

Treasurer's Report - Addendum

Lausanne Office Closure

The Lausanne office closed on May 31st 2004. All the contents have been cleared except for some relatively new storage cupboards that may be useful to a new tenant. The ongoing files were transported to Greece for the use of the new office in Athens. The archives were accepted by the Royal library in The Hague and the books and magazines brought to Calvia for distribution to CACDEC members.

There was a small amount of useful material that was given to a local charity in Lausanne and the remainder (some three tons of rubbish) was sent for disposal by the local authority.

All contracts for utilities have been cancelled with the exception of electricity. Leases for the garage and a further garage space have been terminated. There has been a change of landlord for the office premises but negotiations are ongoing to see if an early termination can be negotiated. Anyway the lease can be terminated at October 30th 2005.

The exceptional costs of the closure of the Lausanne office in 2004 will be around CHF32,000. About half of this is the cost of rent after the office closure in May and the balance is the cost of packing, transport and customs to Athens, Calvia and The Hague plus the disposal of the rubbish. There may be some cost for dilapidations in the office in Lausanne but we are awaiting a report.

Income and Expenditure 2004

Income and Expenditure accounts are attached for the first nine months. The Executive Board in Halkidiki passed the responsibility of setting the budget for 2004 to the first Presidential Board of 2004 held at Kotor.

The income includes the amounts received by FIDE for both the Tripoli and Elista World Championships. The original budget did not include any income for the Women's World Championship and that is the reason for the favourable situation of the actual against budget. Most of the income for the rest of the year is predictable.

The level of spending is well within the approved budget. Legal costs include the deposit of CHF 18,000 paid to the Court of Arbitration for Sports in Lausanne regarding the claim of Vadim Milov. Bank charges reflect the costs of receiving and paying prize fund money for the World Championships. Rent on the office in Lausanne is included in closure costs from the end of May. Timing differences and better analysis of costs to the correct budget classification result in differences against budget for some categories, such as printing and postage.

Budgets should continue to be set in line with the policy of the past two years. An expenditure budget covered by basic income should be approved plus additional budgets that are only implemented when the income is received from designated special events such as World Championships.

Graphs are attached showing comparisons of income and expenditure from 1998-2003 and the distribution in percentage terms between major categories.

Proposals regarding arrears with FIDE and/or Continent

There is a need for a consistent policy by FIDE and the Continents regarding Federations in arrears. There may be occasions when either party requires assistance or support in the collection of arrears and a procedure should be set down in advance.

FIDE currently withdraws service from Federations when their one-year arrears exceed CHF1,000. Federations are informed of their arrears at the time the invoice is issued and have to clear the arrears over one year old within two months. If the arrears remain unpaid then the ratings of the Federations are withheld and they are not allowed to enter a team in any FIDE World event. Individuals are permitted to compete in FIDE competitions but they are obliged to pay double the entry fee. Tournaments continue to be rated for three months but thereafter the reports are returned to the Federation.

Federations with arrears over two years old may be temporarily excluded from membership and if arrears are still outstanding the following year, then they are permanently excluded.

Each Continent is entitled to have its own rules regarding non-payment. However, they may also wish to exclude member Federations from competitions when there is non-payment after a reasonable period. This may be, but not necessarily exclusively, the same length of time as FIDE.

With this in mind it is proposed that the following rules be added to FIDE and Continental financial regulations:

FIDE can request Continents not to allow member Federations to participate in Continental Team events when the Federation has services withdrawn by FIDE due to non-payment of one year arrears. Three months notice shall be given to the Continent by FIDE after a proposal has been made by the Presidential Board. Members of Federations that are temporarily excluded shall not participate in any Continental event once a temporarily exclusion has been approved at the FIDE Congress.

