

Auditor's report on the limited audit

with annual accounts as at 31 December 2018 of the

**Fédération Internationale d'Esgrime (International Fencing Federation),
Lausanne**

To the Congress of the members of the

Fédération Internationale d'Esgrime (International Fencing Federation), Lausanne

Lausanne, 30 April 2019

Auditor's report on the limited audit

In our capacity as auditors, we have audited the annual accounts (balance sheet, profit and loss account and annex) of the Fédération Internationale d'Esgrime (International Fencing Federation) for the year ended 31 December 2018.

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 according to the Swiss standard for limited audits. This standard requires the audit to be planned and performed in such a way that significant irregularities in the annual accounts can be detected. A limited audit mainly encompasses examinations, analytical auditing operations as well as appropriate detailed audits of documents available 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 annex)

The categories are:

Executive Committee expenses for travel CHF 59 250
 Per diem for the Executive Committee CHF 9 035
 Employees' expenses for travel CHF 30 205

6) Commissions and Councils - **CHF 254 972**; 1.98 % above budget.

Refereeing	One meeting
Legal	One meeting
SEMI	One meeting
Medical	One meeting
PCM	One meeting
Rules	One meeting
Veterans	One meeting
Woman and Fencing	One meeting
Coaches:	One meeting
Athletes	One meeting
Fair-play	One meeting

7) SPORT ACCORD anti-doping management services, out-of-competition testing and promoting anti-doping- **CHF 143 216**; 4.52% below budget.

8) Amortisation - **CHF 5 692**; 90.51% below budget.

Total financial charges: **CHF 34 546** 72.73% below budget.

- 1) Financial expenses - bank charges **CHF 19 752**, 97.52% above budget.
- 2) Provisions/losses - **CHF 14 794 47.94% above budget**
- 3) Provision for overtime and holidays not taken as well as income 2017 social charges **CHF 192 522**

Total charges for Sport department: **CHF 2 919 668** 16.78% below budget.

- 1) Subsidies to the Confederations – **CHF 224 947**; 1.33 % *below budget*.
- 2) Equipment for the Federations – **CHF 446 000**; 25.66% *below budget*.

Continent	Number of Federations	Amount in CHF	%
Africa	25	115 000.	25.78%
Americas	22	96 000.	21.52%
Asia	22	103 000	23.10%
Europe	25	115 000	25.78%
Oceania	4	17 000	3.82%
TOTAL	98	446 000	100%

- 3) Schools and training for Fencing Masters - **CHF 649 794**; 14.50% *below budget*.
- 4) Training course prior to World Championships – **CHF 99 113**; 0.88% *below budget*.
- 5) Refereeing: examinations, seminars, bonuses - **CHF 345 430**; 26.50% *below budget*.
- 6) Assistance to the Federations (1+1+1) - **CHF 569 848**; 18.71% *above budget*.
- 7) J/C World Championships – **CHF 91 474**; 6.65% *below budget*.
- 8) Seniors/veterans World Championships - **CHF 118 210**; 24.94% *below budget*.
- 9) Grand Prix, World Cups, CHZ – **CHF 37 423**; 50.10% *below budget*.
- 10) Service providers - **CHF 34 439**; 65.56% *below budget*.
- 11) “Athletes Career” program - **CHF 330**; 99.34 % *below budget*.
- 12) Confederations’ sporting directors - **CHF 96 000**; 20.00% *below budget*.
- 13) Projects - **CHF 64 615**; 56.92% *below budget*.
- 14) YOG 2018- **CHF 142 045**; 18.37% *above budget*

Communication/Marketing/TV:

CHF 2 721 360

2.54 % below budget

- 1) Video portal/ Digital content / Website - **CHF 264 198; 0.83% above budget.**
- | | |
|-------------------|-------------|
| Digital content - | CHF 250 121 |
| Video portal - | CHF 0 |
| Website - | CHF 14 077 |
- 2) Magazines - **CHF 146 244; 5.64% below budget.**
- 3) Communication - **CHF 51 798; 3.59% above budget.**
- 4) Marketing - **CHF 77 723; 2.84% below budget.**
- 5) Events - **CHF 353 103; 35.13% below budget.**
- 6) Service providers - **CHF 204 294; 13.49% above budget.**
- 7) TV Broadcast (Eurosport, Euronews, CNN) - **CHF 1 521 000; 0% identical to budget.**
- 8) Exchange rate difference TV broadcast - **CHF103 000**

Total FIE expenses are 8 772 625 CHF, i.e. 6.23% below the planned budget of 9 335 900 CHF.

