

GUYANA FOOTBALL FEDERATION INC.

DECEMBER 31, 2016

AUDITED FINANCIAL STATEMENTS

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

Qualified Opinion

We have audited the financial statements of **Guyana Football Federation Inc.** (the Company), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, statement of change in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 13 present fairly, in all material respects, the financial position of **Guyana Football Federation Inc.** as at December 31, 2016, 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.

Basis for Qualified Opinion

The Company 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 stated at \$89,881,316 in the financial statements. Of this amount, a total of \$48,320,142 was supported by third party confirmations and other audit evidence. Additionally, adequate documentation for expenses paid during the year under review totalling \$2,319,499 was not provided during our tests of controls.

The Company did not maintain adequate documentation in respect of games and other income stated at \$21,051,698 in the financial statements. Of this amount, a total of \$16,834,029 was supported by receipts and other audit evidence.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

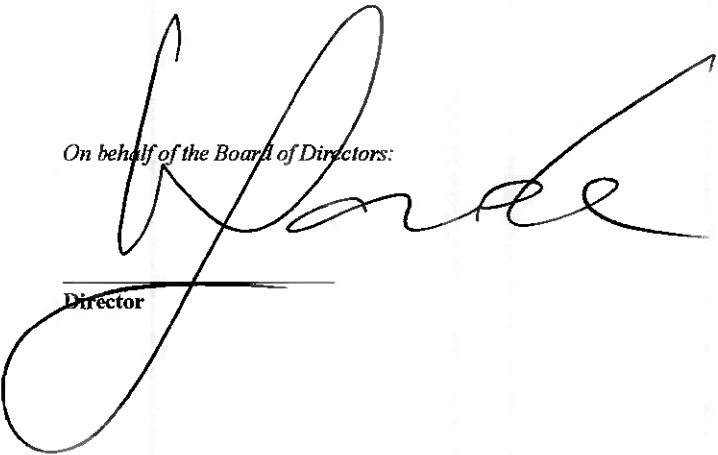
November 21, 2017

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

As at December 31, 2016

	Notes	2016 G\$	Restated 2015 G\$
ASSETS			
Non-current assets			
Property, plant and equipment	3	24,374,014	25,318,483
Current assets			
Inventories	4	-	5,956,017
Accounts receivable	5	630,001	1,611,001
Cash resources	6	754,744	32,548,775
Total current assets		1,384,745	40,115,793
Total assets		25,758,759	65,434,276
EQUITY AND LIABILITIES			
Equity			
Stated capital		-	-
Retained earnings		(75,044,777)	13,935,155
Total equity		(75,044,777)	13,935,155
Non-current liability			
Long-term borrowings	7	3,854,295	4,305,143
Current liabilities			
Short-term borrowings	9	647,917	621,798
Accounts payable and accruals	10	89,881,316	46,572,180
Bank overdraft		6,420,008	-
Total current liabilities		96,949,241	47,193,978
Total equity and liabilities		25,758,759	65,434,276

On behalf of the Board of Directors:


Director
Company Secretary

The notes on pages 5 to 13 form an integral part of these financial statements.

Guyana Football Federation Inc.**Statement of Comprehensive Income**

For the year ended December 31, 2016

	Notes	2016 G\$	2015 G\$
Income			
Games income	11	13,180,167	23,470,921
Grants	12	121,576,587	283,956,375
Sponsorship and donations	13	21,828,805	15,273,882
Other income		7,871,531	11,609,663
Total income		164,457,090	334,310,841
Expenditure			
Administrative expenses	14	93,933,598	91,329,181
Affiliation expenses		609,750	220,300
Finance costs		312,672	329,590
Tournament and development expenses	15	158,581,002	176,600,546
Total expenditure		253,437,022	268,479,617
Total comprehensive income/(loss) for the year		(88,979,932)	65,831,224

The notes on pages 5 to 13 form an integral part of these financial statements.

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

For the year ended December 31, 2016

		Stated capital G\$	Retained earnings G\$	Total G\$
Balance at January 1, 2015, as previously stated		-	(55,396,069)	(55,396,069)
Adjustment to retained earnings	21	-	3,500,000	3,500,000
Balance at January 1, 2015, as restated		-	(51,896,069)	(51,896,069)
Net loss for the year		-	65,831,224	65,831,224
Balance at December 31, 2015		-	13,935,155	13,935,155
Net profit for the year		-	(88,979,932)	(88,979,932)
Balance at December 31, 2016		-	(75,044,777)	(75,044,777)

The notes on pages 5 to 13 form an integral part of these financial statements.

