup of Nations tournament achieved a profit of R3.7 million. However, the African Nations Championship 2014 ("CHAN 2014") tournament which is scheduled to take place in January 2014 and February 2014 has so far incurred expenses amounting to R12.8 million. The income for CHAN 2014 will only be received during the tournament and it is expected that the current loss in CHAN 2014 will be reduced or cleared closer to the tournament.

The Association is confident that its financial turnaround strategy will be successfully achieved. This will eliminate the accumulated deficit and start building the required reserves again.

Going concern

Matters Relating Specifically to the South African Football Association ("the Association")

The Association incurred a net loss of R46.5 million for the year ended 30 June 2013 and, as of that date, the Association's current liabilities exceeded its current assets by R97.4 million. The Association has devised and implemented a financial recovery plan that should return the Association to a solvency position in the next 12 months.

During the year under review, the Association successfully contained its costs in line with the approved budget; however, it experienced difficulties in securing new sponsorships as it had projected. The lack of success in securing new sponsorships could be mainly attributed to the difficult global economic conditions which have resulted in most corporations curtailing their sponsorship budget allocations. In addition, the Association has received various negative media reports which have been counter-productive to its efforts in securing sponsorships. However, the majority of the secured sponsorships from prior years continued in the current year. The Association normally concludes long-term sponsorship contracts that guarantee it revenue for a longer period. These sponsorships are expected to continue in view of the long-term nature and the mutual relationships that are long-standing.

South African Football Association

Report of the National Executive Committee
for the year ended 30 June 2013 (continued)

The Association's financial recovery plan encompasses reducing its costs further to be in line with secured revenue only, maximising efforts to sell all available commercial properties, repackaging some of its commercial properties, activating new sources of revenues and non-commercial fundraising. In line with the restructuring initiative implemented at the beginning of the prior financial year, the Association continues to reduce costs further and improve on its internal controls and financial reporting.

A zero-based budget approach was used and the budget for the forthcoming financial year has been prepared based on secured revenue only. This has resulted in a number of activities being excluded due to limited funding. The Association also embarked on an exercise of analysing closely all of its processes and removing wastages. Tactical budget reductions should result in innovative ways of operations and an increase in efficiencies. Some of these austerity measures are already yielding the expected results of reduced costs. Additional activities will be introduced only when funding has been secured.

There are a number of commercial properties, that is commercial rights to national teams, leagues and referees that are under the control of the Association, for which sponsorships could be secured. A targeted approach has been developed and we expect to be making inroads into the market soon. The markets have had appetite for Bafana Bafana to the exclusion of other properties. The repackaging of the Association's commercial properties is intended to make all the other commercial properties equally attractive.

The Association has strategically decided to diversify its revenue streams thereby making concerted efforts in securing new sources or under-developed sources of revenue. The areas that it is focusing on include broadcast revenue from Pay Television. Whilst significant progress has been made with regards to its partnership with the public broadcaster, there are ample opportunities to maximise benefits from the Pay Television market. The Association is also developing its hospitality, merchandising and licensing programmes. It is also improving its ticketing and branding programmes.

The 2010 FIFA World Cup Legacy Trust ("the Trust") distributes funds for the purpose of promoting the development of football throughout the Republic of South Africa by delivering appropriate, effective and sustainable support within specific target communities. The Association is a major beneficiary of the Trust, therefore a significant portion of its development programmes will thus be funded by the Trust. The life of the Trust is expected to be long, therefore part of the development funding is guaranteed for some time.

The Association's fundraising efforts are being spearheaded by the Development Agency. The funds raised from these programme are mainly going to be utilised in the Association's development programmes. The sources of these funds include the Fédération Internationale de Football Association (FIFA), the Confederation of African Football (CAF), National Lottery Distribution Agency, Government entities, Corporations' Corporate Social Investment programmes and the FIFA World Cup Legacy Trust.

The Association is also continuing with its strategy of disposing of non-productive fixed assets to boost its liquidity and also focus on its core competencies. The two residential properties that it owns are for sale and the prospects are quite good. The Association is also renegotiating the terms of some of its debts in a bid to bring some much needed relief to its cash flows.

Matters Relating to the Africa Cup of Nations 2013 Local Organising Committee South Africa NPC ("LOC")

The company was incorporated to organise and host the two CAF tournaments, namely AFCON 2013 and CHAN 2014. The AFCON 2013 tournament was successfully completed in February 2013 and the results were brought to account in its audited financial statements for the year ended 28 February 2013. The company is currently in

South African Football Association

Report of the National Executive Committee
for the year ended 30 June 2013 (continued)

the process of recovering certain of its receivables and paying its obligations recorded at 28 February 2013. Whilst a substantial portion of the receivables recorded at 28 February 2013 has since been collected, ongoing efforts are being made to recover the remaining receivables. The LOC awaits money from CAF for the share of tournament sponsorships and from host cities to recover expenses incurred on their behalf. The directors are satisfied that the receivables will be sufficient to settle all outstanding obligations.

The National Executive Committee is therefore confident that these measures will result in the Association and its subsidiaries being able to continue as a going concern for the foreseeable future. Accordingly, these financial statements have been prepared on a going concerns basis which presumes that assets will be realised and liabilities settled in the normal course of business and there will be sufficient income to fund development activities and other events for at least twelve months after the date of these financial statements.

Property, plant and equipment

Details of changes in property, plant and equipment are shown in note 6 to the annual financial statements.

The Association received a grant from FIFA for the development of SAFA House during the 2006 financial year. SAFA House has been built on land to which the Association was granted a right to erect improvements. This land belongs to the Department of Public Works. There is an understanding that the land on which SAFA House was built would ultimately be transferred to the Association. At the date of this report this has not happened. The Association is in the process of resolving this matter with the Government but currently there is no indication that the Government will request the Association to vacate the building. In the opinion of the National Executive Committee the matter does not affect the value of, or the Association's rights to SAFA House. The carrying value of SAFA House is R42 million. However, the Association has received a valuation report indicating that the market value for SAFA House was R105 million in 2010. The National Executive Committee estimates that the current market value of SAFA House is approximately R135 million.

Financial asset

Network Healthcare Holdings Limited ("Netcare") established the Healthy Lifestyle Trust as part of its Broad Based Black Economic Empowerment initiative. The Association was allocated 4 million trust units. This investment has been accounted for in terms of International Accounting Standard 39: "Financial Instruments: Recognition and Measurement". Refer to note 7.

The first 20% of the trust units vested in October 2010 and each year thereafter tranches of 20% vest until the full 100% has vested in October 2014. The Association has already disposed of 60% (sixty per cent) of its allocated Netcare shares for cash. Management is assessing its strategy regarding trust units that have vested. Management is also engaging with Netcare in a bid to maximise mutual benefits from this strategic partnership.

Group Annual Financial Statements

The Association has not consolidated the financial statements of the SA Infrastructure Development Foundation, SA Commercial Holdings (Pty) Ltd and the South African Football Development Agency. The reasons for not preparing the consolidated financial statements have been noted below. The National Executive Committee ("NEC") is satisfied that the financial position of the Association is fairly presented without consolidating the above-mentioned entities.