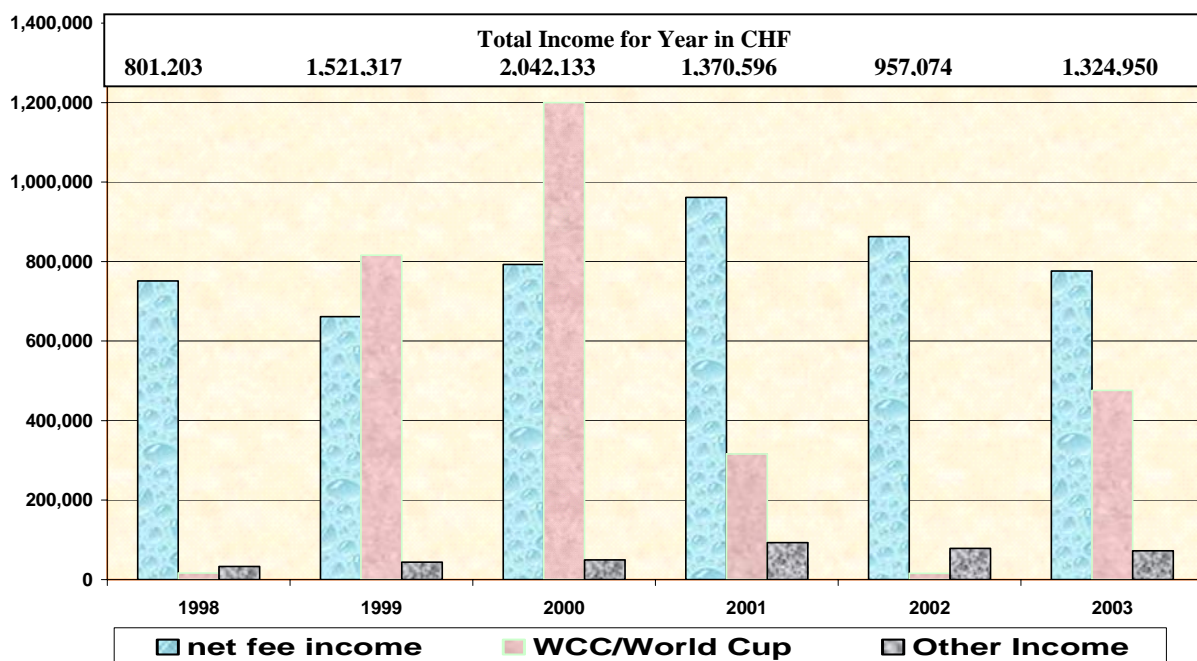
Continents can request that FIDE withdraws service to a member Federation that is in arrears with the Continent. A request must be sanctioned by a meeting of the Continental Board and forwarded to FIDE Secretariat. Ratings of that Federation will be withdrawn at the date of the next publication date of the rating list, and for other services, three months after the notice is received at the Secretariat.

INCOME ITEMS	1st QUARTER			2nd QUARTER			3rd QUARTER			4th QUARTER			TOTAL FOR YEAR		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
VAT REFUND	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ENTRY FEES	0	5 200	5 200	30 000	9 668	-20 332	70 000	21 402	-48 598	180 000	0	-180 000	280 000	36 270	-243 730
INTEREST INVESTED FUND	0	0	0	0	0	0	1 500	0	-1 500	0	0	0	1 500	0	-1 500
INTEREST OVERDUE ACCs	0	0	0	0	0	0	0	0	0	5 000	0	-5 000	5 000	0	-5 000
MEMBERSHIP FEES	160 000	159 650	-350	0	0	0	0	0	0	0	0	0	160 000	159 650	-350
OTHER INCOME	0	2	2	16 500	12 846	-3 654	0	20 538	20 538	0	0	0	16 500	33 386	16 886
RATING FEES	0	0	0	0	0	0	0	0	0	50 000	0	-50 000	50 000	0	-50 000
REGISTERED TOURNAMENTS	0	0	0	130 000	130 936	936	0	0	0	80 000	0	-80 000	210 000	130 936	-79 064
LATE REPORT FEES	0	0	0	10 000	10 500	500	0	0	0	10 000	0	-10 000	20 000	10 500	-9 500
CHANGES OF FEDERATION	0	0	0	0	0	0	0	17 300	17 300	0	0	0	0	17 300	17 300
ROYALTIES	5 000	12 700	7 700	5 000	458	-4 542	5 000	20 610	15 610	5 000	0	-5 000	20 000	33 768	13 768
TITLE APPLICATIONS	50 000	42 890	-7 110	30 000	36 710	6 710	30 000	47 025	17 025	50 000	0	-50 000	160 000	126 625	-33 375
WORLD CHAMPIONSHIP (20% Prize Fund)	0	0	0	0	89 600	89 600	375 000	370 968	-4 032	0	0	0	375 000	460 568	85 568
TOTAL	215 000	220 442	5 442	221 500	290 718	69 218	481 500	497 843	16 343	380 000	0	-380 000	1 298 000	1 009 003	-288 997

