

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

Lausanne, 9 June 2017
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 Fédération Internationale d'Escrime (International Fencing Federation) for the year ended 31 December 2016.

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 interviews, 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.

Ernest & Young SA



Serge Clément
Approved auditor
(Chief auditor)



Pascal Tréhan
Approved auditor

Annexe

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

2016 FINANCIAL REPORT

As at 17 September 2017

Mr. President,
Ladies and Gentlemen, Members of Honour,
Ladies and Gentlemen, Presidents of the Federations,
Ladies and Gentlemen, participants in the Congress,

I have pleasure in submitting for your approval, the balance sheet and income statements for the 2016 financial year (1 January to 31 December), together with the budget for 2018 (1 January to 31 December).

1. INCOME STATEMENT

CONTENTS

The statements of income and expenses corresponding to the financial period submitted for your approval show a surplus of income over expenses which amounts to CHF 4 363 797.

I would like to express my gratitude to the President of our Federation for his generous donation of CHF 4 850 000, which enabled us to realize sensational Olympic Games amongst other things.

EXPENSES

Total of administrative and financial expenses, within the budget **CHF 3 019 757**

2.19% above budget

Including:

- 1) Payroll expenses: **CHF 1 458 872**; 4.21% above budget.
- 2) Administrative expenses, **CHF 499 873**; 0.98% above budget.

The main categories are:

Rental of the office	CHF 124 831
Professional fees	CHF 52 266
Translation services	CHF 111 863
Purchases (including medals)	CHF 29 046
Sundry insurances	CHF 66 393
Mail and telecommunications	CHF 76 678

- 3) Organisation of the FIE Congress in Moscow – **CHF 283 936**; 5.35% above budget.
- 4) Secretariat and Executive Committee (meetings) - CHF 456 923; 23.49% above budget.
- 5) Travel for the Executive Committee and staff (WCh) - **CHF 17 922**; 70.13% below budget.
- 6) Commissions and Councils - **CHF 72 802**; 21.34% above budget.

Refereeing	Two meetings and one
------------	----------------------

	meeting of the working group
Discipline	No meeting
Legal	No meeting
SEMI	No meeting
Medical	No meeting, but participation in international seminars
PP	No meeting
Rules	Two meetings of the working group (restructuring of the rules)
Veterans	No meeting
Women	No meeting
Trainers	No meeting
Special	One meeting (non-combativity)
Athletes	No meeting

- 7) SPORTACCORD anti-doping management services, non-competition testing and promotion of anti-doping - **CHF 131 732**; 31.73% above budget.
- 8) Foreign exchange losses - **CHF 0**.
- 9) Total financial expenses - **CHF 16 482** - bank fees, 64.82% above budget.
- 10) Depreciation - **CHF 81 214**; 45.86% below budget.
- 11) Provisions and losses - **CHF 0**.

Sport

CHF 3 316 137

0.64% above budget.

- 1) Subsidies to the Confederations – **CHF 245 141**; 8.95% above budget
- 2) Equipment for the Federations – **CHF 616 894**; 2.82% above budget

Continent	Number of Federations	Amount in CHF	%
Africa	18	99 957	16.20%
Americas	30	147 089	23.84%
Asia	30	174 409	28.27%
Europe	29	175 389	28.43%
Oceania	3	20 050	3.25%

TOTAL	110	616 894	100 %
--------------	------------	----------------	--------------

- 3) Schools, training of the Masters of Arms - **CHF 573 626**; 15.64% below budget
- 4) Training course before the World Championships - **CHF 190 038**; 23.98% below budget
- 5) Referees: examinations, seminars, bonuses - **CHF 353 444**; 41.38% above budget
- 6) Aid to the Federations (1+1+1) + CMI- **CHF 574 246**; 2.54% above budget
- 7) World Championship for juniors/cadets in Bourges - **CHF 234 459**; 95.38% above budget due to the additional assistance granted to the organisers (meals for the officials, equipment and material, additional officials)
- 8) World Championship for veterans - **CHF 12 968**; 13.55% below budget
- 9) Grand Prix, World Cups, Regional Championships – **CHF 289 497**; 5.27% above budget
- 10) Service providers - **CHF 85 381**; 21.97% above budget
- 11) “Athletes' Careers” Program- **CHF 1258** ; 97.48% below budget
- 12) Confederations' Sport Directors - **CHF 139 185** ; 30.41% below budget