South African Football Association

Report of the National Executive Committee
for the year ended 30 June 2013 (continued)

SA Infrastructure Development Foundation

The Association has a 100% (one hundred per cent) shareholding in the SA Infrastructure Development Foundation. However, there were no financial activities that occurred in the SA Infrastructure Development Foundation during the financial year under review. Therefore, in the opinion of the National Executive Committee, the impact of not consolidating the SA Infrastructure Development Foundation is not material.

SA Commercial Holdings (Pty) Ltd

The SA Commercial Holdings (Pty) Ltd is an entity that was set up by the Association for commercial ventures and sponsorship income. The Association has a 100% (one hundred per cent) shareholding in SA Commercial Holdings (Pty) Ltd and therefore needs to be consolidated. However, there has been no trading activity in this entity.

The South African Football Association Development Agency

The Association has a 100% (one hundred per cent) shareholding in the South African Football Association Development Agency ("the Development Agency"). This entity was formed in the current year to implement and source funding for the Technical Master Plan ("TMP"). The TMP focuses on the development drive of the Association. However, there were no material financial activities that occurred in the Development Agency during the financial year under review. Therefore, in the opinion of the National Executive Committee, the impact of not consolidating the Development Agency is not material.

Africa Cup of Nations 2013 Local Organising Committee South Africa NPC

Nature of activities and consolidation

The Africa Cup of Nations 2013 Local Organising Committee South Africa NPC was established to organise and host the Orange Africa Cup of Nations 2013 tournament in South Africa in 2013 and the African Nations Championship in 2014 ("CHAN"). The Association was granted the rights by the Confederation of African Football ("CAF") to host these tournaments and thereafter ceded these rights to the Africa Cup of Nations 2013 Local Organising Committee South Africa NPC ("the LOC"). The Association is the sole member of this entity and is presumed to have control over the LOC. The government was the major funder. This entity has therefore been consolidated.

Ticket sales

The company had outsourced the sale of tickets for the tournament to a third party service provider. Whilst the service provider was responsible for implementing controls to ensure that tickets sales and other distributions would be properly accounted for, it has subsequently been established that the service provider had not maintained adequate controls in this regard. Consequently certain tickets available for sale or distribution could not be accounted for and as the factual reasons for the unaccounted tickets have not been determined with certainty, investigations in this regard are proceeding. The revenue for these ticket sales has not been brought to account in these financial statements, but a contingent asset for possible recoveries has been noted in note 25 of the annual financial statements.

South African Football Association

Report of the National Executive Committee
for the year ended 30 June 2013 (continued)

Host Cities' recoveries

The LOC entered into agreements with the cities, hereinafter referred to as Host Cities, which hosted matches during the Africa Cup of Nations tournament, where the various obligations of the cities were applied. These agreements gave rights to the LOC that should the obligations not be rendered timely and/or to the required standards, the LOC had a right to appoint service providers to render the services and bill the costs back to the Host Cities. In addition, faced with the issues of PFMA and MFMA, it was agreed between the Hosts Cities and the LOC on 9 November 2012 that on the issue of central procurement, certain items that would have been procured by the LOC on behalf of the Host Cities and claimed back by the LOC, would be delegated back to the Host Cities on a quid pro quo basis and that the LOC would assume certain costs that would have been otherwise carried directly by the Host Cities. This was followed up by further correspondence and meetings with Host Cities quantifying the amounts. Closer to the tournament, Host Cities could not deliver on some of their obligations despite various correspondence to them by the LOC and thus the LOC was left with no choice but to exercise its rights in appointing service providers to deliver on these services. At the end of the tournament the LOC provided the Host Cities with reconciliations and documentary proof, as requested by the Host Cities. Meetings were subsequently held with them to finalise the matter and the final figure that is due and payable to the LOC at 28 February 2013 was R27.1 million.

However, at 28 February 2013, only R18.4 million based on confirmations received, has been accounted for as a receivable. In certifying the amounts due to the LOC to the auditors, the Host Cities took advantage of that process and provided auditors with lesser amounts than agreed. The LOC believes that this amount is fully recoverable and has engaged the chairperson of the Host Cities Forum, Hon. Baloyi, who is the Cooperative Governance and Traditional Affairs Minister, as well as the Deputy Minister of Finance, Hon. Nene, who is also the chairperson of the Finance Sub-Committee of the Board. The matter has also been raised with the Department of Sports and Recreation South Africa Director General Mr Moemi and we will further engage the Sports and Recreation Minister on the matter. At 30 June 2013 the amount receivable is R17.7 million. Subsequently an amount of R2.1 million was received.

Telkom South Africa claim

The Department of Communications ("DOC") engaged Telkom South Africa to provide the Information technology and services on the basis of the government guarantees provided to CAF and AFCON 2013. The DOC then directed AFCON 2013 to provide the necessary specifications and work with Telkom South Africa to ensure that the Information, Technology and Telecommunications services were delivered in terms of the specifications and CAF requirements. Subsequent to that Telkom South Africa presented a bill to the DOC and the Deputy General of the DOC wrote to Telkom South Africa stating that they believe that Telkom South Africa rendered these services to the LOC without a commercial contract and therefore Telkom South Africa must engage the LOC. Telkom South Africa subsequently submitted a claim amounting to R33 million to the LOC which the LOC repudiated as there was no basis for such, no contract existed between the two parties and no services were rendered directly to the LOC. The LOC has escalated the matter back to the DOC and Department of Sports and Recreation of South Africa ("SRSA") and have received communication that the matter is being dealt with between the two Director Generals, i.e. SRSA and DOC. At the date of this report there has been no further correspondence from Telkom South Africa or the Director Generals. In the event that the LOC is liable for certain costs, the directors are of the view that the company would have a counterclaim against the DOC which issued the guarantees or against the Host Cities to whom the services were rendered. The liability in this regard has not been brought to account in these financial statements but a contingent liability has been included in note 25 in the notes to the annual financial statements.

South African Football Association

Report of the National Executive Committee
for the year ended 30 June 2013 (continued)

Taxation matters

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

The Association incurred a loss in the current year and thus no income tax expense has been accrued for the year. The Association also had an assessed loss that was carried from prior years and this was mainly a result of the PBO status. Currently the Association has a computed loss of R232.5 million and all tax returns for the period to 30 June 2012 have been assessed by SARS.

Fringe benefits taxation

There is an amount in respect of fringe benefit taxation for use of Association vehicles by certain members of the National Executive Committee of R1.2 million relating to years prior to 30 June 2012 that was accounted for but not paid over to SARS. This non-payment was due to an administrative mistake as the payments in respect of the financial year ended 30 June 2013 and at the date of this report were paid to SARS.

Addresses

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

Postal address –
PO Box 910
Johannesburg
2000

Subsequent events

No significant events have occurred after 30 June 2013 that will have an impact on the reported financial results.

Auditors

The Association's auditors are KPMG and were appointed in terms of paragraph 9.13 of the Association's constitution on 1 October 2011.

