

GUYANA FOOTBALL FRDERATION INC.

DECEMBER 31, 2015

AUDITED FINANCIAL STATEMENTS

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**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF
GUYANA FOOTBALL FEDERATION INC.**

We have audited the accompanying financial statements of **Guyana Football Federation Inc.**, which comprise the statement of financial position as at December 31, 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the Companies Act Cap. 89:01, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 judgment, 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 qualified audit opinion.

Basis for Qualified Opinion

The Federation did not maintain adequate documentation of transactions with suppliers and consequently we were unable to determine the accuracy, validity and completeness of accounts payable and accruals and related expenses. Included in accounts payable and accruals stated in the financial statements, is a total amount of \$23,737,357 coming forward from the previous year which we were unable to satisfy ourselves as to its accuracy and completeness.

The Federation did not maintain adequate documentation of transactions with sponsors and donors, games revenue and other income totalling \$35,186,525 and consequently we were unable to determine the completeness of income and accounts receivable.

The Federation did not have procedures for the identification of related parties and consequently the disclosure of transactions and balances with such parties. The Federation did not therefore comply with International Financial Reporting Standards, particularly IAS 24 – Related Party Disclosures.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements on pages 1 to 12 present fairly, in all material respects, the financial position of **Guyana Football Federation Inc.** as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the Companies Act Cap. 89:01.



Ram & McRae
Chartered Accountants
Professional Services Firm
157 'C' Waterloo Street,
Georgetown

May 23, 2016

Guyana Football Federation Inc.**Statement of Financial Position**

As at December 31, 2015

	Notes	2015 G\$	2014 G\$
ASSETS			
Non-current assets			
Property, plant and equipment	3	<u>21,818,483</u>	<u>21,032,386</u>
Current assets			
Inventories	4	5,956,017	10,113,888
Accounts receivable	5	1,611,000	-
Cash resources	6	<u>32,548,775</u>	<u>13,003,832</u>
Total current assets		<u>40,115,792</u>	<u>23,117,720</u>
Total assets		<u>61,934,275</u>	<u>44,150,106</u>
EQUITY AND LIABILITIES			
Equity			
Stated capital		-	-
Retained earnings		<u>10,435,154</u>	<u>(55,396,069)</u>
Total equity		<u>10,435,154</u>	<u>(55,396,069)</u>
Non-current liability			
Long-term borrowings	7	<u>4,010,220</u>	<u>4,465,910</u>
Current liabilities			
Short-term borrowings	9	916,721	8,539,861
Accounts payable and accruals	10	<u>46,572,180</u>	<u>86,540,404</u>
Total current liabilities		<u>47,488,901</u>	<u>95,080,265</u>
Total equity and liabilities		<u>61,934,275</u>	<u>44,150,106</u>

On behalf of the Board of Directors:

Director


Company Secretary

The notes on pages 5 to 12 form an integral part of these financial statements.

Guyana Football Federation Inc.
Statement of Comprehensive Income
For the year ended December 31, 2015

	Notes	2015 G\$	2014 G\$
Income			
Games income	11	23,470,921	-
Grants	12	283,956,375	49,608,654
Sponsorship and donations	13	15,273,882	-
Other income		11,609,663	12,036,956
Total income		334,310,841	61,645,610
Expenditure			
Administrative expenses	14	91,329,182	38,984,011
Affiliation expenses		220,300	-
Finance costs		329,590	1,537,979
Tournament and development expenses	15	176,600,546	63,218,923
Total expenditure		268,479,618	103,740,913
Total comprehensive income/(loss) for the year		65,831,223	(42,095,303)

The notes on pages 5 to 12 form an integral part of these financial statements.

Guyana Football Federation Inc.**Statement of Changes in Equity**

For the year ended December 31, 2015

	Stated capital G\$	Retained earnings G\$	Total G\$
Balance at January 1, 2014	-	(13,300,766)	(13,300,766)
Net loss for the year	-	(42,095,303)	(42,095,303)
Balance at December 31, 2014	-	(55,396,069)	(55,396,069)
Net profit for the year	-	65,831,223	65,831,223
Balance at December 31, 2015	-	10,435,154	10,435,154

The notes on pages 5 to 12 form an integral part of these financial statements.

