

**SAFA CAPE TOWN**

**ANNUAL FINANCIAL STATEMENTS**

**31 October 2014**

**SAFA CAPE TOWN**

ANNUAL FINANCIAL STATEMENTS  
31 October 2014

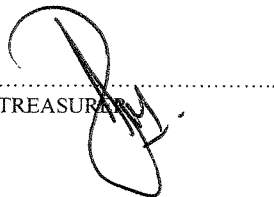
<b>CONTENTS</b>	<b>PAGE</b>
Approval of the annual financial statements	1
Report of the independent auditors	2
Regional Executive Committee's report	3
Statement of financial position	4
Statement of comprehensive income	5 - 7
Statement of cash flows	8
Notes to the annual financial statements	9 - 12

**APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS**

The annual financial statements as set out on pages 3 to 12 were approved at the General Meeting held on 18 January 2015 and are signed on behalf of the Regional Executive Committee by:



.....  
PRESIDENT



.....  
TREASURER

**REPORT OF THE INDEPENDENT AUDITORS  
TO THE MEMBERS OF SAFA CAPE TOWN**

We have audited the annual financial statements of SAFA Cape Town, which comprise the Regional Executive Committee's report, the statement of financial position at 31 October 2014, the statement of comprehensive income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 12.

***Regional Executive Committee's responsibility for the financial statements.***

The Regional Executive Committee is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting set out in note 1 to the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

***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. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements whether due to fraud or error. In making these 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 principles noted and the reasonableness of accounting estimates made by the Executive Committee, as well as evaluating the overall financial statement presentation.

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

***Qualifications***

At 31 October 2014 there remains a negative material difference amounting to R100 525 between the financial records and the registration records of the Association in respect of senior and junior player registrations. On further investigation it was revealed that a significant portion of the difference may have arisen because several LFAs may possibly have been given cards without having paid for them. There has been no confirmation from the LFAs acknowledging their potential liability and, therefore, from an audit perspective the recoverability of such funds remains uncertain.

In common with similar organisations, it is not feasible for the Association to institute accounting controls over cash collections prior to the initial entry in the accounting records. Accordingly, it was not practicable for us to extend our examination beyond the receipts actually recorded.

***Qualified Opinion***

In our opinion, except for the effects on the financial statements, if any, of the matters referred to in the preceding paragraphs, the financial statements present fairly, in all material respects the financial position of the Association as at 31 October 2014 and of its financial performance and cash flow information for the year then ended in accordance with the basis of accounting set out in note 1 of the financial statements, and in accordance with generally accepted accounting practice.

*Mark Lindon & Associates*

**Mark Lindon & Associates**  
Chartered Accountants (S.A.)  
Registered Auditors  
Cape Town  
18 January 2015

## **SAFA CAPE TOWN**

### **REGIONAL EXECUTIVE COMMITTEE'S REPORT for the year ended 31 October 2014**

The Regional Executive Committee has pleasure in submitting their report which forms part of the audited annual financial statements of the Association, for the year ended 31 October 2014.

#### **BUSINESS AND OPERATIONS**

The Association's business and operations and the results thereof are clearly reflected in the attached financial statements. The Association is responsible for organising and administering amateur football, both seniors and juniors, in the Cape Town Metropole and surrounding environs.

#### **FINANCIAL RESULTS**

The results of the Association and the state of its affairs are set out in the attached financial statements and do not, in our opinion, require further comments.

The Association's deficit from ordinary activities amounted to R552 075 (2013: deficit R164 905).

#### **SUBSEQUENT EVENTS**

There have been no facts or circumstances of a material nature that have occurred between the accounting date and the date of this report.

#### **AUDITORS**

Messrs Mark Lindon & Associates have remained auditors of the Association.

**SAFA CAPE TOWN**STATEMENT OF FINANCIAL POSITION  
31 October 2014

	<u>Notes</u>	<u>2014</u> R	<u>2013</u> R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	95 262	176 340
<b>Current assets</b>			
Accounts receivable	3	916 272	611 606
Bank balances	4	792 712	1 377 163
<b>Total assets</b>		<u>1 804 246</u>	<u>2 165 109</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Reserves</b>			
Retained surplus		622 085	1 174 160
VBRL Fund		74 535	75 201
<b>Current liabilities</b>			
Accounts payable	5	1 107 626	915 748
<b>Total equity and liabilities</b>		<u>1 804 246</u>	<u>2 165 109</u>