South African Football Association

Statements of comprehensive income

for the year ended 30 June 2013

		Group		Association	
	Note	**2013**	2012	**2013**	2012
Revenue		**R**	R	**R**	R
Ticketing revenue		**46 977 204**	–	**–**	–
Government grants		**102 474 000**	–	**–**	–
Confederation of African Football ("CAF") grants		**54 000 000**	–	**–**	–
Television broadcasting rights		**58 601 469**	–	**–**	–
Other grants		**15 126 512**	–	**–**	–
Sponsorship income		**187 616 793**	235 901 166	**187 616 793**	235 901 166
Rental income		**198 021**	767 965	**198 021**	767 965
2010 FIFA World Cup Legacy Fund – contributions of cash and equipment		**3 427 600**	39 999 997	**3 427 600**	39 999 997
2010 FIFA World Cup LOC – contribution of cash and equipment		**–**	35 782 000	**–**	35 782 000
		468 421 599	312 451 128	**191 242 414**	312 451 128
Expenses					
Direct ticketing cost		**(20 319 702)**	–	**–**	–
Tournament expenses		**(212 843 995)**	–	**–**	–
– gross expenses		**(232 487 273)**	–	**–**	–
– less: recoveries from Host Cities		**19 643 278**	–	**–**	–
National team costs		**(64 211 562)**	(122 749 675)	**(64 211 562)**	(122 749 675)
Gross expenses		**(70 266 306)**	(122 749 675)	**(70 266 306)**	(122 749 675)
Less: value in kind received from Host Cities		**6 054 744**	–	**6 054 744**	–
Competition and leagues costs		**(16 009 687)**	(34 061 456)	**(16 009 687)**	(34 061 456)
Football development costs		**(22 680 828)**	(58 014 068)	**(22 680 828)**	(58 014 068)
Governance costs		**(14 129 249)**	(15 498 558)	**(14 129 249)**	(15 498 558)
Events related expenditure		**–**	(4 740 905)	**–**	(4 740 905)
Other administration costs		**(176 472 392)**	(126 220 402)	**(129 368 335**	(120 167 982)
Loss from operations	*3*	**(58 245 816)**	(48 833 936)	**(55 157 247)**	(42 781 516)
Increase in fair value of financial asset		**6 942 719**	3 464 557	**6 942 719**	3 464 557
Loss on sale of financial asset		**(2 702 390)**	–	**(2 702 390)**	–
Impairment of buses and equipment		**–**	(15 909 259)	**–**	(15 909 259)
Increase in provision for losses in subsidiary		**–**	–	**(3 215 246)**	(5 935 210)
Other income		**6 210 388**	4 760 337	**5 827 259**	4 760 337
Finance costs	*4*	**(2 878 743)**	(3 510 698)	**(2 331 448)**	(3 510 698)
Finance income	*4*	**1 713 327**	479 073	**1 675 838**	361 863
Loss before taxation		**(48 960 515)**	(59 549 926)	**(48 960 515)**	(59 549 926)
Taxation credit	*5*	**2 460 993**	3 077 949	**2 460 993**	3 077 949
Loss for the year		**(46 499 522)**	(56 471 977)	**(46 499 522)**	(56 471 977)
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income		**(46 499 522)**	(56 471 977)	**(46 499 522)**	(56 471 977)

South African Football Association

Statements of financial position

at 30 June 2013

	Note	Group 2013 R	Group 2012 R	Association 2013 R	Association 2012 R
Assets					
Non-current assets					
Property, plant and equipment	*6*	**76 892 719**	100 003 691	**76 892 719**	100 003 691
Financial asset	*7*	**19 350 000**	31 750 000	**19 350 000**	31 750 000
Intangible asset	*8*	**5 000 000**	5 000 000	**5 000 000**	5 000 000
Investment in subsidiaries	*9*			**101**	101
Deferred tax asset	*10*	**–**	3 323 938	**–**	3 323 938
Total non-current assets		**101 242 719**	140 077 629	**101 242 820**	140 077 730
Current assets					
Trade and other receivables	*11*	**61 205 007**	46 625 486	**25 886 419**	54 953 810
Bank balances and cash	*16*	**19 938 050**	16 613 502	**17 990 456**	13 161 222
Taxation prepaid		**–**	3 599 130	**–**	3 599 130
Assets classified as held for sale	*12*	**4 866 070**	17 600 000	**4 866 070**	17 600 000
Total current assets		**86 009 127**	84 438 118	**48 742 945**	89 314 162
Total assets		**187 251 846**	224 515 747	**149 985 765**	229 391 892
Reserves					
(Accumulated deficit)/retained income		**(4 205 535)**	42 293 987	**(4 205 535)**	42 293 987
Liabilities					
Non-current liabilities					
Long-term loans	*13*	**8 073 300**	4 846 009	**8 073 300**	4 846 009
Total non-current liabilities		**8 073 300**	4 846 009	**8 073 300**	4 846 009
Current liabilities					
Trade and other payables	*14*	**117 352 231**	139 952 908	**80 086 150**	144 829 053
Short-term loans	*13*	**23 732 822**	2 231 133	**23 732 822**	2 231 133
Income received in advance	*15*	**42 299 028**	21 491 977	**42 299 028**	21 491 977
Bank overdraft	*16*	**–**	13 699 733	**–**	13 699 733
Total current liabilities		**183 384 081**	177 375 751	**146 118 000**	182 251 896
Total reserves and liabilities		**187 251 846**	224 515 747	**149 985 765**	229 391 892

South African Football Association

Statements of changes in equity
for the year ended 30 June 2013

	Total (accumulated deficit)/ retained income R
Group	
Balance at 30 June 2011	98 765 964
Loss for the year	(56 471 977)
Other comprehensive income	–
Balance at 30 June 2012	**42 293 987**
Loss for the year	**(46 499 522)**
Other comprehensive income	–
Balance at 30 June 2013	**(4 205 535)**
Association	
Balance at 30 June 2011	98 765 964
Loss for the year	(56 471 977)
Other comprehensive income	–
Balance at 30 June 2012	**42 293 987**
Loss for the year	**(46 499 522)**
Other comprehensive income	–
Balance at 30 June 2013	**(4 205 535)**