INCOME

- 1) Donations: donation from the President- **CHF 5 000 000**
- 2) Income from the Federations - **CHF 582 955; 57.30% above budget.**
- Of which:
- Subscriptions from Federations- **CHF 60 932; 16.06% above budget.**
 - Organization fees (Grands Prix, World Cup) - **CHF 148 743; 61.50 % above budget.**
 - International licences - **CHF 248 192; 41.82% above budget.**
 - Referees' examination fees - **CHF 7 458; 32.20% below budget.**
 - Other income- **CHF 117 630; 194.07% above budget.**
- 3) Finances- **CHF 395 183; 393.97% above budget.**

Finances	CHF 395 183
Interest	182,870
Adjustments of currency values	0
Realized foreign exchange gain	212 313
Income from previous years	0
Release of provisions	0

- 4) IOC - **CHF 68 831**; *0.24% below budget.*
- 5) Income from the Olympic Games - **CHF 136 798**; *13.99% above budget.*
- 6) Communication/Marketing/TV - **CHF 339 317**; *9.45% above budget.*
- Advertising in magazine- **CHF 69 368**; *15.61% above budget.*
 - Sponsoring - **CHF 202 500**; *1.25% above budget.*
 - TV rights - **CHF 67 449**; *34.89% above budget.*
- 7) FIE 105th anniversary - **CHF 5 024 569**
- Donations from the President **CHF 11 335 000**
 - Expenses **CHF 6 310 431**

BALANCE SHEET

SUMMARY

Our balance sheet at the end of December was positive, due to an income surplus for the year – **CHF 2 775 027**.

Capital at 31 December 2018: CHF 9 096 807
 Long-term reserve: CHF 20 000 000.
 Short-term capital: CHF 2 133 185
 Long-term capital: CHF 0

Total liabilities **CHF 31 229 991**.

ASSETS

- Tangible fixed assets - **CHF 4 226**
- 1) Office and IT equipment - Gross value of this equipment - CHF 3 177
 - 2) Office furniture - CHF 819
 - 3) Sports equipment - CHF 0
 - 4) General facilities - CHF 230
- Financial fixed assets - **CHF 0**
 - Intangible assets - **CHF 0**
- Total fixed assets: CHF 4 226.**

Current assets

1) Stock (ties, scarves, flags) –	CHF 22 128	
2) Debtor federations -	CHF 26 466	
3) Accruals	CHF 28 403	
4) Other clients -	CHF 352 310	
5) Prepayments (Prepaid expenses)	CHF 146 699	
• Prepayment in EUR 33 691		CHF 37 916
• Prepayment CHF		CHF 108 783
• Prepayment in USD		CHF 0
• Accruals		CHF 0

LIABILITIES

- 1) Equity capital
The capital as of 01.01.2018 (CHF 6 321 780) represents the FIE's financial situation at the beginning of the year.

The surplus of income over expenses (CHF 2 775 027) is the result from the profit and loss account described above.

Capital as of December 31 2018 of CHF 9 096 807.

Long-term reserve is CHF 20 000 000.

Long-term foreign capital (IOC) is CHF 0

Short-term foreign capital of CHF 2 133 185

The "TOTAL CAPITAL" is CHF 31 229 991.

- 2) Suppliers and accrued liabilities for a total amount of: **CHF 2 057 548**
- Suppliers **CHF 1 520 503**
 - Accrued liabilities **CHF 537 045**

Accrued liabilities CHF		CHF 536 257
Accrued liabilities EURO	EUR 700	CHF 788
Accrued liabilities USD	USD 0	CHF 0
Provision from release		CHF 14 500

- 3) Income received in advance - **CHF 53 160**
- 4) Other creditors - **CHF 0**

I would like to express my gratitude to all the staff of the FIE, in particular to Ms Sandra Baroni, our new Accounting Manager since March 2018 and of course to Ms. Nathalie Rodriguez our CEO, for their support.

Ferial Salhi
Secretary -Treasurer

FEDERATION INTERNATIONALE D'ESCRIME

LAUSANNE

BALANCE SHEET

ASSETS	31.12.2018	31.12.2017
	CHF	CHF
Cash funds	24'334	7'479
Bank balances	16'799'292	25'008'821
Short term bank accounts	13'766'200	1'020'632
Cash	30'589'826	26'036'932
Federation receivables	26'466	23'192
Other short-term receivables	410'231	115'987
Stocks	22'128	24'061
Accrued income	28'403	323
Prepaid expenses	148'710	491'194
Accruals – assets	177'114	491'518
	<hr/>	<hr/>
Current assets	31'225'765	26'691'690
	<hr/>	<hr/>
Long-term financial assets	0	5'401
Office and IT equipment	3'177	3'398
Office furniture	819	1'137
General facilities	230	1'870
Tangible fixed assets	4'226	6'405
	<hr/>	<hr/>
Fixed assets	4'226	11'805
	<hr/>	<hr/>
Total assets	31'229'991	26'703'496
	<hr/>	<hr/>