## SAFA CAPE TOWN

### STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 October 2014

	<u>2014</u>	<u>2013</u>
	R	R
<b>Income</b>	2 054 920	1 678 377
Registration fees		
- Juniors	409 638	371 486
- Seniors	631 620	563 734
- Lost cards	7 148	2 030
- Ladies registration - ABSA league	537	580
SAB Regional league		
- SAB registration and affiliation fees	40 477	7 617
- Prior year affiliation income	24 000	-
- Referees income	126 000	69 000
- Other	71 200	60 800
Affiliation fees - LFAs	61 000	60 000
Fines		
- Protest, dispute and complaint fees	22 550	23 300
- Appeals & Arbitration	17 250	20 800
- Appeal & arbitration award – SAFA National	25 000	-
- Disciplinary Committee	-	(970)
Grants		
- DCAS	21 000	-
- SAFA National Head Office grant	307 500	300 000
- Premier Soccer League – Vincent Baartjes Reserve League	-	100 000
- FIFA Legacy Trust	290 000	100 000
<b>Other income</b>	1 203 135	740 958
ABSA League	26 710	2 500
Burger King League	171 250	-
Coaching courses	75 275	38 500
Coke income	400 000	411 110
Nedbank Cup	10 000	10 000
Nike u/15 tournament	-	45 975
Red Heart Rum Cup (2013)	-	14 873
SAFA Legacy u/13 and u/15	365 500	218 000
- prior year income	124 500	-
SAFA U21 SAB Play Offs	29 900	-
<b>Total income</b>	<u>3 258 055</u>	<u>2 419 335</u>
<b>Expenses</b>	3 092 698	2 584 240
Accounting fees	36 000	36 000
- prior year under-provision	-	5 000
Affiliation fees - SAFA Head Office	-	2 000
AGM expenses	-	46 069
Appeal & protest refunds	6 800	5 000
Arbitration & appeal fees – SAFA National	25 000	-
Audit fees	34 314	32 632
Awards evening (2013)	-	2 113
Bank charges	25 125	35 084
Coaching course s	115 245	77 200
Computer expenses	20 605	11 981
Computer software under R20 000	14 249	-

**SAFA CAPE TOWN**

**STATEMENT OF COMPREHENSIVE INCOME (Continued)**  
for the year ended 31 October 2014

	<u>2014</u>	<u>2013</u>
	R	R
<b>Expenses (continued)</b>		
Development – clubs	21 000	3 000
General expenses	1 675	805
Insurance	14 616	14 451
Interest paid	456	1 688
Internet hosting	4 800	7 300
Legal fees – arbitration	10 000	10 000
Legal fees – SAFA National	17 401	-
- recovery per SAFA National arbitration award	(17 401)	-
LFA capacity building	-	14 000
Meeting expenses	35 865	42 314
Marketing expenses	-	969
Maintenance and repairs	775	1 210
Motor vehicle expenses	31 590	12 081
Printing and stationery	233 428	202 041
Postage & Freight	30 111	120
REC expenses		
- Meeting expenses	7 379	5 444
- Transport	2 065	4 320
- Honoraria expenses	-	35 000
- Secretarial expenses	12 396	-
- Overprovision in prior year	-	(8 000)
SAFA National & PEC meeting expenses	13 084	-
Referees		
- Co-ordinator	13 800	3 000
- Functions and travel	10 978	3 418
- Referees' kit	-	22 675
- Referees fees (SAB League)	151 350	69 680
Registration cards	452 562	300 892
Rent paid - current year	6 000	6 000
- prior year under-provision	-	8 526
Salaries and wages		
- Salaries	428 324	379 335
- Company contributions	4 480	3 938
- Overtime	17 758	23 065
- Bonus	37 005	29 612
Staff training and welfare	16 409	11 610
Security	-	750
Subscriptions - WPSC	500	450
Telephone and fax		
- Telephone and fax	40 131	37 374
- Cell phone expenses	982	1 467
Transport costs	7 148	9 763
Tournament costs		
- ABSA League	11 508	47 869
- AFCON 2013	-	47 540
- Nedbank Cup	10 216	10 000
- Nike u/15	-	53 235
- u/11 and u/13	-	910
- u/17 tournament	18 585	-