South African Football Association

Statements of cash flows

for the year ended 30 June 2013

		Group		Association	
	Note	**2013**	**2012**	**2013**	**2012**
		R	**R**	**R**	**R**
Operating activities:					
Cash (utilised in)/ generated from operations	*17*	**(50 194 481)**	764 924	**(49 649 601)**	(2 570 145)
Finance income		**1 713 327**	479 073	**1 675 838**	361 863
Finance costs (excluding foreign exchange losses)		**(3 052 556)**	(3 219 088)	**(2 505 261)**	(3 219 088)
Taxation paid	*18*	**9 384 061**	–	**9 384 061**	–
Net cash utilised in operating activities		**(42 599 649)**	(1 975 091)	**(41 094 963)**	(5 427 370)
Investing activities:					
Acquisition of interest in subsidiaries		**–**	–	**–**	(1)
Additions to property, plant and equipment	*19*	**(292 809)**	(23 632 405)	**(292 809)**	(23 632 405)
Proceeds from disposal of property, plant and equipment and non-current assets held for sale	*20*	**18 547 430**	51 082	**18 547 430**	51 082
Proceeds from disposal of financial asset		**16 640 329**	–	**16 640 329**	–
Net cash generated by/ (used in) investing activities		**34 894 950**	(23 581 323)	**34 894 950**	(23 581 324)
Financing activities:					
Increase/(decrease) in long-term liabilities		**3 227 291**	(2 217 628)	**3 227 291**	(2 217 628)
Increase in current portion of long-term liabilities		**21 501 689**	193 679	**21 501 689**	193 679
Net inflow/(outflow) from financing activities		**24 728 980**	(2 023 949)	**24 728 980**	(2 023 949)
Net increase/(decrease) in cash and cash equivalents		**17 024 281**	(27 580 363)	**18 528 967**	(31 032 643)
Cash and cash equivalents at beginning of the year		**2 913 769**	30 494 132	**(538 511)**	30 494 132
Cash and cash equivalents at end of the year	*16*	**19 938 050**	2 913 769	**17 990 456**	(538 511)

South African Football Association

Notes to the financial statements
for the year ended 30 June 2013

1. Reporting entity

The South African Football Association ("Association") is domiciled in South Africa. The Association and Group annual financial statements for the year ended 30 June 2013 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 to promote, advance, administer, co-ordinate and generally encourage the game of football in South Africa.

1.2 Basis of preparation

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

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

2. Summary of significant accounting policies

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

2.1 Property, plant and equipment

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

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

Buses	20%
Computer equipment	33,3%
Furniture and fittings	16,7%
General equipment	20%
Leasehold properties - SAFA House	5%
Motor vehicles	20%
Office equipment	20%

Land and buildings are stated at historical cost less accumulated depreciation and impairment losses. Costs include expenditure that is directly attributable to the cost of the asset. Depreciation is charged so as to write-off the cost of property, plant and equipment over their expected useful life using the straight-line basis. Land is not depreciated. The expected useful lives, residual values and depreciation methods are reviewed at each reporting date.

Notes to the financial statements
for the year ended 30 June 2013 (continued)

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

2.1 Property, plant and equipment *(continued)*

Subsequent expenditure is recognised at cost in the carrying amount of property, plant and equipment if it is probable that future economic benefits embodied in the item will flow to the Association and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense.

Leasehold improvements are capitalised and written-off at 5% per annum. The expected useful lives, residual values and depreciation method are reviewed at each reporting date. The effect of any changes in estimate is accounted for on a prospective basis.

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

2.2 Intangible asset

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

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

2.3 Basis of consolidation

Investment in subsidiaries

Subsidiaries are entities controlled by the Association. Control exists when the Association has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Transactions eliminated on consolidation

Intra group balances and any unrealised gains and losses or income and expenses arising from intra group transactions, are eliminated in preparing the consolidated financial statements.

South African Football Association

Notes to the financial statements

for the year ended 30 June 2013 (continued)

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

2.4 Non-current assets held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale if they are to be disposed of within the next twelve months. Immediately before classification as held for sale, the assets are remeasured in accordance with the Association's accounting policies. Thereafter the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

2.5 Impairment

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

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

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

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

2.6 Income received in advance

Funds received from sponsors and other contract suppliers, which do not meet the recognition of revenue associated with contracts, are deferred and recorded as "income received in advance".

2.7 Provisions

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

Notes to the financial statements
for the year ended 30 June 2013 (continued)

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

2.8 Financial instruments

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

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

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

Trade and other payables
Trade and other payables are measured at amortised cost.

Financial liabilities and equity
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Borrowings
Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, deposits held on call with banks and bank overdrafts. Bank overdrafts that are repayable on demand and form part of an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2.9 Foreign exchange

Transactions in currencies other than the Group's functional currency (Rands) are initially recorded at the rates of exchange ruling on the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at rates at reporting date.

South African Football Association

Notes to the financial statements
for the year ended 30 June 2013 (continued)

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

Foreign exchange *(continued)*

Exchange rate differences arising from the settlement of monetary items or on reporting the Group's monetary items at rates different from those at which they are initially recorded are recognised as profit or loss in the period in which they arise.

2.10 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue comprises sponsorship revenue from various sponsors, sale of television broadcasting rights, ticket sales, income from the Confederation of African Football ("CAF"), royalties, gate revenue from competitions, club affiliation fees, advertising fees, government and other grants and the cash equivalent value of non-cash items supplied to the Group.

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

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

Revenue received from the Confederation of African Football ("CAF") in respect of the national teams qualification in terms of CAF tournament is recognised in profit or loss once the event has occurred and the group is entitled to such revenue.

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

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

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

Revenue from television broadcasting rights are recognised when the relevant event is broadcast to the public and there is reasonable assurance that the Group will comply with the conditions attached to the broadcasting rights.

Revenue from CAF for share of sponsorship income is recognised in profit or loss when the Group is entitled to such revenue and there is reasonable assurance that the entity comply with the conditions attached to the share of income.

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

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

Notes to the financial statements
for the year ended 30 June 2013 (continued)

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

2.11 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at the lower fair value and the present value of minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total minimum lease payments and the present value of the minimum lease payments, are recognised in profit or loss over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each reporting period.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

2.12 Finance income and expenses

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is probable that such income will accrue to the Group.

2.13 Taxation

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

Current tax

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

Deferred tax

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

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

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

South African Football Association

Notes to the financial statements
for the year ended 30 June 2013 (continued)

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

2.13 Taxation *(continued)*

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

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

Current and deferred tax for the period

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

2.14 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 period when the employees have rendered service entitling them to the contributions.

2.15 Significant accounting judgements and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Notes to the financial statements
for the year ended 30 June 2013 (continued)

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

2.15 Significant accounting judgements and estimates *(continued)*

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the notes.

Assets' lives and residual values
Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Impairment of assets
Property, plant and equipment are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and specific usage requirements.

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

The valuation has been performed by independent valuators based on the Monte Carlo method of simulation. The simulation method is dependant on a number of variables including share price volatility, interest rates and dividends.

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

Revenue recognition
Refer revenue recognition note under accounting policies.

Host Cities' receivables
Refer to note 11 in notes to the financial statements.