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

For the year ended December 31, 2016

	2016 G\$	2015 G\$
Cash flows from operating activities		
Net income/(loss) for the year	(88,979,932)	65,831,224
Depreciation	2,082,796	1,991,102
Assets written-off	188,507	-
Interest payable	312,672	329,590
Operating profit/(loss) before working capital changes	(86,395,957)	68,151,916
(Increase)/decrease in inventories	5,956,017	4,157,871
(Increase)/decrease in accounts receivable	981,000	(1,611,001)
(Decrease)/increase in accounts payable and accruals	43,309,136	(39,968,224)
Cash generated from operations	(36,149,804)	30,730,562
Cash flows from investing activities		
Payments to acquire property, plant and equipment	(1,326,834)	(2,777,199)
Net cash used in investing activities	(1,326,834)	(2,777,199)
Cash flows from financing activities		
Repayment of mortgage	(424,729)	(521,130)
Repayment of other short term borrowing	-	(7,557,700)
Interest paid	(312,672)	(329,590)
Net cash from/(used) in financing activities	(737,401)	(8,408,420)
Net increase/(decrease) in cash and cash equivalents	(38,214,039)	19,544,943
Cash and cash equivalents at January 1,	32,548,775	13,003,832
Cash and cash equivalents at December 31,	(5,665,264)	32,548,775
Cash and cash equivalents comprise:		
Cash resources	754,744	32,548,775
Bank overdraft	(6,420,008)	-
Cash and cash equivalents as shown in the statement of financial position	(5,665,264)	32,548,775

The notes on pages 5 to 13 form an integral part of these financial statements.

Guyana Football Federation Inc.

Notes to the Financial Statements

For the year ended December 31, 2016

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 November 21, 2017.

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, 2016

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 Inc.

Notes to the Financial Statements

For the year ended December 31, 2016

3 Property, plant and equipment

	Land and building G\$	Fixture and fittings G\$	Office equipment G\$	Computer equipment G\$	Other equipment G\$	Total G\$
Cost						
As at January 1, 2015	24,674,611	5,176,109	2,053,168	5,070,676	3,702,025	40,676,589
Additions	-	29,500	-	850,719	1,896,980	2,777,199
As at December 31, 2015	24,674,611	5,205,609	2,053,168	5,921,395	5,599,005	43,453,788
Additions	-	85,725	-	916,110	324,999	1,326,834
Disposals/Reclassifications	-	(4,008,477)	(559,667)	(4,811,765)	-	(9,379,909)
As at December 31, 2016	24,674,611	1,282,857	1,493,501	2,025,740	5,924,004	35,400,713
Depreciation						
As at January 1, 2015	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
Depreciation Charges	343,492	67,609	105,535	477,686	1,088,474	2,082,796
Write back on disposal	-	(4,002,810)	(559,667)	(4,628,925)	-	(9,191,402)
As at December 31, 2016	3,223,466	1,122,855	1,444,401	888,673	4,347,304	11,026,699
Net book value						
As at December 31, 2016	21,451,145	160,002	49,100	1,137,067	1,576,700	24,374,014
As at January 1, 2016	21,794,637	147,553	154,635	881,483	2,340,175	25,318,483

Guyana Football Federation Inc.

Notes to the Financial Statements

For the year ended December 31, 2016

	2016 G\$	2015 G\$
4 Inventories		
Football equipment	-	5,956,017
5 Accounts receivable		
Receivable from affiliates	4,599,898	4,647,898
Staff receivables	-	765,000
Other receivable	7,645,800	7,813,800
Provision for bad debt	(11,615,697)	(11,615,697)
	<u>630,001</u>	<u>1,611,001</u>
6 Cash resources		
Cash at bank (interest earning)	754,706	28,409,308
Cash at bank (non-interest earning)	38	4,139,467
	<u>754,744</u>	<u>32,548,775</u>
7 Long-term borrowings		
Mortgage repayable 2006-2026 - interest 6.75% per annum	4,370,772	4,795,500
Repayable within one year (note 9)	(516,477)	(490,357)
	<u>3,854,295</u>	<u>4,305,143</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)	516,477	490,357
Other parties	131,440	131,441
	<u>647,917</u>	<u>621,798</u>
10 Accounts payable and accruals		
Accruals	12,727,462	23,000,888
Affiliation fines and dues	1,921,395	1,921,395
Caribbean Football Union (CFU)	1,627,700	1,627,700
Related parties (Ex staff)	11,940	11,940
Stale dated cheques	343,208	343,208
Statutory liabilities	8,533,888	58,973
Sundry creditors	59,795,535	17,722,076
Tournament deposit	1,886,000	1,886,000
Trade payables	3,034,188	-
	<u>89,881,316</u>	<u>46,572,180</u>

Guyana Football Federation Inc.

