

Report of the statutory auditor

with financial statements as of 31 December 2013 of

Fédération Internationale des Echecs (FIDE), Lausanne

To the General Assembly of
Fédération Internationale des Echecs (FIDE), Lausanne

Lausanne, 19 June 2014
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Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Fédération Internationale des Echecs (FIDE), which comprise the balance sheet, income statement and notes for the year ended 31 December 2013.

Committee's responsibility

The Presidential Board and Treasurer are responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and FIDE Handbook. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Committee is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility


Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

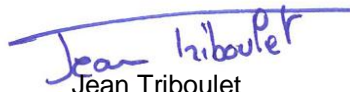
Opinion

In our opinion, the financial statements for the year ended 31 December 2013 comply with Swiss law (article 957 et seqq. Code of Obligations) and FIDE Handbook Financial regulations.

Ernst & Young Ltd



Fabrice Bernhard
Licensed audit expert
(Auditor in charge)

p.o. 
Jean Triboulet
Licensed audit expert

Enclosure

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

**FEDERATION INTERNATIONALE DES ECHECS
LAUSANNE
BALANCE SHEET AS AT 31st DECEMBER 2013**

	31st Dec 13 Actual EUR	31st Dec 12 Actual EUR	31st Dec 13 Actual CHF	31st Dec 12 Actual CHF
CURRENT ASSETS				
CASH	90	7	112	8
BANK ACCOUNTS				
- UBS CHF Account	44'008	83'219	54'449	100'429
- UBS US \$ Account	229'136	371'213	283'498	447'980
- UBS EUR Account	390'776	218'348	483'488	263'502
- NBG EUR Account	2'662	9'823	3'294	11'854
- UBS EUR Visa	24'944	24'986	30'862	30'153
SECURITIES HELD				
- UBS Investments	597'074	352'326	738'730	425'187
DEBTORS FEDERATIONS	763'648	844'193	944'823	1'018'772
- net of provision for bad debts (34317€), provisions (1292,44€)				
OTHER DEBTORS / PREPAID EXPENSES	1'138'305	355'969	1'408'367	429'584
TOTAL CURRENT ASSETS	<u>3'190'643</u>	<u>2'260'084</u>	<u>3'947'623</u>	<u>2'727'469</u>
LESS CURRENT LIABILITIES				
CREDITORS	132'059	405'861	163'390	489'793
PROVISION FOR INCOME TAX	46'030	0	56'951	-
PREPAYMENTS BY FEDERATIONS	10'915	1'753	13'505	2'115
TOTAL CURRENT LIABILITIES	<u>189'005</u>	<u>407'613</u>	<u>233'846</u>	<u>491'908</u>
NET CURRENT ASSETS	<u>3'001'638</u>	<u>1'852'471</u>	<u>3'713'777</u>	<u>2'235'561</u>
FIXED ASSETS, at Cost				
- Office Furniture	14'716	14'716	18'207	17'759
- Machines & Equipment	228'344	193'493	282'519	233'507
	243'060	208'209	300'726	251'267
LESS ACCUMULATED DEPRECIATION	<u>200'403</u>	<u>182'121</u>	<u>247'949</u>	<u>219'784</u>
	42'657	26'088	52'777	31'483
LESS NON CURRENT LIABILITIES				
Upcoming year's events	1'016'400	0	1'257'541	0
Staff retirement indemnities	16'739	19'978	20'711	24'109
Currency translation difference EUR-CHF			55'954	0
NET ASSETS	<u>2'011'156</u>	<u>1'858'581</u>	<u>2'432'349</u>	<u>2'242'935</u>
NET ASSETS REPRESENTED BY:				
FIDE RESERVE FUND	<u>2'011'156</u>	<u>1'858'581</u>	<u>2'432'349</u>	<u>2'242'935</u>