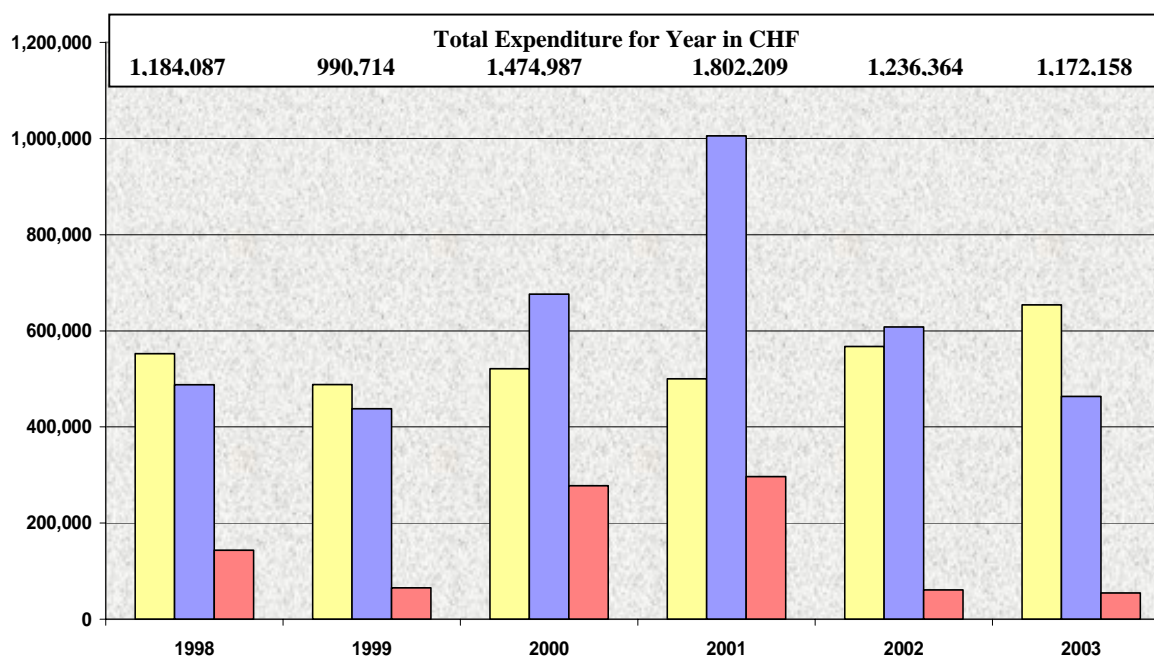
COMPARISON

Below you will see graphs that show the income and expenditure of FIDE over the past six years, after removing the extraordinary items. Over that period the income has totalled CHF 8 million, with nearly CHF 3 million coming from World Championships and World Cups. Expenditure is just under CHF 8 million. Staff costs are for the FIDE Secretariat and do not include Elista office costs, which are included under ‘other costs’. Extraordinary income and expenditure are more or less in balance.

INCOME 1998 – 2003 (all figures in CHF)



EXPENDITURE 1998 – 2003 (all figures in CHF)

