

**Report of the statutory auditor
on the limited statutory examination**

with financial statements as of 31 December 2015 of

International Judo Federation, Lausanne



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To the Executive Committee of
International Judo Federation, Lausanne

Lausanne, 22 June 2016
mg/10.3

Report of the statutory auditor on the limited statutory examination

As statutory auditor, we have examined the financial statements (balance sheet, income statement and notes) of International Judo Federation for the year ended 31 December 2015.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the limited statutory examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements and the proposed appropriation of available earnings do not comply with Swiss law and the company's articles of incorporation.

Ernst & Young Ltd

Serge Clément
Licensed audit expert
(Auditor in charge)

Michael Ackermann
Licensed audit expert

Enclosure

- ▶ Financial statements (balance sheet, income statement and notes)

INTERNATIONAL JUDO FEDERATION, ASSOCIATION, LAUSANNE

BALANCE SHEET AS OF 31 DECEMBER 2015

		31.12.2015	31.12.2014
	Note	<u>CHF</u>	<u>CHF</u>
ASSETS			
Current assets			
Cash and cash equivalents and current assets with a stock exchange price		2'845'741	3'799'238
Trade receivables	3	1'018'564	2'321'977
Accrued income and prepaid expenses	4	1'141'601	1'228'513
Total current assets		<u>5'005'906</u>	<u>7'349'728</u>
Non-current assets			
Tangible fixed assets			
Real estate	5	4'403'056	4'424'681
Total non-current assets		<u>4'403'056</u>	<u>4'424'681</u>
TOTAL ASSETS		<u>9'408'962</u>	<u>11'774'409</u>

		31.12.2015	31.12.2014
		<u>CHF</u>	<u>CHF</u>
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables			
to third parties		-1'010'125	-1'327'625
to participants & bodies		-1'047'732	-1'488'904
Deferred income and accrued expenses	6	-3'115'973	-6'143'156
Total current liabilities		<u>-5'173'830</u>	<u>-8'959'685</u>
Non-current liabilities			
Non-current interest-bearing liabilities	7	-1'567'628	-1'578'139
Unrealised translation gain		-223'364	-157'752
Total non-current liabilities		<u>-1'790'992</u>	<u>-1'735'891</u>
Total liabilities		<u>-6'964'822</u>	<u>-10'695'576</u>
Equity			
Opening balance		-1'078'833	-471'005
Net income for the year		-1'365'308	-607'828
Retained earnings	8	<u>-2'444'140</u>	<u>-1'078'833</u>
Total equity		<u>-2'444'140</u>	<u>-1'078'833</u>
TOTAL EQUITY AND LIABILITIES		<u>-9'408'962</u>	<u>-11'774'409</u>

INTERNATIONAL JUDO FEDERATION, ASSOCIATION, LAUSANNE

INCOME STATEMENT AS OF 31 DECEMBER 2015

	31.12.2015	31.12.2014
	<u>CHF</u>	<u>CHF</u>
Income statement		
Contribution from Olympiad	197'631	327'423
Sponsorship income	1'577'509	3'119'188
Licensing fees	8'993'418	7'802'658
Donations	-	1'943'260
Suppliers fees	2'626'921	2'040'089
Broadcasting rights	2'270'200	2'190'938
Others	973'041	-9'318
Travelling expenses	-6'790'955	-7'163'105
Office expenses	-1'446'670	-1'365'541
Donations	-1'894'852	-2'398'925
Professional fees	-154'279	-271'908
Competition expenses	-1'036'235	-2'656'114
Personnel expenses	-1'875'091	-1'150'040
Other operating expenses	-1'878'107	-1'753'997
Earnings before interest, tax, depreciation and amortization (EBITDA)	1'562'529	654'608
Depreciation and impairment of tangible fixed assets	-68'311	-64'726
<i>Earnings before interest and tax (EBIT)</i>	1'494'217	589'882
Financial cost	-130'188	14'546
Financial income	1'278	3'400
Net income for the year	1'365'308	607'828

INTERNATIONAL JUDO FEDERATION, ASSOCIATION, LAUSANNE

NOTES TO THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2015

1. Activities

International Judo Federation is a non for profit association under Swiss law with seat in Lausanne Switzerland. It started its operations in Switzerland as of 1 January 2010. The Federation is composed of National Judo Federations acting as members, officially affiliated through one of the five Continental Judo Unions of Africa, Europe, Oceania and Pan America. The Federation is engaged in the organization and development of the sport and practice of Judo.