Guyana Football Federation Inc.**Statement of Cash Flows**

For the year ended December 31, 2015

	2015 G\$	2014 G\$
Cash flows from operating activities		
Net income/(loss) for the year	65,831,223	(42,095,303)
Depreciation	1,991,102	1,699,101
Interest payable	329,590	377,347
Operating profit/(loss) before working capital changes	68,151,915	(40,018,855)
(Increase)/decrease in inventories	4,157,871	(199,381)
(Increase)/decrease in accounts receivable	(1,611,000)	3,969,897
(Decrease)/increase in accounts payable and accruals	(39,968,224)	46,849,053
Cash generated from operations	30,730,562	10,600,714
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(2,777,199)	(61,840)
Net cash used in investing activities	(2,777,199)	(61,840)
Cash flows from financing activities		
Repayment of long term borrowing	(521,130)	(362,091)
Repayment of short term borrowing	(7,887,290)	(500,000)
Proceeds from short term borrowing	-	8,162,514
Interest paid	-	(850,720)
Net cash from/(used) in financing activities	(8,408,420)	6,449,703
Net increase in cash and cash equivalents	19,544,943	16,988,577
Cash and cash equivalents at January 1,	13,003,832	(3,984,745)
Cash and cash equivalents at December 31,	32,548,775	13,003,832
Cash and cash equivalents as shown in the statement of financial position	32,548,775	13,003,832

The notes on pages 5 to 12 form an integral part of these financial statements.

Guyana Football Federation Inc.

Notes to the Financial Statements

For the year ended December 31, 2015

1 Identification and principal activities

The Guyana Football Federation commenced operations in 1902 and was registered in the Co-operative Republic of Guyana on October 8, 2003 under the Friendly Societies Act Cap. 36:04. The Guyana Football Federation Inc. (Federation) was incorporated on March 26, 2015 under the Companies Act Cap. 89:01 and took over all assets and liabilities of the previous entity.

The Federation aims to promote the efficient management, administration, and development of the game, while at the same time promoting a dynamic and relevant football culture, in which football as a national sport provided for education, social, physical, and total development among youth and adult footballers and various stakeholders.

The Federation's registered office is located at 17 Dadanawa Street, Section "K" Campbellville, Georgetown.

These financial statements were approved by the Directors on May 13th, 2016.

2 Significant accounting policies

(a) Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act Cap. 89:01 under the historical cost basis.

Application of new and revised Standards and Interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the financial statements for the prior year except for the adoption of new and amended standards and interpretations which became effective during the period.

The adoption of these pronouncements did not have any impact on the accounting policies, financial position or performance of the Federation.

Standards and Interpretations not yet effective

At the date of authorization of these financial statements several new and amended standards and interpretations were in issue but not yet effective. The Federation has not early adopted any such pronouncements. Management anticipates that the adoption of these standards and interpretations will have no material impact on the financial statements of the Federation.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided on the straight line method at rates estimated to write off the assets over their expected useful lives.

The current rates of depreciation are:

Buildings	2%
Furniture, fittings and other equipment	20% -25%
Computer equipment	20% -25%

No depreciation is recognised on land.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount is higher than the assets fair value less costs to sell or value in use.

Guyana Football Federation Inc.

Notes to the Financial Statements

For the year ended December 31, 2015

2. Significant accounting policies continued

(c) Reporting currencies

The financial statements are presented in Guyana dollars, which is the Federation's functional currency. Transactions involving foreign currencies are translated at the exchange rates ruling at the dates of these transactions. Monetary balances denominated in foreign currencies are retranslated at the financial reporting date. Any gains and losses arising from the translation of foreign currency balances are taken directly to the statement of comprehensive income.

(d) Inventories

Inventories which represent football gear and playing equipment, are stated at the lower of cost and net realisable value.

(e) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank net of the bank overdraft.

(f) Financial instruments

Financial instruments include accounts receivable, cash resources, accounts payable, accruals and borrowings. The Federation's financial assets are classified as 'Loans & Receivables' while its financial liabilities are classified as 'Financial Liabilities measured at Amortised Cost'.

All financial instruments are carried at amortised cost.

(g) Income and expenditure recognition

Income, including donations, is recognised when the Federation is legally entitled to the resources and the amount can be quantified with reasonable accuracy. Funding from sponsorship is recognised based on the stage of completion of the sponsorship programmed. Income arising from the sale of transmission rights is recognised over the period for which the rights have been granted.