FEDERATION INTERNATIONALE DES ECHECS
LAUSANNE
STATEMENT of INCOME & EXPENDITURE
PERIOD ENDED 31st DECEMBER 2013

INCOME	31st Dec 13 Actual EUR	31st Dec 13 Budget EUR	31st Dec 12 Actual EUR	31st Dec 13 Actual CHF	31st Dec 12 Actual CHF
<i>Fees from Federations</i>					
Membership Fees	130'820	130'000	130'820	162'405	158'566
Entry Fees	273'720	300'000	302'720	339'807	366'924
Rating Fees	56'226	45'000	53'602	69'801	64'971
Registered Tournaments	358'992	300'000	353'460	445'668	428'426
Late Tournament report charges	3'780	5'000	1'470	4'693	1'782
Change of Federation	19'500	10'000	23'500	24'208	28'484
FIDE Title Application Fees	166'103	150'000	207'220	206'207	251'170
				-	-
<i>FIDE share from prize funds</i>					
- Candidates Matches	102'000	84'000	0	126'627	-
- World Cup	325'281	300'000	0	403'818	-
- World Rapid and Blitz	93'812	0	64'400	116'463	78'059
- Olympiad	0	0	831'750	-	1'008'157
- Women's World Championship	57'500	60'000	71'190	71'383	86'289
- World Champ Match	480'229	500'000	486'254	596'176	589'384
- Grand Prix series	98'300	96'000	24'000	122'034	29'090
- Womens' Grand Prix	48'674	30'000	30'000	60'426	36'363
- Women's Teams	11'565	0	0	14'357	-
-Tournament Income	171'152	120'000	163'969	212'475	198'745
				-	-
Other Income					
- ARISF	5'036	4'000	4'505	6'252	5'460
- Clock testing fees	3'500	0	0	4'345	-
- Interest from bank	206	10'000	433	256	525
- Investment income	14'375	0	13'955	17'846	16'915
- International Olympic Committee	18'950	15'000	15'100	23'525	18'303
- Royalties - DGT	43'612	45'000	45'604	54'142	55'276
- Arbiters seminar fees	9'760	10'000	10'360	12'116	12'557
- Arbiters licence fees	275'450	0	0	341'955	-
- Trainers licence fees	6'463	0	16'573	8'023	20'087
- Trainers seminars	20'700	20'000	24'600	25'698	29'817
- IO seminar fees	4'080	0	0	5'065	-
- Trainers academy annual and registration fees	4'300	0	3'500	5'338	4'242
- World Championship Olympiad Commission	140'845	0	120'250	174'851	145'754
World Seniors	487	0	0	604	-
Rental of software	0	0	6'383	-	7'736
Event bidding fees	2'000	0	8'000	2'483	9'697
Chess in Schools project (Slovakia)	0	0	273	-	331
Chess in Schools project (Slovenia)	0	0	289	-	350
Reduced provision for staff indemnities	3'239	0	1'465	4'021	1'776
TOTAL INCOME:	2'950'656	2'234'000	3'015'644	3'663'068	3'655'237

**FEDERATION INTERNATIONALE DES ECHECS
LAUSANNE
ANNUAL STATEMENT OF INCOME & EXPENSES
PERIOD ENDED 31st DECEMBER 2012**

EXPENSES	31st Dec 13 Actual EUR	31st Dec 13 Budget EUR	31st Dec 12 Actual EUR	31st Dec 13 Actual CHF	31st Dec 12 Actual CHF
Athens					
Staff Costs	299'069	300'000	297'827	371'277	360'993
Staff Travel	22'500	30'000	8'692	27'932	10'535
Postage & Carriage	3'738	10'000	5'539	4'641	6'714
Photocopying & Printing	6'165	6'000	7'953	7'654	9'640
Office Supplies / Stationery	6'962	3'000	7'252	8'642	8'790
Telecommunications	13'451	10'000	14'677	16'698	17'790
Secretariat Hospitality	15'102	10'000	9'157	18'749	11'099
Repairs, Maintenance & Renewals	219	2'000	376	272	456
Rent	16'698	18'000	16'937	20'730	20'529
Utilities	3'522	3'000	4'237	4'372	5'136
Office Cleaning	4'444	4'800	4'754	5'517	5'762
Elista					
Staff and Other Costs	161'358	150'000	143'307	200'317	173'701
Moscow					
Staff Costs	66'000	85'000	66'000	81'935	79'998
Staff travel	68'166	50'000	60'774	84'624	73'663
General					
Bank Charges	19'722	10'000	14'978	24'483	18'154
Electronic Boards	19'485	25'000	21'190	24'190	25'684
Insurance	41'902	45'000	44'520	52'018	53'962
Subscriptions	5'223	5'000	5'387	6'484	6'530
Audit & Tax Accountant	27'710	40'000	26'557	34'400	32'189
Legal Costs	47'004	30'000	150'918	58'352	182'926
Treasurer's Expenses /General Secretary	15'329	20'000	24'475	19'030	29'666
Travel & Meetings		220'000			
-PBs and Congress	65'692		113'440	81'553	137'500
-President's travel	211'594		104'754	262'681	126'971
-Deputy President's travel	4'482		9'487	5'564	11'499
Entry Fees Refund to Organising Federations	54'744	20'000	59'640	67'961	72'289
Discounts Allowed for Early Payment	27'335	25'000	25'404	33'935	30'792
Depreciation	18'282	5'000	11'181	22'696	13'553
Medals & Badges	6'744	5'000	9'464	8'372	11'471
Commissions:					
- Arbiters	26'094	35'000	23'757	32'394	28'796
- Anti Cheating	4'234	0	0	5'256	0
- Chess Composition / WFCC	6'408	10'000	4'236	7'955	5'135
- Chess for the Disabled	10'692	10'000	7'783	13'273	9'434
- Chess in Schools	129'101	60'000	50'000	160'271	60'605
- Constitutional Commission	7'532	20'000	14'497	9'350	17'572
- Chess Journalists	826	0	0	1'025	0
- Development Commission & CACDEC Activity Rebate	198'143	260'000	178'087	245'983	215'858
- Electoral	1'304	0	0	1'619	0
- Ethics	12'757	15'000	15'975	15'837	19'363
- Events	38'512	60'000	23'023	47'810	27'906
- Medical	5'962	20'000	2'745	7'401	3'327
- Qualification	43'227	40'000	19'701	53'664	23'880
- Rules and Tournaments regulations	13'822	10'000	18'462	17'159	22'377
- Swiss Pairings Programs	3'326	5'000	2'197	4'129	2'663
- Technical	8'723	10'000	6'171	10'829	7'480
- Trainers	87'220	72'000	77'450	108'278	93'876
- Verification	11'482	20'000	4'496	14'255	5'450
- Women's Chess	42'637	50'000	27'403	52'931	33'215
- World Championship and Olympiad	37'812	0	15'152	46'942	18'366
Social Projects	43'318	40'000	274	53'777	333
Social Action	28'571	40'000	0	35'469	0
CBC meeting	25'487	10'000	0	31'640	0
Travel Americas President	30'000	30'000	25'000	37'243	30'302
Travel Africa President	20'173	20'000	14'127	25'044	17'123