Communication/Marketing/TV

CHF 2 975 528

6.03% above budget (excluding TV)

- 1) Video portal/ Digital content / Website **CHF 232 416**; 364.83% above budget
 - Digital content 172 982
 - Video portal 49 286
 - Website 10 148
- 2) Magazines (1 paper magazine + 4 digital magazines) - **CHF 285 222**; 61.14% above budget
- 3) Communication - **CHF 13 843**; 65.39% below budget
- 4) Marketing - **CHF 39 717**; 50.35% below budget
- 5) Events - **CHF 337 742**; 17.92% below budget
- 6) Service providers - **CHF 141 907** ; 2.80% below budget
- 7) Specific projects - **CHF 0**;
- 8) TV broadcasts (Eurosport, Euronews, CNN) - **CHF 1 924 682**; 1.89% above budget

Rio 2016: Test event (Grand Prix, World Championship Senior Teams and Olympic Games)

CHF 1 655 956 21.31% above budget

- 1) Purchase of tickets for fencing- **CHF 213 651**; 12.45% above budget. The amounts had to be paid in USD, with a fixed and very unfavourable exchange rate.
- 2) Accommodation for the Olympic Games- **CHF 270 753** ; 184.66% above budget
The normal prices for hotel rooms doubled and we were billed more than USD 500/night
- 3) Executive Committee and personnel expenses for travel to Rio (test event and Olympic Games)-
CHF 136 912; 14.43% below budget
- 4) Test event (ITOs, bonus, organisation)- **CHF 153 377** ; 2.25% above budget
- 5) Zonal qualifying trials, Olympic Games (ITOs, other costs)-
CHF 398 748; 104.49% above budget

Due to the very poor financial situation of the LOC, the FIE was obliged to bear the following costs:

- Lightning- CHF 205 457
 - Stages- CHF 59 800
 - Office equipment, per diem for the ITOs for the travel days borne by Rio, evening meals for officials not borne by Rio
- 6) Test event (TV, highlights, news, live streaming, commentators, etc)- **CHF 136 438**; 17.31% below budget
 - 7) Marketing promotions for Rio (film, schools, website, promotion during Rio)- **CHF 334 202**; 16.45% below budget
 - 8) Press material- **CHF 11 875** ; 18.75% above budget

INCOME

- 1) Donations: donation from the President, **CHF 4 850 000**
- 2) Income from the Federations, 55.51% below budget **CHF 383 893**
- Including:
- Subscriptions from the Federations, 41.83% below budget **CHF 56 406**
 - Organisation fees (Grands Prix, World Cup), 100.96% below budget -
CHF 68 171
 - International licences, 34.36% below budget **CHF 230 730**
 - Referee examination fees, **CHF 6 503**
 - Other income, 161% below budget **CHF 26 820**
- 3) Finances, 77% above budget

Finances	CHF 577 543
Interest	-6 150
Foreign exchange rate adjustments	0
Realised foreign exchange gains	583 693
Prior year income	0
Reversal of provisions	0

- 4) IOC - CHF 69 300; 6.20% above budget
- 5) Income from the Olympic Games, CHF 15 027 488, of which CHF 5 764 000 is constituted as a long-term provision (which will appear in the 2017 financial statements)
- 6) Communication/Marketing/TV - CHF 186,951; 17.68% below budget
- a) Advertising in the magazine- CHF 56 132; 6.89% below budget
 - b) Sponsorship - CHF 90 000; in line with the budget
 - c) TV rights - CHF 40 819; 71.49% below budget

BALANCE SHEET

SUMMARY

Our balance sheet at the end of December was positive, due to a surplus of receipts for the year – CHF 4 363 797.