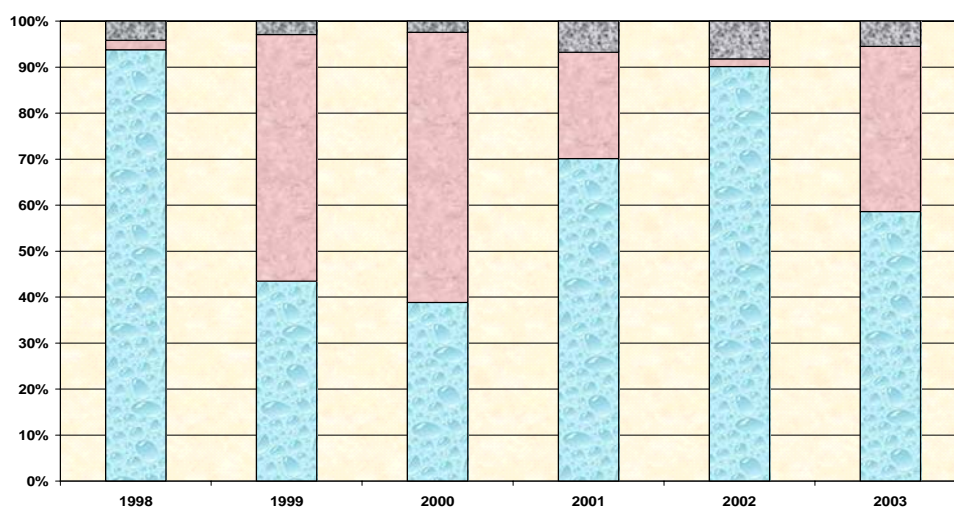




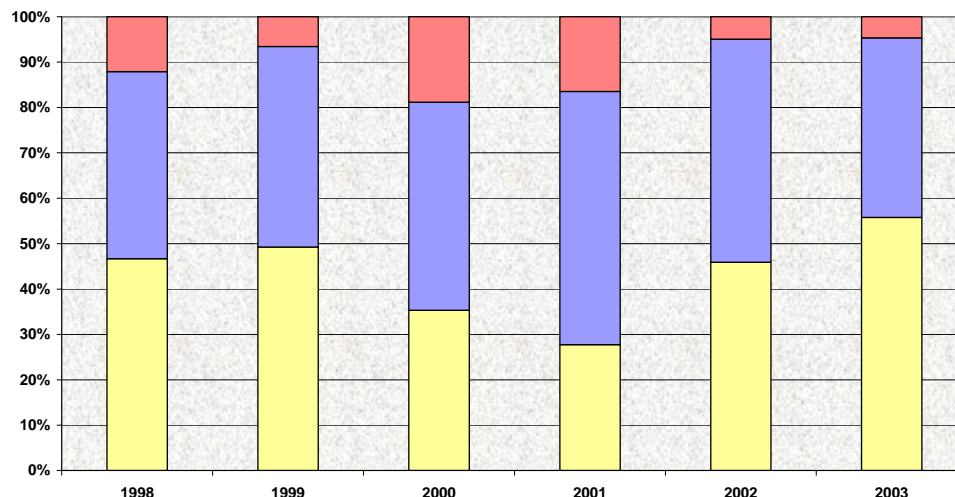
COMPARISON

Below are graphs that show the annual proportion of income and expenditure between major categories for the past six years. It excludes extraordinary items.

INCOME 1998 – 2003 (all figures in %)



EXPENDITURE 1998 – 2003 (all figures in %)



Annual Comparison

EXPENSES	2003	2004	2002	4 year average Lausanne	2005 projection Athens
	Sept	Sept			
Staff Salaries	200 588	141 834	301 000	290 000	163 000
Social Costs	60 279	30 560	67 500	80 000	35 000
Staff Taxes	14 964	1 365	36 000	40 000	0
Staff Travel	80 501	5 622	119 500	80 000	5 000
Staff Accommodation	36 250	0	43 500	43 500	0
Car	4 769	0	5 000	9 000	0
Triumvirate Stipend	0	88 915	0	0	150 000
Triumvirate Travel/Hotels	0 397 351	17 659 285 955	0	0	50 000
Postage & Carriage	5 090	13 166	10 000	11 000	12 000
Photocopying & Printing	9 271	12 549	19 000	20 000	20 000
Office Supplies / Stationery/Sundries	4 412	7 972	5 500	6 000	8 000
Telecommunications	31 736	7 294	97 000	80 000	20 000
Secretariat Hospitality	7 972	1 857	21 500	16 000	5 000
Publicity & Promotions	685	0	4 000	15 000	2 000
Rent	22 585	24 982	29 000	29 000	20 000
Utilities	0	1 360	2 000	1 000	5 000
Office Cleaning	3 282	3 914	4 000	4 000	5 000
Bank Charges	3 239	7 335	6 000	7 000	7 000
Audit	9 684	14 197	11 000	12 000	14 000
TOTAL	<u>495 307</u>	<u>380 581</u>	781 500	743 500	521 000