South African Football Association

Notes to the financial statements

for the year ended 30 June 2013 (continued)

	Group		Association	
	2013	2012	**2013**	2012
	R	R	**R**	R
3. Loss from operations				
This is arrived at after taking the following items into account:				
Auditors' remuneration:	**1 448 908**	670 000	**795 750**	670 000
Compensation of key management personnel – short term and termination benefits	**7 850 725**	6 589 167	**7 850 725**	6 589 167
National Executive Committee	**7 915 234**	9 977 502	**7 915 234**	9 977 502
– Honoraria	**4 620 000**	5 121 375	**4 620 000**	5 121 375
– Allowances	**3 295 234**	4 856 127	**3 295 234**	4 856 127
Consulting fees	**18 977 595**	10 147 967	**9 278 174**	10 147 967
Depreciation	**17 528 239**	24 792 669	**17 528 239**	24 792 669
– Buildings	**325 864**	395 459	**325 864**	395 459
– Furniture and fittings	**333 557**	334 058	**333 557**	334 058
– Leasehold property – SAFA House	**3 030 779**	3 030 779	**3 030 779**	3 030 779
– Motor vehicles	**5 294 308**	5 123 246	**5 294 308**	5 123 246
– Office equipment	**55 625**	58 516	**55 625**	58 516
– Computer equipment	**1 336 788**	1 600 867	**1 336 788**	1 600 867
– General equipment	**262 543**	261 398	**262 543**	261 398
– Buses	**6 888 775**	13 988 346	**6 888 775**	13 988 346
Loss/(profit) on disposal of property, plant and equipment	**62 042**	(23 825)	**62 042**	(23 825)
Retirement benefit costs	**5 351 742**	6 683 716	**5 351 742**	6 683 716
Other payroll costs	**87 257 671**	78 799 005	**46 142 013**	78 799 005

Notes to the financial statements
for the year ended 30 June 2013 (continued)

		Group		Association	
		2013	2012	**2013**	2012
		R	R	**R**	R
4.	**Finance (costs)/income**				
	Finance costs				
	Interest paid – bank and finance charges	**(1 511 290)**	(986 109)	**(963 995)**	(986 109)
	Interest on SARS liabilities	**(810 552)**	–	**(810 552)**	–
	Interest paid – suppliers	**(348 522)**	(2 232 979)	**(348 522)**	(2 232 979)
	Foreign exchange profit /(losses)	**173 813**	(291 610)	**173 813**	(291 610)
	Interest paid – 2010 FIFA World Cup Legacy Trust	**(382 192)**		**(382 192)**	
		(2 878 743)	(3 510 698)	**(2 331 448)**	(3 510 698)
	Finance income				
	Interest received – bank	**317 998**	479 073	**280 509**	361 863
	Interest received – FIFA grants	**1 395 329**	–	**1 395 329**	–
		1 713 327	479 073	**1 675 838**	361 863
5.	**Taxation credit**				
	Current year				
	SA normal taxation				
	– current taxation	**–**	–	**–**	–
	– prior year tax refunds	**5 784 931**	6 335 429	**5 784 931**	6 335 429
	Deferred taxation	**(3 323 938)**	(3 257 480)	**(3 323 938)**	(3 257 480)
		2 460 993	3 077 949	**2 460 993**	3 077 949

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") effective from 1 July 2009. This means that annual receipts and accruals in relation to the principle business of development of amateur football will therefore be subject to section 10(1)(cN) of the Act and receipts and accruals, from trading or business activities which fall outside the parameters of section 10(1)(cN) will be subject to tax.

No provision has been made for 2013 taxation as the Group is in an assessed loss position estimated at R232.5 million (2012: R256.8 million). A deferred tax asset in respect of computed tax losses of tax losses has not been recognised as it is not probable that future taxable profit will be available against which the Group could utilise this asset.

The Africa Cup of Nations 2013 Local Organising Committee South Africa NPC has also been approved by SARS as a public benefit organisation ("PBO") in terms of Section 30 of the Income Tax Act and the receipts and accruals with therefore not be subject to section 10(1)(cN) of the Act.

South African Football Association

Notes to the financial statements
for the year ended 30 June 2013 (continued)

6. Property, plant and equipment
Group and Association

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

Land and buildings comprises Erf 135 Hyde Park, extension 5, Sandton and improvements thereon and 209 The Raphael, Sandton extension 49 and are encumbered as disclosed in note 13 to the annual financial statements. As stated in the National Executive Committee's report, SAFA House has been erected on land that is not owned by the Association and therefore disclosed as leasehold property. In the opinion of the National Executive Committee, the market value of SAFA House is significantly higher than the carrying value. Motor vehicles are encumbered as disclosed in note 13 to the annual financial statements.

South African Football Association

Notes to the financial statements
for the year ended 30 June 2013

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

2012	Land and buildings R	Leasehold property - SAFA House R	Furniture and fittings R	Motor vehicles R	Office equipment R	Computer equipment R	General equipment R	Buses R	Total R
Cost									
At 1 July 2011	7 909 199	60 615 571	2 149 791	17 854 878	431 989	7 937 802	1 429 209	63 420 076	161 748 515
Additions	–	–	1 098	9 282 000	43 123	302 153	180 972	22 748 159	32 557 505
Assets transferred to assets classified as held for sale	–	–	–	–	–	–	–	(36 655 630)	(36 655 630)
Disposals	–	–	–	–	–	(78 675)	–	(13 329 320)	(13 407 995)
At 30 June 2012	7 909 199	60 615 571	2 150 889	27 136 878	475 112	8 161 280	1 610 181	36 183 285	144 242 395
Accumulated depreciation and impairment									
At 1 July 2011	2 321 806	11 762 866	585 441	2 762 657	251 195	4 631 380	619 520	11 837 307	34 772 172
Depreciation	395 459	3 030 779	334 058	5 123 246	58 516	1 600 867	261 398	13 988 346	24 792 669
Impairment	–	–	–	–	–	–	–	6 226 259	6 226 259
Assets transferred to assets classified as held for sale	–	–	–	–	–	–	–	(19 055 630)	(19 055 630)
Disposals	–	–	–	–	–	(53 057)	–	(2 443 709)	(2 496 766)
At 30 June 2012	2 717 265	14 793 645	919 499	7 885 903	309 711	6 179 190	880 918	10 552 573	44 238 704
Carrying value									
At 1 July 2011	5 587 399	50 434 545	1 564 350	15 092 221	180 794	3 306 422	809 689	51 582 769	126 976 343
At 30 June 2012	5 191 934	45 821 926	1 231 390	19 250 975	165 401	1 982 090	729 263	25 630 712	100 003 691

Land and buildings comprises Erf 135 Hyde Park, extension 5, Sandton and improvements thereon and 209 The Raphael, Sandton extension 49 and are encumbered as disclosed in note 13 to the annual financial statements. As stated in the National Executive Committee's report, SAFA House has been erected on land that is not owned by the Association and therefore disclosed as leasehold property. In the opinion of the National Executive Committee, the market value of SAFA House is significantly higher than the carrying value. Motor vehicles are encumbered as disclosed in note 13 to the annual financial statements.

South African Football Association

Notes to the financial statements
for the year ended 30 June 2013 (continued)

	Group		Association	
	2013	2012	**2013**	2012
	R	R	**R**	R
7. Financial asset				
Fair value at beginning of the year	**31 750 000**	28 285 443	**31 750 000**	28 285 443
Sale of trust units and shares	**(19 342 719)**	–	**(19 342 719)**	–
Increase in fair value during the year	**6 942 719**	3 464 557	**6 942 719**	3 464 557
Fair value at end of the year	**19 350 000**	31 750 000	**19 350 000**	31 750 000

Network Healthcare Holdings Limited ("Netcare") established the Healthy Lifestyle Trust as part of its Broad Based Black Economic Empowerment initiative. SAFA is a beneficiary of the Trust and was allocated 4 million trust units linked to a corresponding number of Netcare shares. During the current financial year SAFA disposed of 2.4 million trust units. At year end, SAFA had 1.6 million trust units on hand. A valuation has been performedon the remaining 1.6 million trust units by independent valuators based on the Monte Carlo simulation method at reporting date. The vesting of these trust units is subject to certain qualifying criteria and the Association and Trustees are satisfied that the trust units will vest on due dates.

