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working world**

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To the Congress of the members of the
International Fencing Federation (FIE), Lausanne

Lausanne, 16 June 2016
mg/4.3

Auditors' report on the limited audit

In our capacity as statutory auditors, we have audited the annual accounts (balance sheet, income statement and notes to the accounts) of the International Fencing Federation for the year ended 31 December 2015.

Responsibility for the preparation of the annual accounts falls to the management, while our task consists of auditing those accounts. We declare that we meet the legal requirements for approval and independence.

Our audit was performed in accordance with the Swiss rules on limited audits. These rules require the audit to be planned and carried out in such a way that any significant irregularities in the annual accounts can be identified. A limited audit chiefly covers hearings, analytical checks and appropriate detailed verifications of the available documents in the audited company. However, verifications of operating cash flows and the internal control system, as well as hearings and other audit operations intended to detect fraud or other violations of the law, do not form part of this audit.

During our audit, we did not discover any element that might lead us to conclude that the annual accounts are not in accordance with the law (Arts. 957 et seq. of the Code of Obligations) and the Statutes.

Ernst & Young SA

Serge Clément
Approved auditor
(Chief auditor)

Pascal Tréhan
Approved auditor

Annex

► Annual accounts (balance sheet, income statement and notes to the accounts)

FEDERATION INTERNATIONALE D'ESCRIME (INTERNATIONAL FENCING FEDERATION)

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BALANCE SHEET

ASSETS	31.12.2015 CHF	31.12.2014 CHF
Funds	5,857	8,632
Assets in the BCV	20,044,024	24,065,655
Cash	20,049,881	24,074,287
Debtor Federations	2,552	88,837
Other short term receivables	18,067	32,750
Inventory	35,666	45,775
Accruals	8,888	67,623
Prepaid expenses	445,578	221,388
Deferred charges	454,466	289,011
Current assets	20,560,632	24,530,660
Non-current financial assets	5,400	10,000
Office, IT equipment	28,848	4,535
Office furniture	1	2,558
Sports equipment	31,631	51,488
General facilities	7,010	9,962
Non-current tangible assets	67,489	68,543
Media	59,787	132,447
Intangible assets	59,787	132,447
Fixed assets	132,677	210,990
Total assets	20,693,309	24,741,649

FEDERATION INTERNATIONALE D'ESCRIME (INTERNATIONAL FENCING FEDERATION)

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BALANCE SHEET

	31.12.2015	31.12.2014
	CHF	CHF
LIABILITIES		
Debts resulting from purchase of goods and provision of services	242,751	148,977
Other short term debts	5,948	13,982
Income received in advance	130,511	3,153,401
Short-term foreign capital	379,210	3,316,360
Provisions for exchange rate not used	0	88,500
Long-term foreign capital	0	88,500
Initial capital	1,336,789	2,636,089
Surplus costs	-1,022,689	-1,299,300
Final capital	314,100	1,336,789
Reserve fund	20,000,00	20,000,000
	0	
Equity	20,314,10	21,336,789
	0	
Total liabilities	20,693,309	24,741,649

FEDERATION INTERNATIONALE D'ESCRIME (INTERNATIONAL FENCING FEDERATION)

