

GUYANA FOOTBALL FEDERATION INC.

DECEMBER 31, 2018

AUDITED FINANCIAL STATEMENTS

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**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, 2018, 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, 2018, 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

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

August 14, 2019

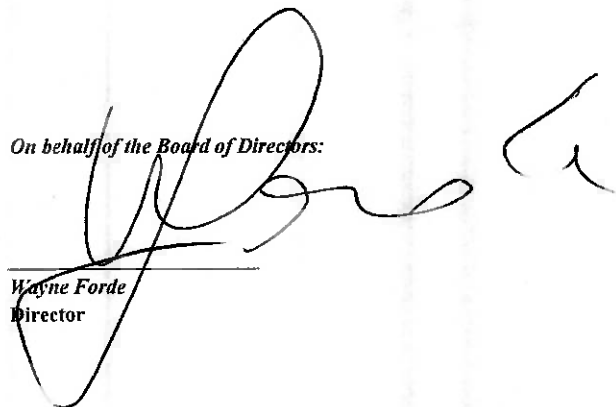
Guyana Football Federation Inc.

Statement of Financial Position

As at December 31, 2018

		2018	2017
ASSETS	Notes	GS	GS
Non-current assets			
Property, plant and equipment	3	<u>74,183,403</u>	<u>63,535,141</u>
Current assets			
Accounts receivable	4	2,021,038	630,001
Cash resources	5	<u>452,899</u>	<u>1,144,841</u>
Total current assets		<u>2,473,937</u>	<u>1,774,842</u>
TOTAL ASSETS		<u>76,657,340</u>	<u>65,309,983</u>
EQUITY & LIABILITIES			
Equity			
Stated capital		-	-
Revaluation reserve	7	39,037,375	39,037,375
Accumulated deficit		<u>(113,879,101)</u>	<u>(107,046,611)</u>
Total equity		<u>(74,841,726)</u>	<u>(68,009,236)</u>
Non-current liability			
Long-term borrowings	8	<u>2,801,624</u>	<u>3,344,915</u>
Current liabilities			
Short-term borrowings	9	647,917	647,917
Accounts payable and accruals	10	146,870,231	122,272,123
Bank overdraft	6	<u>1,179,294</u>	<u>7,054,264</u>
Total current liabilities		<u>148,697,442</u>	<u>129,974,304</u>
TOTAL EQUITY & LIABILITIES		<u>76,657,340</u>	<u>65,309,983</u>

On behalf of the Board of Directors:


Wayne Forde
Director


Bruce Lovell
Director

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, 2018

Income	Notes	2018	2017
		G\$	G\$
Games income	11	6,282,500	3,213,000
Grants	12	405,157,603	230,414,916
Sponsorship and donations	13	6,059,538	13,507,655
Other income		247,931	997,078
Total income		417,747,572	248,132,649
Expenditure			
Administrative expenses	14	163,926,518	115,482,264
Affiliation expenses		488,800	109,250
Finance costs		621,825	366,123
Tournament and development expenses	15	259,542,919	154,500,027
Total expenditure		424,580,062	270,457,664
Total comprehensive loss for the year		(6,832,490)	(22,325,015)

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, 2018

	Stated capital	Revaluation reserve	Retained earnings	Total
	G\$	G\$	G\$	G\$
Balance at January 1, 2017	-	-	(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)
Net loss for the year	-	-	(6,832,490)	(6,832,490)
Balance at December 31, 2018	-	39,037,375	(113,879,101)	(74,841,726)

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, 2018

	2018 G\$	2017 G\$
Cash flows from operating activities		
Net loss for the year	(6,832,490)	(22,325,015)
Depreciation	2,159,617	2,125,634
Assets written-off	168,315	212,305
Interest payable	621,825	366,123
Operating loss before working capital changes	(3,882,733)	(19,620,953)
Decrease in inventories	-	-
(Increase)/decrease in accounts receivable	(1,391,037)	-
Increase in accounts payable and accruals	24,598,108	22,713,988
Cash generated from operations	19,324,338	3,093,035
Cash flows from investing activities		
Acquisition of property, plant and equipment	(12,976,194)	(2,461,691)
Net cash used in investing activities	(12,976,194)	(2,461,691)
Cash flows from financing activities		
Repayment of mortgage	(543,291)	(509,380)
Interest paid	(621,825)	(366,123)
Net cash used in financing activities	(1,165,116)	(875,503)
Net decrease in cash and cash equivalents	5,183,028	(244,159)
Cash and cash equivalents at January 1,	(5,909,423)	(5,665,264)
Cash and cash equivalents at December 31,	(726,395)	(5,909,423)
Cash and cash equivalents comprises of:		
Cash resources	452,899	1,144,841
Bank overdraft	(1,179,294)	(7,054,264)
Cash and cash equivalents as shown in the statement of financial position	(726,395)	(5,909,423)

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, 2018

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 August 14, 2019.