Consideration received prior to the recognition as revenue is classified as deferred income in the statement of financial position.

All expenditure is accounted for on an accruals basis.

(h) Donated assets

Donated assets are included at the value to the Federation where this can be quantified and a third party is bearing the cost.

(i) Taxation

The Federation was exempted from taxation while operating under the Friendly Societies Act Cap. 36:04 and is in the process of applying for tax exemption as a non-profit organisation now that it has been incorporated.

Guyana Football Federation
Notes to the Financial Statements
For the year ended December 31, 2015

3 Property, plant and equipment

	Land and building G\$	Fixture and fittings G\$	Office equipment G\$	Computer equipment G\$	Other equipment G\$	Total G\$
<i>Cost</i>						
As at January 1, 2014	21,174,611	5,176,109	2,053,168	5,008,836	3,702,025	37,114,749
Additions	-	-	-	61,840	-	61,840
As at December 31, 2014	21,174,611	5,176,109	2,053,168	5,070,676	3,702,025	37,176,589
Additions	-	29,500	-	850,719	1,896,980	2,777,199
As at December 31, 2015	21,174,611	5,205,609	2,053,168	5,921,395	5,599,005	39,953,788
<i>Depreciation</i>						
As at January 1, 2014	2,192,990	4,831,699	1,360,655	4,622,112	1,437,646	14,445,102
Depreciation Charges	343,492	123,952	315,232	144,154	772,271	1,699,101
As at December 31, 2014	2,536,482	4,955,651	1,675,887	4,766,266	2,209,917	16,144,203
Depreciation Charges	343,492	102,405	222,646	273,646	1,048,913	1,991,102
As at December 31, 2015	2,879,974	5,058,056	1,898,533	5,039,912	3,258,830	18,135,305
<i>Net book value</i>						
As at December 31, 2015	18,294,637	147,553	154,635	881,483	2,340,175	21,818,483
As at January 1, 2015	18,638,129	220,458	377,281	304,410	1,492,108	21,032,386

Guyana Football Federation Inc.

Notes to the Financial Statements

For the year ended December 31, 2015

	2015 G\$	2014 G\$
4 Inventories		
Football equipment	<u>5,956,017</u>	<u>10,113,888</u>
5 Accounts receivable		
Receivable from affiliates	4,647,897	3,969,897
Staff receivables	765,000	-
Other receivable	7,813,800	7,645,800
Provision for bad debt	<u>(11,615,697)</u>	<u>(11,615,697)</u>
	<u>1,611,000</u>	<u>-</u>
6 Cash resources		
Cash at bank (interest earning)	28,409,308	8,317,614
Cash at bank (non-interest earning)	<u>4,139,467</u>	<u>4,686,218</u>
	<u>32,548,775</u>	<u>13,003,832</u>
7 Long-term borrowings		
Mortgage repayable 2006-2026 - interest 6.75% per annum	4,795,500	5,316,630
Repayable within one year (note 9)	<u>(785,280)</u>	<u>(850,720)</u>
	<u>4,010,220</u>	<u>4,465,910</u>
The New Building Society Limited holds a first mortgage over the Federation's property situated at Lot 17 Dadanawa Street, Section K, Campbellville, Georgetown.		
8 Bank overdraft		
The bank overdraft facility is held with Republic Bank (Guyana) Limited and is unsecured with interest accruing at a rate of 18.25% per annum.		
9 Short-term borrowings		
Current portion of mortgage (note 7)	785,280	850,720
Key management personnel	-	2,774,441
Other parties	<u>131,441</u>	<u>4,914,700</u>
	<u>916,721</u>	<u>8,539,861</u>
10 Accounts payable and accruals		
Accruals	23,000,888	37,507,924
Affiliation fines and dues	1,921,395	1,076,391
Caribbean Football Union (CFU)	1,627,700	1,627,700
Confederation of North, Central American and Caribbean Assoc. Football (CONCACAF)	-	812,864
Related parties (Ex staff)	11,940	11,940
Stale dated cheques	343,208	702,221
Statutory liabilities	58,973	58,973
Sundry creditors	17,722,076	42,856,391
Tournament deposit	<u>1,886,000</u>	<u>1,886,000</u>
	<u>46,572,180</u>	<u>86,540,404</u>

Guyana Football Federation Inc.**Notes to the Financial Statements**

For the year ended December 31, 2015

	2015	2014
	G\$	G\$

11 Games income

Gate receipts	23,470,921	-
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Gate receipts include revenues from the sale of tickets, for the national teams and local league teams matches for all tournaments administered by the Guyana Football Federation during the year.