Vice Presidents and Subcommittees	29'691	40'000	23'118	36'859	28'022
New federations		0	3'941	0	4'777
ARISF Events	4'050	10'000	1'750	5'028	2'121
IOC Ecuador and Peru	20'468	0	0	25'410	0
Continental Championships	12'256	80'000	12'336	15'215	14'952
SportAccord	41'356	30'000	40'714	51'341	49'349
Chess Lane	19'875	5'000	25'582	24'674	31'008
FIDE website	9'000	10'000	9'000	11'173	10'909
Special projects	32'980	50'000	36'027	40'943	43'668
Contingency	21'841	40'000	0	27'114	0
Chess in Schools project (Slovakia /Slovenia)	4'000	0	0	4'966	0
Agon: expenses	1'438	0	14'600	1'785	17'697
World Championship Match expenses	29'460	0	17'957	36'573	21'766
Mind Sport Games: Expenses	0	0	321	0	389
Olympiad :expenses	5'000	0	56'152	6'207	68'061
Women's Grand Prix: expenses	7'632	0	18'493	9'474	22'415
Women's World Chess Champ: expenses	10'575	0	6'238	13'129	7'561
World Youth: expenses	16'500	0	0	20'483	0
World Team: expenses	1'360	0	0	1'689	0
Women's Team: expenses	516	0	0	641	0
World Rapid and Blitz: expenses	0	0	370	0	449
World Cities: expenses	68	0	7'330	85	8'884
World Cup: expenses	6'092	0	0	7'563	0
Grand Prix: expenses	0	0	528	0	640
Write Offs	270'108	0	286'087	335'323	346'764
Internet services	9'600	0	9'600	11'918	11'636
Loss on currency conversion	63'223	0	9'286	78'488	11'256
Provision for income tax	46'030	0	0	57'144	0
Securities/Bonds at market value	7'100	0	1'366	8'814	1'656
Loss on capital redemption	18'265	0	0	22'675	0
Increase in provision for 2years arrears	19'592	0	1'234	24'322	1'496
TOTAL EXPENSES:	2'798'080	2'233'800	2'381'441	3'473'654	2'886'525
TOTAL INCOME:	2'950'656	2'234'000	3'015'644	3'663'068	3'655'237
TOTAL EXPENSES	2'798'080	2'233'800	2'381'441	3'473'654	2'886'525
INCOME against EXPENSES	152'576	200	634'203	189'414	768'712
Currency translation difference EUR-CHF				0	-12'049
FIDE Reserve Fund at beginning of period	1'858'581		1'224'378	2'242'935	1'486'272
FIDE Reserve Fund at end of period	2'011'156		1'858'581	2'432'349	2'242'935

**Fédération Internationale des Echecs
FIDE, Lausanne
Notes to the financial statements
As at December 31, 2013
(All amounts in Euro)**

1. FEDERATION'S FORMATION AND OPERATIONS

The International Chess Federation or Federation Internationale des Echecs (FIDE), (the 'Federation'), is the recognized international federation in the domain of chess, which was founded on July 20, 1924 in Paris. The Federation is recognized by the International Olympic Committee as the supreme body responsible for the game of chess and its Championships. The Federation unites national chess federations throughout the world and oversees all International competitions. The Federation is concerned exclusively with chess activities.