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INCOME STATEMENT

		01.01.2015 31.12.2015	01.07.2014 31.12.2014
	Notes 2	CHF	CHF
Donations	4	7,312,400	1,000,000
Income from Federations	5	457,284	309,887
Contributions from CIO (IOC)	7	67,200	168,303
JO (OG) revenue	8	35,620	6,561
Revenue from advertising and marketing	9	381,250	314,705
TOTAL REVENUE		8,253,754	1,799,456
Salaries		-984,043	-442,298
Social charges		-147,963	-48,905
Other personnel expenses		-12,284	-2,046
Personnel expenses	1.1	-1,144,290	-493,250
Operational costs	1.2	-552,643	-274,077
Organisation of the Conference	1.3	-316,438	-292,090
Office and Executive Committee	1.4	-448,741	-125,929
Travel Costs for the Executive Committee	1.5	-157,278	-43,873
Commissions and Advice	1.6	-238,709	-149,446
Anti-doping	1.7	-84,723	-33,960
Administrative costs		-1,798,532	-919,375
Sports costs	2	-3,136,364	-1,127,923
Costs for advertising et marketing	3	-2,902,974	-535,220
EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)		-728,406	-1,276,312
Depreciation	1.10	-106,672	-83,489
Exchange loss	1.8	-278,434	2
Financial expenses	1.9	-10,567	-9,611
Financial expenses		-289,001	-9,609
Interest	6.1	1,254	1,974
Exchange gain made	6.2	0	50,516
Financial revenue	6	1,254	52,490
Changes in monetary values	6.5/6.3	88,500	-50,000
Non-operating revenue	3.91/6.4	11,636	67,620
SURPLUS COSTS		-1,022,689	-1,299,300

FEDERATION INTERNATIONALE D'ESCRIME (INTERNATIONAL FENCING FEDERATION)

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ANNEX TO ANNUAL ACCOUNTS AS AT 31 DECEMBER 2015

1. Accounting principles applied and not statutory:

- 1.1. The Fédération Internationale d'Escrime (referred to hereafter as the "FIE") is an international, non-governmental, non-profit organisation, taking the legal form of a Swiss association with its registered offices in Lausanne, Switzerland.

It is recognized by the International Olympic Committee (IOC) as leading world authority in fencing. The FIE imposes rules governing the organisation of international competitions and supervises their application.

- 1.2. Financial statements are submitted in Swiss francs (CHF) in accordance with accounting standards governed by the Code des obligations Suisse (*Swiss Code of Obligations*), the regulations and articles of association of the FIE and the accounting methods indicated below.

These annual accounts constitute the first application of the new accounting law.

1.3. *Entries in foreign currency*

Transactions in foreign currency were converted into Swiss francs (CHF) at the exchange rate applicable at the time they are carried out. Monetary assets and liabilities in foreign currencies were converted at the rate of exchange applicable on the balance sheet date.

The rates applicable to the balance below correspond to the closing rates as at 31 December 2015.

	31.12.2015 CHF	31.12.2014 CHF
EUR/CHF	<u>1.0826</u>	<u>1.2027</u>
USD/CHF	0.990	0.9893

1.4. *Federations and other short-term receivables*

The receivables from the Federations as well as the other short-term receivables were entered in the accounts at their nominal value. Individual value adjustments were carried out, with the residual balance being the subject of a flat-rate value adjustment of 5 %.

1.5. *Inventory*

The inventory is evaluated at the acquisition cost or cost price. The acquisition cost and the cost price of the inventory is determined according to the weighted average cost method.

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ANNEX TO ANNUAL ACCOUNTS AS AT 31 DECEMBER 2015

1.6. *Non-current tangible assets*

Non-current tangible assets are recorded in the balance sheet at their historic cost, after deducting the accumulated depreciation. Depreciation is carried out according to the linear method. Any immediate depreciation is carried out within the framework of fiscally acceptable limits on decision of the Treasurer.

Depreciation rates are fixed according to the estimated duration of use:

Office and IT equipment	Between 2 and 3 years
Office furniture	4 years
Sports equipment	5 years
General installations	Between 3 and 5 years
Media	3 years

1.7. *Reserves*

A currency reserve was set up for unrealized gains.
In 2015, the provision was entirely dissolved for an amount of CHF 88,500,00

2. Information and comments about the main entries in the profit and loss account:

The breakdown of the headings is provided in the attached table with the annual budget providing a comparison.