FEDERATION INTERNATIONALE D'ESCRIME

LAUSANNE

BALANCE SHEET

LIABILITIES AND EQUITY	31.12.2018 CHF	31.12.2017 CHF
Debts resulting from the purchasing of services	1'520'503	30'087
Other short-term liabilities (VAT payable)	0	295
Income received in advance	53'160	74'157
Accruals - liabilities	559'522	277'177
	<hr/>	<hr/>
Foreign short-term capital	2'133'185	381'716
	<hr/>	<hr/>
Initial capital	6'321'780	4'677'897
Surplus of income over expenses	2'775'027	1'643'883
Final capital	9'096'807	6'321'780
Reserve fund	20'000'000	20'000'000
	<hr/>	<hr/>
Total equity	29'096'807	26'321'780
	<hr/>	<hr/>
Total liabilities and equity	31'229'991	26'703'496
	<hr/>	<hr/>

FEDERATION INTERNATIONALE D'ESCRIME

LAUSANNE

INCOME STATEMENT

	Notes	2018 CHF	2017 CHF
Donations	4	5'000'000	4'950'000
Net income from Federations	5 + 1.10	568'161	439'626
Contributions from the IOC	7	205'629	67'200
OG receipts	8	0	5'764'000
Communication and marketing products	9	339'317	331'463
TOTAL INCOME		6'113'107	11'552'289
Salaries		-1'393'081	-1'307'626
Payroll taxes		-169'229	-164'292
Other employment costs		1'638	2'378
Payroll costs	1.1 + 1.11	-1'560'671	-1'469'539
Operating costs	1.2	-451'464	-463'577
Organisation of the Congress	1.3	-286'078	-294'298
Bureau and Executive Committee	1.4	-296'468	-348'616
Executive Committee's travel expenses	1.5	-98'490	-109'799
Commissions and Councils	1.6	-254'972	-391'742
Anti-doping	1.7	-143'216	-109'628
Administrative expenses		-1'530'688	-1'717'660
Sports expenses	2	-2'919'668	-3'205'590
Communication and marketing expenses	3	-2'721'360	-2'712'893
OPERATING PROFIT BEFORE INTEREST, TAXES AND DEPRECIATION (EBITDA)		-2'619'280	2'446'607
Depreciation	1.8	-5'692	-51'848
Foreign exchange losses (re-evaluation of foreign currency accounts from EUR/USD to CHF)		0	-755'634
Financial expenses	1.9	-19'752	-25'025
Financial profit or loss		-19'752	-780'660
Interest	6.1	182'870	29'783
Realised foreign exchange gain	6.2	212'312	0
Financial income	6	395'182	29'783
Exceptional expenses	11	-6'310'431	0
Extraordinary income	11	11'335'000	0
Extraordinary result from the 105th anniversary	11	5'024'569	0
SURPLUS OF INCOME OVER EXPENSES		2'775'027	1'643'883

FEDERATION INTERNATIONALE D'ESCRIME

LAUSANNE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2018

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 2018.

	31.12.2018	31.12.2017
	CHF	CHF
EUR/CHF	<u>1.1254</u>	<u>1.1692</u>
USD/CHF	<u>0.9833</u>	<u>0.976</u>

1.4. *Federations and other short-term receivables*

The receivables from the Federations as well as the other short-term receivables are entered in the accounts at their nominal value. Individual value corrections are made, with the residual balance being the subject of a flat-rate value correction of 5%.

1.5. *Stocks*

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.

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. 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 deductability, 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	2-3 years
Office furniture	4 years
Sports equipment	5 years
General facilities	3-5 years
Media	3 years

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

	31.12.2018	31.12.2017
	CHF	CHF
2.1. Cash balances by currency		
CHF	4'125'321	1'296'097
HUF, 6'160	22	0
EUR, 10'839'708.20	12'199'008	1'171'080
USD, 14'357'994.05	14'118'216	23'569'755
JPY, 16'546'089	147'260	0
	<u>30'589'826</u>	<u>26'036'932</u>