8. Intangible asset				
Bafana Bafana trademark	**5 000 000**	5 000 000	**5 000 000**	5 000 000

The trademark was acquired in 2011 and the Association has sole rights and exclusive usage. The trademark is considered to have an indefinite useful life as it is associated with the senior men's national football team. There is also no intention to change the name. 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.

9. Investment in subsidiaries

			Association	
			2013	2012
At cost			**R**	R
Name of subsidiary	**Issued share capital R**	**Proportion of ownership %**		
SA Football Commercial Holdings Proprietary Limited*	**1**	**100**	**1**	1
SAFA Infrastructure Development Foundation#	**–**	**100**	**–**	–
SA Football Proprietary Limited*	**100**	**100**	**100**	100
Africa Cup of Nations 2013 Local Organising Committee South Africa NPC^	**–**	**100**	**–**	–
The SAFA Development Agency#	**–**	**100**	**–**	–
			101	101
National Executive Committee valuation			**101**	101

* Dormant, # No major financial transactions, ^ consolidated

South African Football Association

Notes to the financial statements

for the year ended 30 June 2013 (continued)

		Group		Association	
		2013	2012	**2013**	2012
		R	R	**R**	R
10.	**Deferred tax asset**				
	Balance at beginning of the year	**3 323 938**	6 581 418	**3 323 938**	6 581 418
	Charge to statement of comprehensive income	**(3 323 938)**	(3 257 480)	**(3 323 938)**	(3 257 480)
	Balance at end of the year	**–**	3 323 938	**–**	3 323 938
	Comprising:				
	Financial asset	**–**	(4 445 000)	**–**	(4 445 000)
	Other	**–**	1 661 185	**–**	1 661 185
	Income received in advance and deferred revenue	**–**	6 107 753	**–**	6 017 753
		–	3 323 938	**–**	3 323 938
11.	**Trade and other receivables**				
	Sponsorships and related income	**4 766 642**	38 088 904	**4 766 462**	38 088 904
	Confederation of African Football ("CAF")	**20 799 993**	–	**–**	–
	Host Cities	**17 751 727**	–	**–**	–
	Value added taxation	**4 491 670**	–	**–**	–
	Other receivables	**13 394 975**	8 535 582	**13 017 929**	8 300 634
	African Cup of Nations 2013 LOC South Africa NPC	**–**	–	**8 102 028**	8 564 272
		61 205 007	46 625 486	**25 886 419**	54 953 810

Trade and other receivables are shown net of a provision for doubtful debts of R18 551 584 (2012 – R2 791 537).

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

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

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

With regard to the receivables including the Africa Cup of Nations 2013 LOC South Africa NPC, receivables to the value of R3.8 million have been provided for and the directors believe that the amounts from the Host Cities and CAF are fully recoverable. With regard to Host City receivables, the directors of the subsidiary have engaged the chairperson of the Host Cities Forum as well as the Deputy Minister of Finance, Hon Nene, who is also the chairperson of the Finance Sub-Committee of the Board. The matter has also been raised with SRSA DG Mr Moemi and the directors will further engage the SRSA Minister on the matter.

South African Football Association

Notes to the financial statements
for the year ended 30 June 2013 (continued)

	Group		Association	
	2013	2012	**2013**	2012
	R	R	**R**	R
11. Trade and other receivables *(continued)*				
Not past due	**4 395 834**	26 682 861	**4 395 834**	26 682 861
Past due 30 – 90 days	**370 628**	11 406 043	**370 628**	11 406 043
120 + days (CAF and Host Cities)	**38 551 720**	–	**–**	–
	43 318 182	38 088 904	**4 766 462**	38 088 904
Movement in the provision for impairment:				
Balance at beginning of the year	**2 791 537**	2 142 650	**2 791 537**	2 142 650
Net movement in provision for impairment	**15 760 047**	648 887	**11 922 155**	648 887
	18 551 584	2 791 537	**14 713 692**	2 791 537

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

12. Assets classified as held for sale

In the current year this relates to property comprising of Efr 135 Hyde Park, extension 5 Sandton and Erf 209 The Raphael, extension 49 Sandton.

The prior year's amount relates to buses that were donated by the 2010 FIFA World Cup Organising Committee SA and these buses have now been sold.

13. Long-term loans

	Group 2013 R	Group 2012 R	Association 2013 R	Association 2012 R
Instalment sale agreements	**1 094 350**	2 733 178	**1 094 350**	2 733 178
Less: current portion included under current liabilities	**(1 094 350)**	(1 638 276)	**(1 094 350)**	(1 638 276)
	–	1 094 902	**–**	1 094 902
Mortgage bond – Standard Bank and Rand Merchant Bank	**3 738 760**	4 343 964	**3 738 760**	43 243 964
Less: current portion included under current liabilities	**(3 738 760)**	(592 857)	**(3 738 760)**	(592 857)
	–	3 751 107	**–**	3 751 107

Notes to the financial statements
for the year ended 30 June 2013 (continued)

		Group		Association	
		2013 R	**2012 R**	**2013 R**	**2012 R**
13.	**Long-term loans** *(continued)*				
	Tuks Sport (Pty) Ltd	**11 973 012**	–	**11 973 012**	–
	Less: current portion included under current liabilities	**(3 899 712)**	–	**(3 899 712)**	–
		8 073 300	–	**8 073 300**	–
	The 2010 FIFA World Cup Legacy Trust	**15 000 000**	–	**15 000 000**	–
	Long-term portion of long-term loans	**8 073 300**	4 846 009	**8 073 300**	4 846 009
	Current portion of long-term loans	**23 732 822**	2 231 133	**23 732 822**	2 231 133

The instalment sale agreements are secured over motor vehicles detailed in note 6, with a carrying value of R1 079 241 (2012 – R2 354 494). The monthly instalments per agreement total R141 144 (2012 – R152 566) per annum. Interest is payable at an average rate of 8.25% (2012 – 9%) per annum.

The mortgage bond loans are secured by mortgage bonds registered against Erf 135 Hyde Park, extension 5, Sandton and improvements thereon and 209 The Raphael, Sandown extension, 49 Township. Interest is charged at an average rate of 6.3.% (2012 – 6.8%) per annum and the loans are repayable in total monthly instalments of R72 566 (2012 – R72 566) per annum.

The Tuk Sport (Pty) Ltd. loan is unsecured, bearing interest at 8.25% per annum, and is payable in monthly instalments of R397 813 over a period of three years.

The 2010 FIFA World Cup Legacy Trust loan is unsecured, bearing interest at 6% per annum, and is payable in full on 30 September 2013.