2.1 Basis preparation

These financial statements have been prepared in accordance with the provisions on commercial accounting laid down in articles 957 – 963b Swiss Code of Obligations (CO) (effective 1 January 2013). Presentation adjustments were made to 2014 figures for comparison purpose.

2.2 Principles applied in these financial statements (where these are not specified by law):

Accounting records are maintained in US Dollars (USD), which is the functional currency of the Federation. Financial statements are translated from USD into Swiss Franc (CHF) for statutory purpose. Items of the balance sheet are translated at closing rate and income statements items are translated at average rate. Members' fund are recorded at historical rate. Net translation differences resulting in a loss are taken to income statement. Translation gains are deferred to balance sheet.

2.3 Significant accounting policies

Revenue recognition

Revenue from sponsorship income and membership is recognized when the outcome of the transaction can be estimated reliably.

Donation income is recognized on receipt.

Property

Property is stated at cost less accumulated depreciation and any impairment in value.

Account receivables

Account receivables are stated at amount agreed with sponsors less a provision for uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Account payables and accruals

Liabilities are recognised for amounts to be paid in the future for services received, whether billed by the supplier or not.

Provision

Provisions are recognised when the Federation has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the statements of comprehensive income.

The financial statements are presented in CHF but the accounting is in USD because this is the main currency used by the organization.

The assets and liabilities are translated into CHF at the rate of exchange prevailing at the reporting date and their income statement is translated at the yearly average rate.

In 2015, at the end of the year, the exchange rate is 1 \$ = 1.001012 CHF and the average rate is 1 \$ = 0.96526 CHF.

In 2014, at the end of the year, the exchange rate is 1 \$ = 0.99 CHF and the average rate is 1 \$ = 0.9146 CHF.

3. Account receivables

	December 31, 2015	December 31, 2014
Accounts receivable third parties	1'533'388	2'881'961
Accounts receivable participants and bodies	77 605	411'830
Accounts receivable	1 610 993	3 293 791
Bad debt allowance	592 429	971 814
Accounts receivable, net	<u>1 018 564</u>	<u>2 321 977</u>

4. Accrued income and prepaid expenses

	December 31, 2015	December 31, 2014
Accrued income	281 432	1 121 670
Prepaid expenses	860 169	106 843
	<u>1 141 601</u>	<u>1 228 513</u>

5. Real estate

	December 31, 2015	December 31, 2014
Ouchy residence	2'833'585	2'846'458
Budapest office	372'471	375'789
Budapest residence	1'197'000	1'202'434
Real estate, net	<u>4'403'056</u>	<u>4'424'681</u>

6. Accrued expenses and deferred income

	December 31, 2015	December 31, 2014
Accrued expenses	11'785	198'000
Deferred revenue	3'104'188	5'945'156
	<u>3'115'973</u>	<u>6'143'156</u>

7. Long term debt

	CHF
Balance as at 31.12.14	1'578'139
Repayment 2015	-16'332
Currency translation adjustment	5'821
Final balance	<u>1'567'628</u>

The International Judo Federation contracted a loan in 2013 for a total amount of 1.6 MCHF, with interest rate of 1.65%. The amortisation is equal to 1% per year.

8. Assets pledged to secure own liabilities

Assets pledged to secure own liabilities amount to CHF 1'600'000 (previous year: CHF 1'600'000). They are pledged to secure interest-bearing liabilities.

9. Other information required by law

In 2014 and 2015, the number of full time equivalent employees is less than 50.