

GUYANA FOOTBALL FEDERATION INC.

DECEMBER 31, 2017

AUDITED FINANCIAL STATEMENTS

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

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, 2017, and the statement of comprehensive income, statement of changes 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 the financial statements on pages 1 to 11 present fairly, in all material respects, the financial position of **Guyana Football Federation Inc.** as at December 31, 2017, 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.

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

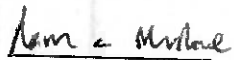
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 scepticism 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

May 28, 2018

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Guyana Football Federation Inc.

Statement of Financial Position

As at December 31, 2017

ASSETS	Notes	2017 G\$	2016 G\$
Non-current assets			
Property, plant and equipment	3	63,535,141	24,374,014
Current assets			
Accounts receivable	4	630,001	630,001
Cash resources	5	1,144,841	754,744
Total current assets		1,774,842	1,384,745
TOTAL ASSETS		65,309,983	25,758,759
EQUITY & LIABILITIES			
Equity			
Stated capital		-	-
Revaluation reserve	7	39,037,375	-
Accumulated deficit		(107,046,611)	(75,044,777)
Total equity		(68,009,236)	(75,044,777)
Non-current liability			
Long-term borrowings	8	3,344,915	3,854,295
Current liabilities			
Short-term borrowings	9	647,917	647,917
Accounts payable and accruals	10	122,272,123	89,881,316
Bank overdraft	6	7,054,264	6,420,008
Total current liabilities		129,974,304	96,949,241
TOTAL EQUITY & LIABILITIES		65,309,983	25,758,759

On behalf of the Board of Directors:

Director

Company Secretary

The notes on pages 5 to 11 form an integral part of these financial statements.

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

For the year ended December 31, 2017

Income	Notes	2017 G\$	2016 G\$
Games income	11	3,213,000	13,180,167
Grants	12	230,414,916	121,576,587
Sponsorship and donations	13	13,507,655	21,828,805
Other income		997,078	7,871,531
Total income		248,132,649	164,457,090
Expenditure			
Administrative expenses	14	115,482,264	96,039,203
Affiliation expenses		109,250	609,750
Finance costs		366,123	312,672
Tournament and development expenses	15	154,500,027	156,475,397
Total expenditure		270,457,664	253,437,022
Total comprehensive loss for the year		(22,325,015)	(88,979,932)

The notes on pages 5 to 11 form an integral part of these financial statements.

Guyana Football Federation Inc.

Statement of Changes in Equity
For the year ended December 31, 2017

		Stated capital	Revaluation reserve	Retained earnings	Total
		G\$	G\$	G\$	G\$
Balance at January 1, 2016		-	-	13,935,155	13,935,155
Net loss for the year		-	-	(88,979,932)	(88,979,932)
Restatement	Note 20	-	-	(9,676,819)	(9,676,819)
Restated		-	-	(84,721,596)	(84,721,596)
Revaluation reserve	Note 7	-	39,037,375	-	39,037,375
Net loss for the year		-	-	(22,325,015)	(22,325,015)
Balance at December 31, 2017		-	39,037,375	(107,046,611)	(68,009,236)

The notes on pages 5 to 11 form an integral part of these financial statements.

Guyana Football Federation Inc.

Statement of Cash Flows

For the year ended December 31, 2017

	2017 G\$	2016 G\$
Cash flows from operating activities		
Net loss for the year	(22,325,015)	(88,979,932)
Depreciation	2,125,634	2,082,796
Assets written-off	212,305	188,507
Interest payable	366,123	312,672
Operating loss before working capital changes	(19,620,953)	(86,395,957)
Decrease in inventories	-	5,956,017
(Increase)/decrease in accounts receivable	-	981,000
Increase in accounts payable and accruals	22,713,988	43,309,136
Cash generated from operations	3,093,035	(36,149,804)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,461,691)	(1,326,834)
Net cash used in investing activities	(2,461,691)	(1,326,834)
Cash flows from financing activities		
Repayment of mortgage	(509,380)	(424,729)
Interest paid	(366,123)	(312,672)
Net cash used in financing activities	(875,503)	(737,401)
Net decrease in cash and cash equivalents	(244,159)	(38,214,039)
Cash and cash equivalents at January 1,	(5,665,264)	32,548,775
Cash and cash equivalents at December 31,	(5,909,423)	(5,665,264)
Cash and cash equivalents comprises of:		
Cash resources	1,144,841	754,744
Bank overdraft	(7,054,264)	(6,420,008)
Cash and cash equivalents as shown in the statement of financial position	(5,909,423)	(5,665,264)

Note 6

The notes on pages 5 to 11 form an integral part of these financial statements.