Minimum payments	*Within 1 year R*	*2 – 5 years R*	*5 years and over R*	*Total R*
2013 Total loans	**23 732 822**	**8 073 300**	**–**	**31 806 122**
2012 Total loans	2 231 133	4 182 229	663 780	7 077 142

South African Football Association

Notes to the financial statements
for the year ended 30 June 2013 (continued)

	Group		Association	
	2013	2012	**2013**	2012
	R	R	**R**	R
14. Trade and other payables				
Trade payables	**100 530 690**	113 700 134	**54 984 512**	113 700 134
Provision for losses in subsidiary	**–**	–	**9 150 456**	5 935 210
Sundry payables	**308 778**	4 759 567	**308 778**	3 700 502
Value Added Taxation	**1 227 083**	4 364 270	**1 227 083**	4 364 270
Salary-related payables	**15 285 680**	17 128 937	**14 415 321**	17 128 937
	111 352 231	139 952 908	**80 086 150**	144 829 053

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

15. Income received in advance				
Premier Soccer League	**–**	6 999 996	**–**	6 999 996
Sasol Oil (Proprietary) Limited	**–**	1 158 669	**–**	1 158 669
South African Breweries Limited	**7 059 997**	6 666 664	**7 059 997**	6 666 664
South African Broadcasting Corporation Limited	**14 666 658**	6 666 667	**14 666 658**	6 666 667
SuperSport International (Pty) Ltd	**4 000 000**	–	**4 000 000**	–
The 2010 FIFA World Cup Legacy Trust	**16 572 373**	–	**16 572 373**	–
	42 299 028	21 491 996	**42 299 028**	21 491 996
16. Cash and cash equivalents at end of the year				
Bank and cash balances	**19 938 050**	16 613 502	**17 990 456**	13 161 222
Bank overdraft	**–**	(13 699 733)	**–**	(13 699 733)
	19 938 050	2 913 769	**17 990 456**	(538 511)
17. Cash utilised in operations				
Loss before taxation	**(48 960 515)**	(59 549 926)	**(48 960 515)**	(59 549 926)
Adjustments for:				
Depreciation for property, plant and equipment	**17 528 239**	24 792 669	**17 528 239**	24 792 669
Donations of property, plant and equipment	**–**	10 883 972	**–**	10 883 972
Impairments of property, plant and equipment	**–**	15 909 259	**–**	15 909 259

South African Football Association

Notes to the financial statements
for the year ended 30 June 2013 (continued)

	Group		Association	
	2013	2012	**2013**	2012
	R	R	**R**	R
17. Cash utilised in operations *(continued)*				
Increase in provision of losses in subsidiary	**–**	–	**3 215 246**	5 935 210
Loss/(profit) on disposal of property, plant and equipment	**62 042**	(23 825)	**62 042**	(23 825)
Property, plant and equipment received as donations (note 19)	**–**	(8 925 000)	**–**	(8 925 000)
Loss on disposal of financial asset	**2 702 390**	–	**2 702 390**	–
Finance income	**(1 713 327)**	(479 073)	**(1 675 838)**	(361 863)
Finance costs (excluding foreign exchange losses)	**3 502 556**	3 219 088	**2 505 261**	3 219 088
Increase in fair value of derivative financial asset	**(6 942 719)**	(3 464 557)	**(6 942 719)**	(3 464 557)
Operating loss before working capital changes	**(33 821 334)**	(17 637 393)	**(31 565 894)**	(11 584 973)
Adjustments for working capital changes:				
(Increase)/decrease in trade and other receivables	**(14 579 521)**	(598 263)	**29 067 391**	(8 926 587)
(Decrease)/increase in trade and other payables	**(22 600 677)**	32 572 736	**(67 958 149)**	31 513 571
Increase/(decrease) income received in advance	**20 807 051**	(13 572 156)	**20 807 051**	(13 572 156)
	(50 194 481)	764 924	**(49 649 601)**	(2 570 145)
18. Taxation (refunded)/paid				
Amount receivable at beginning of the year	**(3 599 130)**	2 736 299	**(3 599 130)**	2 736 299
Credit to the statement of comprehensive income (excluding deferred taxation)	**(5 784 931)**	(6 335 429)	**(5 784 931)**	(6 335 429)
Amount receivable at end of the year	**–**	3 599 130	**–**	3 599 130
	(9 384 061)	–	**(9 384 061)**	–

South African Football Association

Notes to the financial statements
for the year ended 30 June 2013 (continued)

	Group		Association	
	2013	2012	**2013**	2012
	R	R	**R**	R
19. Additions to property, plant and equipment				
Buses	**–**	22 748 159	**–**	22 748 159
Furniture and fittings	**–**	1 098	**–**	1 098
Office equipment	**–**	43 123	**–**	43 123
Computer equipment	**102 898**	302 153	**102 898**	302 153
General equipment	**14 911**	180 872	**14 911**	180 872
Land and buildings	**–**	–	**–**	–
Motor vehicles	**175 000**	9 282 000	**175 000**	9 282 000
Less: Property, plant and equipment received as donations	**–**	(8 925 000)	**–**	(8 925 000)
	292 809	23 632 405	**292 809**	23 632 405
20. Proceeds on disposal of property, plant and equipment and non-current assets held for sale				
Carrying value of property, plant and equipment and non-current assets held for sale disposed	**18 609 472**	27 257	**18 609 472**	27 257
(Loss)/profit on disposal of property, plant and equipment and non-current assets held for sale	**(62 042)**	23 825	**(62 042)**	23 825
Proceeds on disposal of property, plant and equipment and non-current assets held for sale	**18 547 430**	51 082	**18 547 430**	51 082

21. Related parties

21.1 Related party balances

During the year the Association, in the ordinary course of business, entered into the following related party transactions. These transactions were no less favourable than those arranged with third parties.

National Executive Committee – Honoraria payable	**4 620 000**	4 504 500	**4 620 000**	4 504 500
Africa Cup of Nations 2013 LOC South Africa NPC	**–**	–	**8 102 028**	8 564 272

Notes to the financial statements
for the year ended 30 June 2013 (continued)

	Group 2013 R	Group 2012 R	Association 2013 R	Association 2012 R
21. Related parties *(continued)*				
21.2 Related party transactions				
National Executive Committee	**7 915 234**	9 977 502	**7 915 234**	9 977 502
– Honoraria	**4 620 000**	5 121 375	**4 620 000**	5 121 375
– Allowances	**3 295 234**	4 856 127	**3 295 234**	4 856 127
Directors and prescribed officers' remuneration	**7 850 725**	6 589 167	**7 850 725**	6 589 167

Related party transactions are defined as transactions with members of the National Executive Committee, sub-committees and affiliated Associations over which there is significant influence or control.

22. Post retirement benefits

The pension scheme has been registered in terms of the Pension Fund Act 24 of 1956. The scheme is a defined contribution plan. The South African Football Association makes monthly contributions to the scheme at a rate of 15% of members' salaries as defined in the rules of the scheme. The Association has no liability to the pension scheme as at 30 June 2013.

23. Commitments

Operating leases

	Group 2013 R	Group 2012 R	Association 2013 R	Association 2012 R
Operating lease charges	–	186 000	–	186 000
– payable within one year	–	126 000	–	126 000
– payable thereafter	–	60 000	–	60 000

24. Financial instruments

Overview

The Group has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The National Executive Committee has overall responsibility for the establishment and oversight of the Group's risk management framework.