**SAFA CAPE TOWN**

**STATEMENT OF COMPREHENSIVE INCOME (Continued)**  
for the year ended 31 October 2014

	<u>2014</u>	<u>2013</u>
	R	R
<b>Expenses (continued)</b>		
Competitions		
- Burger King League	92 454	20 930
- Coke prize money and expenses	358 541	374 230
- Prior year overprovision	-	(24 200)
- Inter LFA	11 500	10 587
- SAB League	58 815	83 583
- Prior year prize money	-	53 000
- Red Heart Rum	-	3 100
SAFA: FIFA Legacy u/13 and u/15	416 418	221 000
- prior year expenses	124 500	-
- Under 20 expenses	450	-
- Under 21 SAB League Play Off expenses	23 892	-
- Vincent Baartjes Reserve League	736	69 049
	<hr/>	<hr/>
Operating surplus (deficit) for the year before contingent liabilities	165 357	(164 905)
Under 20 international tournament prior year under provision	(650 000)	-
- Legal fees pertaining to Under 20 tournament	(68 098)	-
	<hr/>	<hr/>
Operating deficit for the year	(552 741)	(164 905)
Transfer to (from) VBRL Fund	666	(30 951)
	<hr/>	<hr/>
	(552 075)	(195 856)
Retained surplus at beginning of the year	1 174 160	1 370 016
	<hr/>	<hr/>
<b>Retained surplus at end of the year</b>	<b>622 085</b>	<b>1 174 160</b>
	<hr/> <hr/>	<hr/> <hr/>



**SAFA CAPE TOWN**STATEMENT OF CASH FLOWS  
for the year ended 31 October 2014

	<u>Notes</u>	<u>2014</u> R	<u>2013</u> R
<b>Cash utilised by operating activities</b>			
Cash receipts from members		2 953 389	2 093 548
Cash paid suppliers and employees		(3 537 384)	(2 142 767)
		<hr/>	<hr/>
Cash utilised by operating activities	6.1	(583 995)	(49 219)
Interest paid		(456)	(1 688)
		<hr/>	<hr/>
Net cash outflow from operating activities		(584 451)	(50 907)
		<hr/>	<hr/>
<b>Cash utilised by investing activities</b>			
Purchase of property, plant and equipment		-	(45 066)
		<hr/>	<hr/>
Net cash outflow from investing activities		-	(45 066)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(584 451)	(95 973)
Cash and cash equivalents at beginning of the year		1 377 163	1 473 136
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of the year</b>	6.2	<u>792 712</u>	<u>1 377 163</u>

## SAFA CAPE TOWN

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

31 October 2014

#### 1. ACCOUNTING POLICIES

The following principal accounting policies of the Association have been consistently followed in all material respects:

##### 1.1 **Income**

Income consists primarily of registration fees and sponsorship income, together with income generated from various other sources.

##### 1.2 **Financial instruments**

Financial assets are recognised when the Association has rights or other access to economic benefits. Such assets consist of cash, equity instruments, a contractual right to receive cash, or other financial assets, or a contractual right to change financial instruments with another entity on potentially favourable terms.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. When these criteria no longer apply, a financial asset or liability is no longer recognised.

##### *Accounts receivable*

Accounts receivable are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

##### 1.3 **Property, plant and equipment**

Property, plant and equipment are recorded at cost, which includes all costs directly attributable to bringing the assets to working condition for their intended use.

Depreciation is calculated by a charge to income computed on a straight-line basis over the assets expected useful lives, which are as follows:

Computer equipment - 3 years  
Equipment – 5 years  
Furniture – 5 years  
Office equipment – 3 years  
Office fittings – 5 years  
Website design – 3 years

SAFA CAPE TOWN

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)  
31 October 2014

2. PROPERTY PLANT AND EQUIPMENT

	<u>2014</u>			<u>2013</u>		
	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net book value</u>
	R	R	R	R	R	R
Computer equipment	114 262	(114 262)	-	114 262	(100 823)	13 439
Furniture	74 079	(51 856)	22 223	74 079	(37 040)	37 039
Office equipment	4 868	(3 862)	1 006	4 868	(2 888)	1 980
Office fittings	185 406	(130 775)	54 631	185 406	(93 694)	91 712
Playing kit	15	-	15	15	-	15
Web design	8 500	(8 500)	-	8 500	(6 375)	2 125
Equipment	6 214	(4 035)	2 179	6 214	(2 792)	3 422
Registration software	34 200	(18 992)	15 208	34 200	(7 592)	26 608
	<u>427 544</u>	<u>(332 282)</u>	<u>95 262</u>	<u>427 544</u>	<u>(251 204)</u>	<u>176 340</u>
			Carrying value at beginning of the year			Carrying value at end of year
<i>Owned assets - 2014</i>			R	<u>Additions</u>	<u>Depreciation</u>	R
Computer equipment			13 439	-	(13 439)	-
Furniture			37 039	-	(14 816)	22 223
Office equipment			1 980	-	(974)	1 006
Office fittings			91 712	-	(37 081)	54 631
Playing kit			15	-	-	15
Web design			2 125	-	(2 125)	-
Equipment			3 422	-	(1 243)	2 179
Registration software			26 608	-	(11 400)	15 208
			<u>176 340</u>	<u>-</u>	<u>(81 078)</u>	<u>95 262</u>
			Carrying value at beginning of the year	<u>Additions</u>	<u>Depreciation</u>	Carrying value at end of year
<i>Owned assets - 2013</i>			R	R	R	R
Computer equipment			51 522	-	(38 083)	13 439
Furniture			51 855	-	(14 816)	37 039
Office equipment			2 926	-	(946)	1 980
Office fittings			117 108	10 118	(35 514)	91 712
Playing kit			15	-	-	15
Web design			4 958	-	(2 833)	2 125
Equipment			4 920	748	(2 246)	3 422
Registration software			-	34 200	(7 592)	26 608
			<u>233 304</u>	<u>45 066</u>	<u>(102 030)</u>	<u>176 340</u>