Capital at 31 December 2016: CHF 4 677 897.
Long-term reserve: CHF 20 000 000.
Long-term capital (IOC): CHF 5 764 000.
Short-term capital: CHF 1 033 598

Total liabilities **CHF 31 475 495.**

ASSETS

Tangible fixed assets - net value

- 1) Office and IT equipment - Gross value of this equipment - **CHF 15 747**
- 2) Office equipment - **CHF 1**, identical to the previous year
- 3) Sports equipment - **CHF 13 124**
- 4) General equipment - **CHF 4 058**

Deposits and guarantees – no changes.

Current assets

- 1) Stock (ties, scarves, flags) – **CHF 32 488** of value.
- 2) Federation receivables - **CHF 12 949**
- 3) Accrued income - **CHF 1 698 956.25**, which represents payments due to the FIE.
- 4) Other receivables - **CHF 15 218.41** - sums due relating to invoices issued by the FIE during the previous financial year: Deduction of the VAT. INVEST / PROPERTY CHF 902.50 and other CHF 14 315.91

- 5) Prepayments (prepaid expenses) **CHF 177 653.32** :
 - Prepayment EUR 53 868.73 CHF 57 833.47
 - Prepayment CHF CHF 75 002.84
 - Prepayment USD 43 990.00 CHF 44 817.01
 - Accrued income CHF 1 698 956.25

LIABILITIES AND EQUITY

- 1) Shareholders' equity
The capital at 01.01.2016 represents the financial situation of the FIE at the start of the year.
The balance of income and expenses (CHF 4 363 797) is the result of the income statement described above.

Capital at 31 December 2016 of CHF 4 677 897.
The long-term reserve is CHF 20 000 000.
Foreign long-term capital (IOC) is CHF 5 764 000
Foreign short-term capital of CHF 1 033 598

The "TOTAL CAPITAL" is CHF 31 475 495.

- 2) Trade payables and accrued payables for a total amount of: **CHF 398 722**
 - Trade payables **CHF 4 251**
 - Accrued expenses **CHF 394 472**

Accrued expenses

Accrued expenses CHF		CHF 339 531.98
Accrued expenses EURO	EUR 24 610.32	CHF 26 267.78
Accrued expenses USD	USD 28 143.16	CHF 28 672.25
Revision of provision		CHF 14 500

CHF 408 972.01

- 3) Income received in advance - **CHF 70 883.04**
- 4) Other payables - CHF 548 453.14 – VAT due

I would like to thank our CEO, Mrs Nathalie Rodriguez M.-H., and her team in the Administration and Finance Department, for their cooperation.

Ferial Salhi
Secretary Treasurer

FEDERATION INTERNATIONALE D'ESCRIME

LAUSANNE

BALANCE SHEET

ASSETS	31-12-2016	31-12-2015
	CHF	CHF
Cash funds	7 564	5 857
Bank balances	29 469 672	20 044 024
Cash	29 477 237	20 049 881
Federation receivables	12 949	2 552
Other short-term receivables	17 946	18 067
Stocks	32 488	35 666
Accrued income	1 698 956	8 888
Prepaid expenses	177 653	445 578
Accruals - assets	1 876 610	454 466
	<hr/>	<hr/>
Current assets	31 417 230	20 560 632
	<hr/>	<hr/>
Long-term financial assets	5 401	5 400
Office and IT equipment	15 747	28 848
Office furniture	1	1
Sports equipment	13 124	31 631
General facilities	4 058	7 010
Tangible fixed assets	32 929	67 489
Media	19 935	59 787
Intangible fixed assets	19 935	59 787
Fixed Assets	58 265	132 677
	<hr/>	<hr/>
Total assets	31 475 495	20 693 309
	<hr/>	<hr/>