FIDE has its registered office in Lausanne where it is incorporated as an association under Swiss Law. Operating head-quarter is located in Athens, with other offices in Elista and Moscow.

2. BASIS OF FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with the requirements of the Federation's statutes.

The financial statements have been prepared on the historical cost basis.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) **Foreign currency translation:** The Federation changed its functional currency in 2006 to Euro (€). Transactions denominated in other currencies are recorded in € at the actual exchange rate as of the date of the transaction. At the end of the financial year monetary assets and liabilities denominated in foreign currencies are translated and reported at the rates of exchange prevailing at the year end. Gains or losses resulting from such foreign currency conversions are reflected in the statement of income. All foreign currencies are converted into Euro as follows:

		2013	2012
1 US (\$)	=	0.758 Euros	0.771 Euros
1 CHF	=	0.828 Euros	0.823 Euros

For purpose of statutory reporting under Swiss law, financial statements are translated from EUR to CHF at closing rate, except for FIDE reserve fund which is kept at historical rate. Items of the income statements are translated using the average rate of the period. Differences resulting from the translation process for presentation purpose are disclosed on income statement in the line currency translation difference when resulting in an expense and deferred to balance sheet as a provision for unrealised translation gain when resulting in an income.

(b) **Provisions:** Debtors are stated at nominal value, net of provision for doubtful debts, which cover in addition to known doubtful debts, all members in arrears in fulfilment of their financial obligations to FIDE. Based on the FIDE Handbook (A. Administrative Subjects point 0.3 Financial Regulations), a federation that is one year in arrears shall not receive services from the Secretariat and cannot bid for or organize any FIDE event, while a federation that is two years in arrears shall be temporarily excluded and therefore, fully provided against.

**Fédération Internationale des Echecs
FIDE, Lausanne
Notes to the financial statements
As at December 31, 2013
(All amounts in Euro)**

(c) **Fixed assets depreciation:** Depreciation rate used is 30% per annum on the reduced balance method.

(d) **Revenue recognition:** Membership, entry and other fees are recorded as income in the year they are earned.

(e) **Reclassifications:** For consistency and comparability purposes, an amount of € 160.000, which was presented in prior year financial statements against receivables from Federations, was reclassified to Creditors.

4. Cash and bank accounts

The balance of cash at banks does not include the amount of € 871,21 corresponding to one specific bank account at UBS bank. The aforementioned account, although it is reposted by the bank in its confirmation letters having FIDE as beneficiary, essentially beneficiaries are the America's chess federations. This account had been established for practical reasons, in order to enhance the transactions between various chess federations in the continent of America and as such transactions undertaken by the related federations do not pass through FIDE's accounting books. The account shown on the balance sheet with balance € 24,944 is called Visa Corporate Guarantee and it is a restricted cash account.

5. Fixed assets

The movement of cost and related accumulated depreciation of the fixed assets in the accompanying balance sheet is the following:

<u>COST</u>	OFFICE FURNITURE	MACHINES & EQUIPMENT	TOTAL
Balance b/f	14,716	193,493	208,209
Additions 2012		34,851	34,851
Sales 2013	0	0	0
<i>Total Cost</i>	14,716	228,344	243,060
<u>DEPRECIATION</u>			
Balance b/f	14,300	167,821	170,940
Charge for the period	125	18,157	11,181
<i>Total Depreciation</i>	14,425	185,978	182,121
NAV 31.12.13	416	42,366	42,657

**Fédération Internationale des Echecs
FIDE, Lausanne
Notes to the financial statements
As at December 31, 2013
(All amounts in Euro)**

6. Provision for Staff Retirement Benefits

Under Greek labor law, employees are entitled to termination payments in the event of dismissal or retirement, with the amount of payment varying in relation to the employee's compensation, length of service and manner (dismissed or retired) of termination, which if due to retirement is 40% of the amount payable upon dismissal. Employees who resign or are dismissed with cause are not entitled to termination payments. The number of employees who will eventually be dismissed or retired in subsequent years is not known; the maximum liability under the provisions of Greek labor law, if all employees had been dismissed at 31st December 2013, would have been € 16,739 (2012: € 19,978) for which a provision has been made.