12 Grants

Federation Internationale de Football Association (FIFA)	244,426,625	49,608,654
Confederation of North, Central American and Caribbean Association Football (CONCACAF)	39,529,750	-
	<u>283,956,375</u>	<u>49,608,654</u>

Composition of Grants

FIFA provided financial aid and bonuses totalling US\$892,500 (2014: US\$250,000) to improve the administration and technical infrastructure of the National Association as part of the Financial Assistance Programme. Participation fee for World Cup Qualifiers of US\$300,000 was also received.

Purpose of FIFA's Financial Assistance Programme

FIFA provides financial aid under its Financial Assistance Programme to National Associations for projects which comply with the following objectives at the national level:

- (a) Establishing and developing a modern, efficient, and functional administrative or sports infrastructure;
- (b) Facilitating the recruitment, training, and remuneration of technical staff employed by the National Association;
- (c) Promoting youth football;
- (d) Providing basic and further training of National Association staff and members as well as others seconded to the Associations for administrative and technical duties;
- (e) Promoting technical and sports development;
- (f) Supporting National Associations in arranging and taking part in official football competitions;

The approval and payment of financial aid from FIFA to the National Associations is reserved exclusively for projects approved by FIFA. Any National Association wishing to make use of its right to financial aid shall send FIFA a written application in compliance with the following conditions:

- (a) The application shall contain a request for financial aid for one or more projects for a predetermined amounts, a description of the project(s) and detailed justification. It shall also include evidence and documents explaining the project(s) and substantiating its/their necessity.
- (b) The National Association shall provide the usefulness and necessity of the project.

Guyana Football Federation Inc.

Notes to the Financial Statements

For the year ended December 31, 2015

12 Grants continued

The financial aid given in the year under the Financial Aid Programme was based on the projects approved by FIFA, which comprised of the following:

	2015 US\$	2014 US\$
Event planning, marketing and communication and infrastructure	110,000	39,500
Futsal/beach soccer	48,000	-
Medical	10,000	-
Men's competitions	70,000	55,000
Planning and administration	170,000	50,000
Refereeing	22,000	8,662
Technical development	100,000	20,000
Women's football	150,000	37,500
Youth football	70,000	37,000
Other	-	2,338
	<u>750,000</u>	<u>250,000</u>

13 Sponsorship and donations	2015 G\$	2014 G\$
Sponsorship and donations	<u>15,273,882</u>	<u>-</u>

14 Administrative expenses		
Advertising	1,037,792	-
Audit fees	2,346,175	2,094,192
Depreciation	1,991,102	1,699,101
Donations	360,000	-
Electricity	944,332	870,754
Insurance	1,189,250	-
Legal fees	4,644,696	1,427,000
Meetings	1,773,473	416,120
Printing, postage and stationery	3,992,977	517,763
Provision for bad debts	-	3,969,897
Rent	5,547,741	-
Repairs and maintenance	1,750,536	50,073
Security	1,221,981	266,231
Staff costs	53,534,181	17,872,407
Telephone, faxes and internet	600,530	603,457
Ticket purchases - FIFA World Cup	-	4,428,950
Training	820,525	-
Travelling	4,156,765	222,750
Other administrative and general expenses	5,417,126	4,545,316
	<u>91,329,182</u>	<u>38,984,011</u>

15 Tournament and development expenses

<i>Tournament expenses</i>		
Emoluments - coaches and players	24,095,807	3,098,302
Gear and other equipment	15,734,567	-
Match expenses	39,041,044	14,811,755
Meals and accommodation	33,208,555	5,537,900
Travel	41,630,213	17,355,960
Other	8,004,386	18,321,317
	<u>161,714,572</u>	<u>59,125,234</u>

Guyana Football Federation Inc.