3. Annual average of full-time posts:

As an annual average the number of full-time posts did not exceed 12 people

4. Finance-leasing operation:	31.12.2015 CHF	31.12.2014 CHF
Commercial lease falling due on 30 September 2021, not entered in the balance sheet	717,779	842,611
	31.12.2015 CHF	31.12.2014 CHF
5. Debts with provident societies:	17,541.00	8.25
	31.12.2015 CHF	31.12.2014 CHF
6. Total amount of sureties set up in favour of third parties:	31.12.2015 CHF	31.12.2014 CHF
Bank guarantee relating to a lease taken out by an employee	5,400.30	0.00

**2. INCOME STATEMENT FROM 1ST JANUARY TO 31ST DECEMBER 2015
SWISS FRANCS**

	COSTS			REVENUE	
	01.01-31.12.2015	01.01-31.12.2015		01.01-31.12.2015	01.01-31.12.2015
	Budget	Result		Budget	Result
1 - Administration and finances	2798700	3,338,495	4 - Donations	5,500,000	7,312,400
1.1 Personnel costs	870,000	1,144,290	4.1 Gifts	5,500,000	5,467,900
1.2 Operating costs	488,700	552,643	4.2 Gifts for TV Broadcast	0	1,844,500
1.3 Organisation of the Conference/Participation of each NF Chairman in the Conference	295,000	316,438			
1.4 Office and Executive Committee (meetings)	370,000	448741	5 - Federations	632,000	457,284
1.5 Travel costs for the Executive Committee and personnel (to attend CHM/JO/JOJ)	175,000	157,278	5.1 Subscriptions to Federations	80,000	55,075
1.6 Commissions and Councils (meetings)	300,000	238709	5.2 Organisational rights	137,000	39,279
1.7 Anti-doping	80,000	84723	5.3 International licences	310,000	212,959
1.8 Exchange loss	0	278,434	5.4 Fees for referee's examination	15,000	6,503
1.9 Financial costs	10,000	10,567	5.5 Other revenue	90,000	143,467
1.10 Depreciation	200,000	106,672			
1.11 Provisions/losses	10,000	0	6 - Finances	130,000	90,129
			6.1 Interest	30,000	1,254
2 - Sport	2,870,000	3,136,364	6.2 Exchange gain made	80,000	0
2.1 Grants to confederations	110,000	132,367	6.3 Value adjustments of currencies	0	0
2.2 Equipment for federations	600,000	637,451	6.4 Revenue from previous years	20,000	375
2.3 Schools, Fencing Master training	580,000	564,533	6.5 Dissolution of provision	0	88,500
2.4 Training camps at championships	120,000	172,793			
2.5 Refereeing (examinations, seminars, allowances)	300,000	245,402	7 - IOC	65,000	67,200
2.6 Assistance to federations	560,000	456,387	7.1 IOC grant for assistance with development	65,000	67,200
2.7 J/C World Championships	120,000	232,128			
2.8 Senior World Championships	190,000	126707	8 - JO revenue	0	35,620
2.9 Youth JO	0	68,210			
2.10 World Cups, GP, CHZ	140,000	287,468	9 - Adv/Mkt/TV	400,000	381,250
2.11 Service providers	150,000	212,917	9.1 Escrime (Fencing) Magazine	60,000	41,890
			9.2 Sponsorship	240,000	240,021
			9.3 Television rights	100,000	99,339
3 - Adv/Mkt/TV	1,058,300	2,902,974			
3.1 Internet site/social media	48,200	65,954			
3.2 Magazines	183,600	227,812			
3.3 Advertising	39,700	45,545			
3.4 Marketing	100,000	16,897			
3.5 Events	394,000	383,978			
3.6 TV	58,800	88,475			
3.7 Service providers	144,000	187,544			
3.8 Specific projects	90,000	56,158	Total revenue		8,343,883
3.9.TV Broadcast (Eurosport, Euronews, CNN)	0	1,830,611	12. Allocation to long-term reserve		0
3.91 - Centenary		-1T261	13. Surplus costs taken from capital		-1,022,689
TOTAL	6,727,000	9,366,572	TOTAL REVENUE	6,727,000	9,366,572