Notes to the Financial Statements

For the year ended December 31, 2016

	2016 G\$	2015 G\$
11 Games income		
Gate receipts	13,180,167	23,470,921
	<u>13,180,167</u>	<u>23,470,921</u>

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)	111,831,805	244,426,625
Confederation of North, Central American and Caribbean Association Football (CONCACAF)	9,744,782	39,529,750
	<u>121,576,587</u>	<u>283,956,375</u>

Composition of Grants

FIFA provided financial aid and bonuses totalling US\$545,521 (2015: US\$892,500) to improve the administration and technical infrastructure of the National Association as part of the Financial Assistance Programme.

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, 2016

	2016 G\$	2015 G\$
13 Sponsorship and donations		
Sponsorship and donations	<u>21,828,805</u>	<u>15,273,882</u>
14 Administrative expenses		
Advertising	5,829,990	1,037,792
Affiliation fees	12,000	-
Audit fees	1,759,755	2,346,175
Brokerage fees	92,000	-
Depreciation	2,082,796	1,991,102
Disposals	181,867	-
Donations	-	360,000
Duty and freight	166,550	-
Electricity	1,054,420	944,332
Insurance	152,050	1,189,250
Legal fees	365,500	4,644,696
Meetings	2,884,237	1,773,473
Planning	60,000	-
Printing, postage and stationery	2,959,776	3,992,977
Rent	1,050,000	5,547,741
Repairs and maintenance	2,971,495	1,750,536
Residence	668,391	-
Security	3,637,956	1,221,981
Staff costs	51,056,686	53,534,181
Stationery	59,021	-
Telephone, faxes and internet	1,075,370	600,530
Training	311,290	820,525
Travelling	6,159,680	4,156,765
Other administrative and general expenses	9,342,768	5,417,125
	<u>93,933,598</u>	<u>91,329,181</u>
15 Tournament and development expenses		
<i>Tournament expenses</i>		
Emoluments - coaches and players	16,921,350	24,095,807
Gear and other equipment	4,030,811	15,734,567
Match expenses	23,065,809	39,041,044
Meals and accommodation	28,821,055	33,208,555
Travel	45,145,085	41,630,213
Other	31,448,122	8,004,386
	<u>149,432,232</u>	<u>161,714,572</u>
<i>Development expenses</i>		
Affiliate associations' expenses	166,100	3,348,176
Football development	8,982,670	11,537,798
	<u>9,148,770</u>	<u>14,885,974</u>
Total tournament and development expenses	<u>158,581,002</u>	<u>176,600,546</u>

Guyana Football Federation Inc.

Notes to the Financial Statements

For the year ended December 31, 2016

	2016 G\$	2015 G\$
15 Tournament and development expenses continued		
Men's football	112,543,204 ✓	111,289,486
Women's football	24,954,551 ✓	29,662,323
Youth football	9,828,872 ✓	1,772,910
Win in CONCACAF with CONCACAF (WICWC)	-	4,340,750
Stock adjustments and write offs	2,105,605	14,649,103
Development expenses	9,148,770	14,885,974
Total tournament and development expenses	158,581,002	176,600,546

16 Employee benefits

Included in staff costs are termination benefits of	-	492,932
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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	8,924,363	9,783,332

(b) Related party balances

Balances due from affiliates	630,000	678,000
Balances due to affiliates	3,549,095	3,549,095

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	754,744	32,548,775
Receivables	630,001	1,611,001
	1,384,745	34,159,776

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, 2016

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.

	Less than one year G\$	More than one year G\$	Total G\$
<i>As at 31 December 2016</i>			
Accounts payable and accruals	89,881,316	-	89,881,316
Bank overdraft	6,420,008	-	6,420,008
Long-term borrowings	-	3,854,295	3,854,295
Short-term borrowings	647,917	-	647,917
Total	96,949,241	3,854,295	100,803,536
<i>As at 31 December 2015</i>			
Accounts payable and accruals	46,572,180	-	46,572,180
Long-term borrowings	-	4,305,143	4,305,143
Short-term borrowings	621,798	-	621,798
Total	47,193,978	4,305,143	51,499,121

(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	2016 G\$	2015 G\$
Cash resources	United States dollars	754,706	28,409,308

(iii) Foreign currency risk continued

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:

	2016 G\$	2015 G\$
Increase in rate by 1%	(7,547)	(284,093)
Decrease in rate by 1%	7,547	284,093

(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.

Guyana Football Federation Inc.

Notes to the Financial Statements

For the year ended December 31, 2016

20 Contingent assets and liabilities

(i) The Federation has one pending matter with Slingerz Football Club & Alpha United Football Club (claimants), in which the claimants claimed for special damages in the sum of \$88,804,000. No provisions have been made against this claim.

(ii) The Federation has not paid statutory and other liabilities in a timely manner. No provisions for interest or penalties have been made in these financial statements.

21 Restatement

Comparative amounts shown in the financial statements were restated to reflect the correction of a material misstatement relating to Land, located at Plantation Orangestein and acquired in 1997, which was omitted from the financial statements of prior years.