Guyana Football Federation Inc.

Notes to the Financial Statements
For the year ended December 31, 2017

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. 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 28, 2018.

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 & equipment

Land and buildings are stated at fair value less depreciation for buildings while other 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.

(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.

(e) Cash and cash equivalents

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

Guyana Football Federation Inc.

Notes to the Financial Statements
For the year ended December 31, 2017

2. Significant accounting policies continued

(f) Financial instruments

Financial instruments include accounts receivable, cash resources, accounts payable, accruals and borrowings. The Federation's financial assets are classified as 'loans and 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.

3 Property, plant & equipment

	Land and building G\$	Fixture and fittings G\$	Office equipment G\$	Computer equipment G\$	Other equipment G\$	Work-in- progress G\$	Total G\$
Cost							
As at January 1, 2016	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
Additions	-	1,084,957	-	1,144,734	202,000	30,000	2,461,691
Disposals/Reclassifications	-	-	-	(516,984)	(129,999)	-	(646,983)
Revaluation	35,813,909	-	-	-	-	-	35,813,909
As at December 31, 2017	60,488,520	2,367,814	1,493,501	2,653,490	5,996,005	30,000	73,029,330
Depreciation							
As at January 1, 2016	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
Depreciation Charges	659,771	190,515	49,100	530,745	695,503	-	2,125,634
Write back on disposals	-	-	-	(404,345)	(30,333)	-	(434,678)
Revaluation	(3,223,466)	-	-	-	-	-	(3,223,466)
As at December 31, 2017	659,771	1,313,370	1,493,501	1,015,073	5,012,474	-	9,494,189
Net book value							
As at December 31, 2017	59,828,749	1,054,444	-	1,638,417	983,531	30,000	63,535,141
As at January 1, 2017	21,451,145	160,002	49,100	1,137,067	1,576,700	-	24,374,014

Included herein is land revalued at \$27,500,000 with historical cost of \$7,500,000 (2016: \$7,500,000)

Had land and buildings been stated at historical cost, net book value of property, plant and equipment would have been \$24,814,045.

Guyana Football Federation Inc.

Notes to the Financial Statements
For the year ended December 31, 2017

	2017 G\$	2016 G\$
4 Accounts receivable		
Receivable from affiliates	4,599,898	4,599,898
Other receivable	7,645,800	7,645,800
Provision for bad debts	(11,615,697)	(11,615,697)
Total	630,001	630,001
5 Cash resources		
Cash at bank (interest earning)	1,144,841	754,706
Cash at bank (non-interest earning)	-	38
Total	1,144,841	754,744
6 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.		
7 Revaluation reserve		
This balance represents surplus on the revaluation of the Federation's land and building which was done on January 01, 2017 by an independent professional valuation company.		
8 Long-term borrowings		
Mortgage on property	3,861,392	4,370,772
Repayable within one year (Note 9)	(516,477)	(516,477)
Total	3,344,915	3,854,295
The New Building Society Limited holds a first mortgage over the Federation's property situated at Lot 17 Dadanawa Street, Section K, Campbellville, Georgetown.		
9 Short-term borrowings		
Current portion of mortgage (Note 8)	516,477	516,477
Other parties	131,440	131,440
Total	647,917	647,917
10 Accounts payable and accruals		
Affiliation fines and dues	1,921,395	1,921,395
Caribbean Football Union (CFU)	1,739,000	1,627,700
Stale dated cheques	3,191,707	343,208
Statutory liabilities	14,066,627	8,533,888
Utilities	266,658	-
Tournament deposit	886,000	1,886,000
Trade payables	100,200,736	75,569,125
Total	122,272,123	89,881,316
11 Games income		
Gate receipts	1,688,000	13,180,167
Tournament Registration	525,000	-
Concession Fees	1,000,000	-
Total	3,213,000	13,180,167

Guyana Football Federation Inc.

Notes to the Financial Statements

For the year ended December 31, 2017

11 Games income continued

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 Inc. during the year.