2.2. Profits and losses

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

3. Average annual full-time headcount:

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

	31.12.2018 CHF	31.12.2017 CHF
4. Lease-credit transaction, and other long term non-cancellable commitments :		
Commercial lease expiring on 30 September 2021, not recognised on the balance sheet	<u>343'286</u>	<u>468'117</u>
The Federation is contractually committed to a service provider for an amount of EUR 2.8 million (EUR 1.4 millions for 2019 and EUR 1.4 millions for 2020).		
	31.12.2018 CHF	31.12.2017 CHF
5. Liabilities due to social insurance bodies:	<u>17'774.00</u>	<u>0.00</u>
	31.12.2018 CHF	31.12.2017 CHF
6. Total amount of sureties constituted in favour of third parties:		
Bank guarantee concerning any lease taken by an employee	<u>0.00</u>	<u>5'401.45</u>

2. INCOME STATEMENT FROM 1 JANUARY TO 31 DECEMBER 2018

SWISS FRANCS (CHF)

	EXPENSES			REVENUE	
	Jan/Dec 2018	Jan/Dec 2018		Jan/Dec 2018	Jan/Dec 2018
	Budget 2018	Expenses 2018		Budget 2018	Revenues 2018
1A. Administration	3'035'000	2'904'529	4. Donations	5'000'000	5'000'000
1.1 Payroll expenses	1'400'000	1'368'148	4.1 Donations by the President	5'000'000	5'000'000
1.2 Operating expenses	475'000	451'464			
1.3 Organisation of the Congress/Participation by the President of each NF in the Congress	300'000	286'078			
1.4 Bureau and Executive Committee (meetings)	300'000	296'468			
1.5 Executive Committee and personnel expenses for travel to the WCH	100'000	98'490	5. Federations	370'600	582'955
1.6 Commissions and Councils (meetings)	250'000	254'972	5.1 Federations' annual fees	52'500	60'932
1.7 Anti-doping	150'000	143'216	5.2 Organisation fees	92'100	148'743
1.8 Amortization	60'000	5'692	5.3 International licences	175'000	248'192
1B. Finances	20'000	34'546	5.4 Referee examination fees	11'000	7'458
1.9 Financial expenses	10'000	19'752	5.5 Other receipts	40'000	117'630
1.10 Provisions/losses on credit losses	10'000	14'794			
1C. Provision	-	192'522			
1.11 Provision for holidays and overtime in 2018 and previous years	-	192'522			
2. Sport	3'508'500	2'919'668	6. Finances	80'000	395'182
2.1 Subsidies to the confederations	228'000	224'947	6.1 Interest	-	182'870
2.2 Equipment for the federations	600'000	446'000	6.2 Realised foreign exchange gain	80'000	212'312
2.3 Schools, Maîtres d'armes training formation	760'000	649'794	6.3 Income from prior years	-	-
2.4 Training camps at the championships	100'000	99'113			
2.5 Refereeing (examinations, seminars, bonuses)	470'000	345'430			
2.6 Aid to the federations	480'000	569'848			
2.7 J/C World Championships	98'000	91'474			
2.8 Seniors/veterans World Championships	157'500	118'210			
2.9 World Cups, GP, CHZ	75'000	37'423			
2.10 Service providers	100'000	34'439			
2.11 Athletes' career program	50'000	330	7. IOC	189'000	205'629
2.12 Confederations' sports directors	120'000	96'000	7.1 IOC subsidy for assistance with development	69'000	68'831
2.13 Projects	150'000	64'615	7.2 IOC Grant YOG Costs for 2018	120'000	136'798
2.14 YOG 2018	120'000	142'045			
3. Com/Mkt/TV	2'792'400	2'721'360			
3.1 Video portal/Digital content/Website	262'000	264'198			
3.2 Magazines	155'000	146'244			
3.3 Communication	50'000	51'798			
3.4 Marketing	80'000	77'723			
3.5 Events	544'400	353'103			
3.6 Service providers	180'000	204'294	8. Proceeds from the Olympic Games	-	-
3.7 Specific projects	-	-			
3.8 TV Broadcast (Eurosport, Euronews, CNN)	1'521'000	1'521'000			
3.8.1 TV broadcast - Exchange rate difference		103'000			
			9. Com/Mkt/TV	310'000	339'317
			9.1 Escrime magazine	60'000	69'368
			9.2 Sponsorship	200'000	202'500
			9.3 Television rights	50'000	67'449
			10. Other revenue (Reserve)	3'406'300	-
TOTAL CURRENT EXPENSES	9'355'900	8'772'625	TOTAL CURRENT RECEIPTS	9'355'900	6'523'083
11. FIE 105 anniversary	-	6'310'431	11. FIE 105 anniversary President's gifts	-	11'335'000
12. Surplus of receipts	-	2'775'027			
TOTAL	9'355'900	17'858'083	TOTAL	9'355'900	17'858'083