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, 2018

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, 2017	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
Additions	-	455,030	-	526,938	268,800	11,725,426	12,976,194
Disposals/Reclassifications	-	(46,000)	-	(414,568)	(271,213)	-	(731,781)
As at December 31, 2018	60,488,520	2,776,844	1,493,501	2,765,860	5,993,592	11,755,426	85,273,743
Depreciation							
As at January 1, 2017	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 disposal	-	-	-	(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
Depreciation Charges	659,770	290,256	-	622,346	587,245	-	2,159,617
Write back on disposals	-	(46,400)	-	(245,853)	(271,213)	-	(563,466)
As at December 31, 2018	1,319,541	1,557,226	1,493,501	1,391,566	5,328,506	-	11,090,340
Net book value							
As at December 31, 2018	59,168,979	1,219,618	-	1,374,294	665,086	11,755,426	74,183,403
As at January 1, 2018	59,828,749	1,054,444	-	1,638,417	983,531	30,000	63,535,141

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, 2018

	2018	2017
	G\$	G\$
4 Accounts receivable		
Receivable from affiliates	5,990,935	4,599,898
Other receivable	7,645,800	7,645,800
Provision for bad debts	(11,615,697)	(11,615,697)
Total	2,021,038	630,001
5 Cash resources		
Cash at bank (interest earning)	452,899	1,144,841
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	3,318,101	3,861,392
Repayable within one year (Note 9)	(516,477)	(516,477)
Total	2,801,624	3,344,915
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
Stale dated cheques	4,512,556	3,191,707
Statutory liabilities	16,602,812	14,066,627
Utilities	-	266,658
Tournament deposit	1,886,000	886,000
Trade payables	121,947,468	100,200,736
Total	146,870,231	122,272,123
11 Games income		
Gate receipts	6,237,500	1,688,000
Tournament Registration	45,000	525,000
Concession Fees	-	1,000,000
Total	6,282,500	3,213,000

Guyana Football Federation Inc.

Notes to the Financial Statements

For the year ended December 31, 2018

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.

	2018 G\$	2017 G\$
12 Grants		
Federation Internationale de Football Association (FIFA) [note (a)]	328,524,418	192,751,108
Confederation of North, Central American and Caribbean Association Football (CONCACAF)	58,765,548	37,663,808
Caribbean Football Union (CFU)	17,867,637	-
Total	405,157,603	230,414,916

(a) Composition of FIFA Grants

FIFA provided financial aid and bonuses totalling US\$1,579,444 (2017: US\$926,288) 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, this is currently a Work-in-Progress.

	2018 G\$	2017 G\$
13 Sponsorship and donations		
Sponsorship and donations	6,059,538	13,507,655

Guyana Football Federation Inc.

Notes to the Financial Statements

For the year ended December 31, 2018

	2018 G\$	2017 G\$
14 Administrative expenses		
Advertising	2,483,250 ✓	2,015,806
Audit and accounting fees	3,279,410 ✓	2,622,000
Depreciation	2,159,617 ✓	2,125,633
Disposals	168,715 ✓	212,306
Donations	13,000 ✓	810,400
Electricity	3,215,280	1,305,925
Insurance	30,038 ✓	40,050
Legal fees	1,759,731	1,138,500
Meetings	6,409,823	8,867,166
Consultancy services	12,629,259	8,005,026
Printing, postage and stationery	263,928	402,414
Rent	12,326,234	3,751,000
Repairs and maintenance	694,769	557,650
Security	25,000	87,924
Staff costs	80,944,843	72,770,085
Telephone, faxes and internet	2,573,409	1,913,702
Water charges	30,208	29,578
Travelling	20,189,565	6,002,013
Cleaning and office supplies	1,667,452 ✓	1,745,948
Other administrative and general expenses	10,467,772	1,079,138
Professional fees	1,995,000	-
Gain and loss on exchange	600,215	-
Total	163,926,518	115,482,264
15 Tournament and development expenses		
<i>Tournament expenses</i>		
Emoluments - coaches and players	29,585,552	11,552,097
Match expenses	30,015,535	17,420,418
Meals and accommodation	37,303,044	15,997,355
Travel	70,319,171	47,761,981
Other	68,392,194	43,276,696
Total tournament expenses	235,615,496	136,008,547
<i>Development expenses</i>		
Football development	23,927,423	18,491,480
Total tournament and development expenses	259,542,919	154,500,027

Guyana Football Federation Inc.

Notes to the Financial Statements

For the year ended December 31, 2018

15 Tournament and development expenses continued (summarised)

	2018 G\$	2017 G\$
Men's football	104,892,858	49,236,275
Women's football	24,107,783	2,458,461
Youth's football	37,680,897	38,855,828
Grassroots programme	1,291,868	5,940,658
Elite League	53,843,145	37,108,583
Events, programmes, activities management	13,798,945	2,408,742
Development expenses	23,927,423	18,491,480
Total tournament and development expenses	259,542,919	154,500,027

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	35,151,944	18,246,155
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(b) Related party balances

Balances due from affiliates	630,000	630,000
Balances due to affiliates	1,921,395	3,660,395

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	452,899	1,144,841
Receivables	2,021,038	630,001
Total	2,473,937	1,774,842

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, 2018

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 2018</i>			
Accounts payable and accruals	146,870,231	-	146,870,231
Bank overdraft	1,179,294	-	1,179,294
Long-term borrowings	-	2,801,624	2,801,624
Short-term borrowings	647,917	-	647,917
Total	148,697,442	2,801,624	151,499,066
<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

(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	2018 G\$	2017 G\$
Cash resources	United States dollars	268,995	210,100

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%	(2,690)	(2,101)
Decrease in rate by 1%	2,690	2,101

(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 Leon Rutherford (claimants), in which the claimants claimed for outstanding payments for accommodation in the sum of \$2,309,400. No provisions have been made against this claim.
- (ii) Legal 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 has been discharged.
- (iii) 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.