South African Football Association

Notes to the financial statements
for the year ended 30 June 2013 (continued)

24. Financial instruments *(continued)*

Credit risk

Credit risk is the risk of financial loss to the Group if a sponsor, donor or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables.

Trade and other receivables

The Group on an ongoing basis seeks sponsors based on their public profile. Final agreements are entered into which set out the deliverables and conditions of the sponsorship.

Funding for the tournaments are obtained from the Confederation of African Football, Government and other sponsorships. Formal agreements are entered into which set out the terms and conditions of the funding.

The Group establishes an allowance for impairment for possible losses in respect of receivables.

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

The Group establishes an allowance for impairment for possible losses in respect of trade and other receivables.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial and other obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Association' s reputation.

In the case of cash flow difficulties, the Group's creditors are notified of the situation and remedial action put in place.

The Group however ensures that it has sufficient current assets which will realise in future to meet financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

2013	Carrying amount R	Contractual cash flows R	12 months or less R	1 to 5 years R	More than 5 years R
Trade and other payables	**117 352 231**	**117 352 231**	**117 352 231**	–	–

South African Football Association

Notes to the financial statements
for the year ended 30 June 2013 (continued)

24. Financial instruments *(continued)*

Loans and borrowings

This note provides information about the contractual terms of the Group's loans and borrowings, which are measured at amortised cost.

	Group		Association	
	2013 R	2012 R	**2013 R**	2012 R
Long-term loans	**8 073 300**	7 077 142	**8 073 300**	7 077 142
Short-term loans	**23 732 822**	2 231 133	**23 732 822**	2 231 133
	31 806 122	7 077 142	**31 806 122**	7 077 142

Terms and debt repayment schedule

Group and Association

The terms and conditions of outstanding loans were as follows:

			2013			2012	
	Currency	**Nominal interest rate**	**Year of maturity**	**Face value R**	**Carrying amount R**	Face value R	Carrying amount R
Mortgage bonds	ZAR	8.25%	2017	**3 738 760**	**3 738 760**	4 343 964	4 343 964
Instalment sales	ZAR	6.30%	2013	**1 094 350**	**1 094 350**	2 733 178	2 733 178
Tuks Sport (Pty) Ltd	ZAR	8.25%		**11 973 012**	**11 973 01**	–	–
The 2010 FIFA World Cup Legacy Trust	ZAR	6.00%	2 013	**15 000 000**	**15 000 000**	–	–
Total non-interest and interest bearing liabilities				**31 806 122**	**31 806 122**	7 077 142	7 077 142

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

Non derivative financial liabilities – Group

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

South African Football Association

Notes to the financial statements
for the year ended 30 June 2013 (continued)

24. Financial instruments *(continued)*

Liquidity risk *(continued)*

2012	**Carrying amount R**	**Contractual cash flows R**	**12 months or less R**	**1 to 5 years R**	**More than 5 years R**
Trade and other payables	139 952 908	139 952 908	139 952 908	–	–
Loans payable	7 077 142	8 449 726	2 698 344	4 987 903	763 479
	147 030 050	148 402 634	142 651 252	4 987 903	763 479

Fair value hierarchy

The financial asset has been classified as a level 2 hierarchy. Level 2 hierarchy represents inputs that are observable for the asset either directly or indirectly.

25. Contingent liabilities and assets

25.1 Contingent liabilities

The Association is a defendant in a case relating to unfair dismissal charges amounting to R20 million. This matter has not been finalised. However, the Association is confident that it will defend this case successfully.

The Association is a defendant in a case relating to unfair dismissal charges. The claimant has claimed a settlement amounting to 3 months salary. This matter has not been finalised. However, the Association is confident that it will defend this case successfully.

Based on opinion obtained from the legal advisors, the Association is of the opinion that cases referred to above will be successfully defended. Accordingly no provision for the costs has been made in the annual financial statements.

With regards to the Africa Cup of Nations 2013 Local Organising Committee South Africa NPC, the Department of Communications ("DOC") engaged Telkom South Africa to provide the Information, Technology and Telecommunication services on the basis of the government guarantees provided to CAF and AFCON 2013. The DOC then directed AFCON 2013 to provide the necessary specifications and work with Telkom South Africa to ensure that the IT&T services were delivered in terms of the specifications and CAF requirements. Subsequent to that Telkom South Africa presented a bill to the DOC and the Deputy General of the DOC wrote to Telkom South Africa stating that they believed that Telkom South Africa rendered these services to the LOC without a commercial contract and therefore Telkom South Africa must engage the LOC. Telkom South Africa subsequently submitted a claim amounting to R33 million to the LOC which the LOC repudiated as there was no basis for such, no contract existed between the two parties and no services were rendered directly to the LOC. The LOC has escalated the matter back to the DOC and Department of Sports and Recreation of South Africa ("SRSA") in view of whether the company has in fact an obligation at this

25. Contingent liabilities and assets *(continued)*

stage. The company received communication from the DOC that this matter is being dealt with between the two Director Generals, i.e. SRSA and DOC. In the event that the LOC is liable for certain costs, the directors are of the view that the company would have a counterclaim against the DOC which issued the guarantees or against the Host Cities to whom the services were rendered.

25.2 Contingent asset

With regards to the Africa Cup of Nations 2013 Local Organising Committee South Africa NPC, the company outsourced the sale of tickets for the tournament to a third party service provider. Whilst the service provider was responsible for implementing controls to ensure that tickets sales and other distributions would be properly accounted for, it has subsequently been established that the service provider did not maintain adequate controls in this regard. Consequently certain tickets available for sale or distribution could not be accounted for. The directors are pursuing investigations regarding the unaccounted tickets and are of the view that there may be probable future revenue and cash inflows. However, at this stage it would not be practicable to estimate the amount with certainty.

26. Standards and interpretations not yet affective

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

At the date of authorisation of the financial statements of Group for the year ended 30 June 2013, the following applicable Standards and Interpretations were in issue but not yet effective:

	Standard/Interpretation	**Effective date**
IFRS 10	*Consolidated Financial Statements*	1 January 2013
IFRS 11	*Joint Arrangements*	1 January 2013
IFRS 12	*Disclosure of Interests in Other Entities*	1 January 2013
IFRS 13	*Fair Value Measurement*	1 January 2013
IAS 27	*Separate Financial Statements (2011)*	1 January 2013
IFRS 1 amendment	*Government Loans*	1 January 2013
IFRS 7 amendment	*Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
IAS 32	*Offsetting Financial Assets and Financial Liabilities*	1 January 2014
IFRS 9 (2009 and 2010)	*Financial Instruments*	1 January 2015

All standards will be considered for adoption at their effective date. At this stage, the National Executive Committee does not consider these statements to have a material impact on the Group.

Bafana Bafana
Men's Senior National Team Sponsors

Banyana Banyana
Women's Senior National Team Sponsor

SAFA Competition Sponsors

SAFA Official Suppliers/Partners

SAFA Corporate Social Investment Partner