Notes to the Financial Statements

For the year ended December 31, 2015

	2015 G\$	2014 G\$
15 Tournament and development expenses continued		
<i>Development expenses</i>		
Affiliate associations' expenses	3,348,176	2,034,679
Football development	11,537,798	2,059,010
	<u>14,885,974</u>	<u>4,093,689</u>
Total tournament and development expenses	<u>176,600,546</u>	<u>63,218,923</u>
Men's football	111,289,486	25,636,121
Women's football	29,662,323	1,618,500
Youth football	1,772,910	12,770,920
Win in CONCACAF with CONCACAF (WICWC)	4,340,750	-
Stock adjustments and write offs	14,649,103	-
Premier league	-	19,099,693
Development expenses	14,885,974	4,093,689
Total tournament and development expenses	<u>176,600,546</u>	<u>63,218,923</u>
16 Employee benefits		
Included in staff costs is termination benefits of	<u>-</u>	<u>492,932</u>
17 Related party transactions and balances		
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. Related parties consist of the directors, trustees, and any entity to which they are affiliated.		
(a) Related party transactions		
Reimbursement to key management personnel for purchases	1,889,446	-
Key management personnel compensation	<u>9,783,332</u>	<u>5,301,339</u>
(b) Related party balances		
Balances due to members of the Executive Committee	-	3,854,441
Balances due to affiliates	<u>3,549,095</u>	<u>2,440,564</u>
18 Financial instruments and financial risk management		
The principal risks arising on financial instruments are credit risk, liquidity risk, foreign exchange risk and interest rate risk. The Federation's risk management policies in relation to each of these risks are as follows:		
(i) Credit risk		
Credit risk arises from cash holdings and accounts receivable. The maximum exposure to credit risk at the reporting date is represented by the carrying amount of these financial assets.		
Deposits with financial institutions	32,548,775	13,003,832
Receivables	<u>1,611,000</u>	<u>-</u>
	<u>34,159,775</u>	<u>13,003,832</u>

Cash resources are held with financial institutions licensed in Guyana.

Accounts receivable primarily relate to advances to affiliated associations. Such advances are generally short-term and are without collateral. Receivables which are deemed irrecoverable are written off to the statement of comprehensive income when identified.

Guyana Football Federation Inc.

Notes to the Financial Statements

For the year ended December 31, 2015

18 Financial instruments and financial risk management continued

(ii) Liquidity risk

The Federation manages liquidity risk by budgeting for the planned activities prior to the commencement of the year. Where shortfalls are anticipated, remedial steps are taken including borrowing from financial institutions.

	On demand G\$	Less than one year G\$	More than one year G\$	Total G\$
<i>As at 31 December 2015</i>				
Accounts payable and accruals	-	46,572,180	-	46,572,180
Long-term borrowings	-	-	4,795,500	4,795,500
Short-term borrowings	916,721	-	-	916,721
Total	916,721	46,572,180	4,795,500	52,284,401
	On demand G\$	Less than one year G\$	More than one year G\$	Total G\$
<i>As at 31 December 2014</i>				
Accounts payable and accruals	-	86,540,404	-	86,540,404
Long-term borrowings	-	-	5,316,630	5,316,630
Short-term borrowings	8,539,861	-	-	8,539,861
Total	8,539,861	86,540,404	5,316,630	100,396,895

(iii) Foreign currency risk

Foreign currency risk is the risk that the value of a monetary asset or liability will fluctuate because of changes in foreign exchange rates. Funds received by the Federation from affiliates and sponsors are denominated in foreign currency. The Federation is therefore exposed to risks associated with movements in the exchange rates. The Federation has the following monetary assets and liabilities denominated in a currency other than the reporting currency:

	Currency	2015 G\$	2014 G\$
Cash resources	United States dollars	28,409,308	8,317,614

The Federation manages this risk by monitoring exchange rates and ensuring exposure is kept to a minimum. Should exchange rates change by $\pm 1\%$, the effect on profit will be as follows:

Increase in rate by 1%	(284,093)	(83,176)
Decrease in rate by 1%	284,093	83,176

(iv) Interest rate risk

The Federation's interest-bearing instruments carry fixed rates of interest and are carried at amortised cost. Changes in market interest rates would therefore not affect their carrying values or future income or expense. The Federation earns interest ranging between 0.05% to 0.15% on interest earning cash resources. The interest rates on borrowings are disclosed in notes 7 and 9.

19 Fair values

The carrying values of financial instruments, except the mortgage, approximate to their fair value given their short maturity periods. The fair value of the mortgage approximates to its carrying value as the interest rate is set based on market rates for similar facilities.