FEDERATION INTERNATIONALE D'ESCRIME

LAUSANNE

BALANCE SHEET

LIABILITIES AND EQUITY	31-12-2016 CHF	31-12-2015 CHF
Liabilities resulting from the purchase of goods and services	416 766	242 751
Other short-term liabilities (VAT payable)	545 949	5 948
Income received in advance	70 883	130 511
	<hr/>	<hr/>
Foreign short-term capital	1 033 598	379 210
	<hr/>	<hr/>
Provision for deferred contributions from the IOC	5 764 000	0
	<hr/>	<hr/>
Foreign long-term capital	5 764 000	0
	<hr/>	<hr/>
Initial capital	314 100	1 336 789
Surplus of income over expenses	4 363 797	-1 022 689
Final capital	4 677 897	314 100
Reserve fund	20 000 000	20 000 000
	<hr/>	<hr/>
Total equity	24 677 897	20 314 100
	<hr/>	<hr/>
Total liabilities and equity	31 475 495	20 693 309
	<hr/>	<hr/>

FEDERATION INTERNATIONALE D'ESCRIME

LAUSANNE

INCOME STATEMENT

	Notes 2.	2016 CHF	2015 CHF
Donations	4	4 850 000	7 312 400
Income from the Federations	5	383 893	457 284
Contributions from the IOC	7	69 300	67 200
OG Receipts	8.1	15 027 488	35 620
Attribution of deferred contributions from the IOC	8.2	-5 764 000	0
Communication and marketing products	9	186 951	381 250
TOTAL INCOME		14 753 633	8 253 754
Salaries		-1 273 614	-984 043
Payroll taxes		-180 410	-147 963
Other employment costs		-4 848	-12 284
Payroll costs	1.1	-1 458 872	-1 144 290
Operating costs	1.2	-499 873	-552 643
Organisation of the Congress	1.3	-283 937	-316 438
Secretariat and Executive Committee	1.4	-456 923	-448 741
Executive Committee's travel expenses	1.5	-17 922	-157 278
Commissions and Councils	1.6	-72 802	-238 709
Anti-doping	1.7	-131 732	-84 723
Administration expenses		-1 463 189	-1 798 532
Sports expenses	2	-3 316 137	-3 136 364
Communication and marketing expenses	3	-2 975 528	-2 902 974
RIO Olympic Games 2016 expenses	4	-1 655 956	0
OPERATING PROFIT BEFORE INTEREST, TAXES AND DEPRECIATION (EBITDA)		3 883 950	-728 406
Depreciation	1.10	-81 214	-106 672
Foreign exchange loss	1.8	0	-278 434
Financial expenses	1.9	-16 482	-10 567
Financial expenses		-16 482	-289 001
Interest	6.1	-6 150	1 254
Realised foreign exchange gain	6.2	583 693	0
Financial income	6	577 543	1 254
Adjustments of currency values		0	88 500
Non-operating income		0	11 636
SURPLUS OF INCOME OVER EXPENSES		4 363 797	-1 022 689

FEDERATION INTERNATIONALE D'ESCRIME

LAUSANNE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2016

1. Accounting principles applied and not prescribed by the law:

- 1.1. The 'Fédération Internationale d'Escrime' (hereinafter the "FIE") is an international non-governmental non-profit organisation, having the legal form of an association under Swiss law and having its registered office in Lausanne, Switzerland.

It is recognised by the International Olympic Committee (IOC) as the world governing body for fencing. The FIE lays down the rules governing the organisation of international competitions and supervises their application.

- 1.2. The financial statements are presented in Swiss francs (CHF) in accordance with the accounting standards governed by the Swiss Code of Obligations, the regulations and bylaws of the FIE and the following accounting methods.

1.3. *Items denominated in foreign currencies*

Transactions in foreign currencies are converted into Swiss francs (CHF) at the exchange rate in effect at the time when they are effected. Monetary assets and liabilities denominated in foreign currencies are converted at the exchange rate in effect on the year-end date.