**SAFA CAPE TOWN**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)  
31 October 2014

	<u>2014</u>	<u>2013</u>
	R	R
<b>3. ACCOUNTS RECEIVABLE</b>		
Local Football Associations	28 000	7 000
Peninsula Beverage Co – Coke Cup competition	-	211 110
Recoverable expenses	138 289	2 896
SAB League teams	4 000	-
SAFA National Head Office grants	280 300	155 300
SAFA Head Office – FIFA Legacy u/13 & u/15 competitions	365 500	218 000
Sundry debtors – registration cards	97 205	-
Staff loans	2 978	17 300
	<hr/>	<hr/>
	916 272	611 606
	<hr/> <hr/>	<hr/> <hr/>
<b>4. BANK BALANCES</b>		
Petty cash	-	2 821
Standard Bank current account No 270341005	194 433	210 113
First National Bank business cheque account No 62246900832	523 744	1 089 028
First National Bank business cheque account No 62283099101	74 535	75 201
	<hr/>	<hr/>
	792 712	1 377 163
	<hr/> <hr/>	<hr/> <hr/>
<b>5. ACCOUNTS PAYABLE</b>		
Annual subscriptions received in advance – LFAs	8 000	-
Accrual account	724 900	596 400
Audit fees	34 314	12 825
Garnishee order	3 000	3 000
PAYE	30 256	12 473
SAB fees received in advance	45 050	6 000
Sundry suppliers	6 220	1 600
Supplier control account	247 491	282 696
UIF	8 395	754
	<hr/>	<hr/>
	1 107 626	915 748
	<hr/> <hr/>	<hr/> <hr/>

## SAFA CAPE TOWN

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)  
31 October 2014

	<u>2014</u>	<u>2013</u>
	R	R
<b>6. NOTES TO THE CASH FLOW STATEMENT</b>		
<b>6.1 Reconciliation of operating surplus to cash flows from operating activities:</b>		
Operating deficit before working capital changes	(552 741)	(164 905)
Adjusted for:		
Depreciation	81 078	102 030
Interest paid	456	1 688
	<hr/>	<hr/>
	(471 207)	(61 187)
Working capital changes		
Increase in accounts receivable	(304 666)	(416 087)
Increase in accounts payable	191 878	428 055
	<hr/>	<hr/>
Cash utilised by operating activities	(583 995)	(49 219)
	<hr/> <hr/>	<hr/> <hr/>
<b>6.2 Cash and cash equivalents</b>		
Cash and cash equivalents consist of balances held at banks. Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:		
Petty cash	-	2 821
Standard Bank current account No 270341005	194 433	210 113
First National Bank business cheque account No 62246900832	523 744	1 089 028
First National Bank business cheque account No 62283099101	74 535	75 201
	<hr/>	<hr/>
	792 712	1 377 163
	<hr/> <hr/>	<hr/> <hr/>

## 7 SETTLEMENT OF CONTINGENT LIABILITY

The dispute with Tuffsan Trading 279 (Pty) Limited trading as Sandown Travel, Cape Town in respect of unpaid travel and accommodation liabilities relating to the International Under 20 tournament held in May 2013 has been resolved through a full and final payment of R650 000 by SAFA Cape Town. Legal fees of R68 098 were incurred to resolve the matter. These expenses have been reflected in the statement of comprehensive income after the current surplus for the year had been ascertained.

The above has also resolved the possible repayment of part of the amount received from the Lotteries Board and no future liability in this respect is envisaged.