12 Grants	2017 G\$	2016 G\$
Federation Internationale de Football Association (FIFA) [note (a)]	192,751,108	111,831,805
Confederation of North, Central American and Caribbean Association Football (CONCACAF)	37,663,808	9,744,782
Total	<u>230,414,916</u>	<u>121,576,587</u>

(a) Composition of FIFA Grants

FIFA provided financial aid and bonuses totalling US\$926,288 (2016: US\$545,521) 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:

(i) 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.

(ii) The National Association shall provide the usefulness and necessity of the project.

(b) Football Stadium

During the year 2017, construction began on a Football Stadium which was being funded directly by FIFA.

13 Sponsorship and donations	2017 G\$	2016 G\$
Sponsorship and donations	<u>13,507,655</u>	<u>21,828,805</u>

Guyana Football Federation Inc.

Notes to the Financial Statements
For the year ended December 31, 2017

14 Administrative expenses

	2017 G\$	2016 G\$
Advertising	2,015,806	5,829,990
Affiliation fees	-	12,000
Audit and accounting fees	2,622,000	1,759,755
Brokerage fees	-	92,000
Depreciation	2,125,633	2,082,796
Disposals	212,306	181,867
Donations	810,400	-
Duty and freight	-	166,550
Electricity	1,305,925	1,054,420
Insurance	40,050	152,050
Legal fees	1,138,500	365,500
Meetings	8,867,166	2,884,237
Planning	-	60,000
Consultancy services	8,005,026	-
Printing, postage and stationery	402,414	2,959,776
Rent	3,751,000	1,050,000
Repairs and maintenance	557,650	2,971,495
Residence	-	668,391
Security	87,924	3,637,956
Staff costs	72,770,085	51,056,686
Stationery	-	59,021
Stock adjustments and write offs	-	2,105,605
Telephone, faxes and internet	1,913,702	1,075,370
Water charges	29,578	-
Training	-	311,290
Travelling	6,002,013	6,159,680
Cleaning and office supplies	1,745,948	-
Other administrative and general expenses	1,079,138	9,342,768
Total	115,482,264	96,039,203

15 Tournament and development expenses

<i>Tournament expenses</i>		
Emoluments - coaches and players	11,552,097	16,921,350
Gear and other equipment	-	1,925,206
Match expenses	17,420,418	23,065,809
Meals and accommodation	15,997,355	28,821,055
Travel	47,761,981	45,145,085
Other	43,276,696	31,448,122
Total tournament expenses	136,008,547	147,326,627
<i>Development expenses</i>		
Affiliate associations' expenses	-	166,100
Football development	18,491,480	8,982,670
Total development expenses	18,491,480	9,148,770
Total tournament and development expenses	154,500,027	156,475,397

Guyana Football Federation Inc.

Notes to the Financial Statements

For the year ended December 31, 2017

15 Tournament and development expenses continued (summarised)

	2017 G\$	2016 G\$
Men's football	49,236,275	112,543,204
Women's football	2,458,461	24,954,551
Youth's football	38,855,828	9,828,872
Grassroots programme	5,940,658	-
Elite League	37,108,583	-
Events, programmes, activities management	2,408,742	-
Development expenses	18,491,480	-
Total tournament and development expenses	154,500,027	156,475,397

16 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

Key management compensation

18,246,155	11,701,682
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(b) Related party balances

Balances due from affiliates

Balances due to affiliates

630,000	630,000
3,660,395	3,549,095

17 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

Receivables

Total

1,144,841	754,744
630,001	630,001
1,774,842	1,384,745

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.

(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.

Guyana Football Federation Inc.

Notes to the Financial Statements

For the year ended December 31, 2017

17 Financial instruments and financial risk management continued

(ii) Liquidity risk continued

	Less than one year G\$	More than one year G\$	Total G\$
<i>As at 31 December 2017</i>			
Accounts payable and accruals	122,272,123	-	122,272,123
Bank overdraft	7,054,264	-	7,054,264
Long-term borrowings	-	3,344,915	3,344,915
Short-term borrowings	647,917	-	647,917
Total	129,974,304	3,344,915	133,319,219
<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

(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	2017 G\$	2016 G\$
Cash resources	United States dollars	210,100	754,706

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%	(2,101)	(7,547)
Decrease in rate by 1%	2,101	7,547

(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 6 and 8.

18 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.

19 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.

20 Restatement

This represents additional amounts owing by the Federation to suppliers which were not recorded in prior years.