The rates applicable to the balance sheet below correspond to the year-end rates at 31 December 2015.

	31-12-2016 CHF	31-12-2015 CHF
EUR/CHF	<u>1.0736</u>	<u>1.0826</u>
USD/CHF	<u>1.0188</u>	<u>0.990</u>

1.4. *Federations and other short-term receivables*

The receivables from the Federations, as well as the other short-term receivables, are recognised at their nominal value. Individual value corrections are made and then the residual balance is the subject of a flat-rate value correction of 5%.

1.5. *Inventories*

The stocks are valued at their acquisition cost or cost of production. The acquisition cost and the production cost of the stocks are determined in accordance with the weighted cost method.

FEDERATION INTERNATIONALE D'ESCRIME

LAUSANNE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2016

1.6. *Tangible fixed assets*

The tangible fixed assets are recognised on the balance sheet at their historical cost, after deduction of the accumulated depreciation. The amortisation charges are made in accordance with the straight-line method. Any immediate amortisation charges are made within the framework of the limits of tax deductibility, on the basis of a decision by the Treasurer.

The amortisation rates are fixed in accordance with the estimated useful life of the assets:

Office and IT equipment	and three years
Office furniture	4 years
Sports equipment	5 years
General facilities	and five years
Media	3 years

2. Information and comments on the principal balance sheet and income statement items:

	31-12-2016	31-12-2015
	CHF	CHF
2.1. <i>Cash balances by currency</i>		
CHF	4 686 568	20 003 769
EUR 4,511,208.97	4 849 676	43 203
USD 19,573,020.05	19 940 993	2 909
	<u>29 477 237</u>	<u>20 049 881</u>

2.2. *Profits and losses*

The details of the headings are given in the attached table, with the annual budget for comparison purposes.

FEDERATION INTERNATIONALE D'ESCRIME

LAUSANNE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2016

3. Average annual full-time headcount:

As an annual average, the number of full-time posts is between 10 and 50.

4. Lease-credit transaction:

Commercial lease expiring on 30 September 2021, not recognised on the balance sheet

31-12-2016	31-12-2015
CHF	CHF

<u>592 948</u>	<u>717 779</u>
----------------	----------------

31-12-2016	31-12-2015
CHF	CHF

5. Liabilities due to the social insurance bodies:

<u>24 963.70</u>	<u>17 541.00</u>
------------------	------------------

6. Total amount of sureties constituted in favour of third parties:

Bank guarantee concerning any lease taken by an employee

31-12-2016	31-12-2015
CHF	CHF

<u>5 400.90</u>	<u>5 400.30</u>
-----------------	-----------------

2. INCOME STATEMENT FROM 1 JANUARY TO 31 DECEMBER 2016
SWISS FRANCS (CHF)

	EXPENSES			RECEIPTS	
	Jan/Dec 2016	Jan/Dec 2016		Jan/Dec 2016	Jan/Dec 2016
	Budget 2016	Expenses 2016		Budget 2016	Expenses 2016
1. Administration and finances	2 955 000	3 019 757	4. Donations	-	4 850 000
1.1 Payroll expenses	1 400 000	1 458 872	4.1 Donations by the Chairman	-	4 850 000
1.2 Operating expenses	495 000	499 873			
1.3 Organisation of the Congress/Participation by the Chairman of each NF in the Congress	300 000	283 937			
1.4 Secretariat and Executive Committee (meetings)	370 000	456 923			
1.4.1 Secretariat and Executive Committee, meetings		425 646			
1.4.2 Per diem for the Executive Committee for the meetings		31 276			
1.5 Executive Committee and personnel expenses for travel to the CHM	60 000	17 922	5. Federations	597 000	383 893
1.5.1 Executive Committee and personnel expenses for travel to the CHM		2 389	5.1 Federations' subscriptions	80 000	56 406
1.5.2 Per diem for the Executive Committee for the CHM		3 008	5.2 Organisation fees	137 000	68 171
1.5.3 Employees' expenses for travel to the CHM		12 525	5.3 International licences	310 000	230 730
1.6 Commissions and Councils (meetings)	60 000	72 802	5.4 Referee examination fees	-	1 765
1.7 Anti-doping	100 000	131 732	5.5 Other receipts	70 000	26 820
1.8 Foreign exchange loss	-	-			
1.9 Financial expenses	10 000	16 482			
1.10 Depreciation charges	150 000	81 214			
1.11 Provisions/losses	10 000	-			
2. Sport	3 295 000	3 316 137	6. Finances	130 000	577 543
2.1 Subsidies to the confederations	225 000	245 141	6.1 Interest	30 000	6 150
2.2 Equipment for the federations	600 000	616 894	6.2 Realised foreign exchange gain	80 000	583 693
2.3 Schooling and training for Masters of Arms	680 000	573 626	6.3 Income from prior years	20 000	-
2.4 Training camps for the championships	250 000	190 038			
2.5 Refereeing (examinations, seminars, bonuses)	250 000	353 444			
2.6 Assistance to the federations + CMI	560 000	574 246			
2.7 J/C World Championships	120 000	234 459			
2.8 Seniors/veterans World Championships	15 000	12 968			
2.9 World Cups, GP, CHZ	275 000	289 497			
2.10 Service providers	70 000	85 381			
2.11 Athletes' career program	50 000	1 258	7. IOC	180 000	69 300
2.12 Confederations' sporting directors	200 000	139 185	7.1 IOC subsidy for assistance with development	65 000	69 300
3. Com/Mkt/TV	2 806 300	2 975 528	7.2 IOC subsidy for 2016 Olympic Games expenses	115 000	-
3.1 Video portal/ Digital content / Website	50 000	232 416			
3.1.1 Video portal		49 286			
3.1.2 Digital content		172 982			
3.1.3 Website		10 148			
3.2 Magazines	177 000	285 222			
3.3 Communication	40 000	13 843			
3.4 Marketing	80 000	39 717			
3.5 Events	411 500	337 742			
3.6 Service providers	146 000	141 907	8. Proceeds from the Olympic Games	7 236 000	9 263 488
3.7 Specific projects	12 000	-	8.1 RIO 2016 receipts		15 027 488
3.8 TV Broadcast (Eurosport, Euronews, CNN)	1 800 000	1 924 682	8.2 Attribution to the provision for deferred contributions from the IOC		- 5 764 000
4. Rio 2016: Test event (Grand Prix, Team World Championships) and Olympic Games	1 365 115	1 655 956	9. Com/Mkt/TV	220 000	186 951
4.1 Purchase of tickets for fencing	190 000	213 651	9.1 Escrime magazine	60 000	56 132
4.2 Accommodation for the Olympic Games	95 115	270 753	9.2 Sponsoring	90 000	90 000
4.3 Executive Committee and personnel expenses for travel to Rio (test event and Olympic Games)	160 000	136 912	9.3 Television rights	70 000	40 819
4.3.1 Executive Committee expenses for travel to Rio		72 487			
4.3.2 Employees' expenses for travel to Rio		45 563			
4.3.3 Per diem for the Executive Committee in Rio		18 862	10. Other revenues	-	-
4.4 Test event (ITOs, bonus, organisation)	150 000	153 377			
4.5 Regional qualification trials, Olympic Games (ITOs, other costs)	195 000	398 748			
4.6 Test event (TV, highlights, news, live streaming, commentators, etc)	165 000	136 438			
4.7 Marketing promotions for Rio (film, schools, website, promotion during Rio)	400 000	334 202			
4.8 Press materials	10 000	11 875	TOTAL REVENUES	8 363 000	15 331 176
TOTAL EXPENSES	10 421 415	10 967 379			
12. Surplus of expenses (-) over revenues	- 2 058 415	4 363 797			
TOTAL	8 363 000	15 331 176	TOTAL	8 363 000	15 331 176