

**FEDERATION INTERNATIONALE DES ECHECS
LAUSANNE**

BALANCE SHEET AS AT 31st DECEMBER 2001

Expressed in Swiss Francs

| CURRENT ASSETS | 31st Dec.01 | 31st Dec.00 |
|---|--------------------|--------------------|
| CASH | 2,857 | 712 |
| BANK ACCOUNTS | | |
| - UBS CHF Accounts | 30,669 | 4,129 |
| - UBS US \$ Account | 585,708 | 1,196,316 |
| - Citibank - GRD Account | 280 | 280 |
| DEBTORS FEDERATIONS | | |
| - net of provision for bad debts of CHF 120374 (2000 65902) | 1,163,157 | 873,136 |
| WORLD CHESS FOUNDATION | 16,782 | 3,621,593 |
| FIDE COMMERCE INTERNATIONAL | 1,117,010 | 0 |
| OTHER DEBTORS / PREPAID EXPENSES | 69,021 | 24,578 |
| STOCKS (Medals) | 1 | 1 |
| | 2,985,485 | 5,720,745 |
| LESS CURRENT LIABILITIES | | |
| CREDITORS | 379,848 | 3,274,412 |
| PREPAYMENTS BY FEDERATIONS | 16,583 | 49,320 |
| DEPOSIT FEES | 55,000 | 75,000 |
| PROVISION RE WORLD CHAMPIONSHIP 2001 | 780,000 | 0 |
| PROVISION RE: COURT OF ARBITRATION | 0 | 231,515 |
| PROVISION FOR COMMITTEE EXPENDITURE | 60,000 | 44,530 |
| | 1,291,431 | 3,674,777 |
| LONG TERM LIABILITIES | | |
| - EX GRATIA | 45,650 | 34,520 |
| | 1,337,081 | 3,709,297 |
| NET CURRENT ASSETS | 1,648,404 | 2,011,448 |
| FIXED ASSETS, at Cost | | |
| - Office Furniture | 46,895 | 43,601 |
| - Machines & Equipment | 193,778 | 187,378 |
| - Motor Vehicle | 50,500 | 50,500 |
| | 291,173 | 281,479 |
| LESS ACCUMULATED DEPRECIATION | 261,652 | 249,000 |
| | 29,521 | 32,479 |
| NET ASSETS | 1,677,925 | 2,043,927 |
| NET ASSETS REPRESENTED BY: | | |
| FIDE / CACDEC RESERVE FUND | 1,677,925 | 2,043,927 |

FEDERATION INTERNATIONALE DES ECHECS
LAUSANNE

STATEMENT of INCOME & EXPENDITURE

PERIOD ENDED 31st DECEMBER 2001

| | 31st Dec.02 | 31st Dec.01 | 31st Dec.01 | 31st Dec.00 | 31st Dec.00 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Budget | Actual | Budget | Actual | Budget |
| INCOME | CHF | CHF | CHF | CHF | CHF |
| Membership Fees | 160,000 | 161,630 | 160,000 | 161,000 | 160,000 |
| Entry Fees | 280,000 | 367,454 | 350,000 | 416,080 | 400,000 |
| Rating Fees | 50,000 | 52,423 | 60,000 | 53,137 | 60,000 |
| Registered Tournaments | 140,000 | 148,216 | 100,000 | 149,068 | 100,000 |
| Penalties for late Tournament reports | 0 | 91,800 | 0 | 0 | 0 |
| FIDE Title Application Fees | 140,000 | 188,000 | 100,000 | 139,000 | 100,000 |
| FIDE Publications | 0 | 0 | 0 | 100 | 0 |
| Interest on overdue accounts | 5,000 | 2,769 | 7,000 | 3,634 | 5,000 |
| FIDE share World Cup | 0 | 0 | 0 | 111,508 | 0 |
| FIDE share from WCC Prize Fund | 1,155,000 | 1,149,506 | 1,137,000 | 1,190,000 | 900,000 |
| FIDE Permanent Fund (interest) | 2,000 | 2,203 | 2,000 | 2,136 | 2,000 |
| Interest from Bank | 0 | 48 | 0 | 43 | 0 |
| Royalties | 20,000 | | 17,000 | | 17,000 |
| - DGT | | 40,591 | | 16,467 | |
| - Franklin Mint | | 7,048 | | 4,261 | |
| Miscellaneous Income | | | | | |
| - International Olympic Committee | 15,000 | 16,677 | 10000 | 17,078 | 5000 |
| - ARISF | 5,000 | 5,775 | 0 | 0 | 0 |
| Gain on Currency Conversion | 0 | 68,730 | 0 | 0 | 0 |
| VAT Reclaim | 0 | 17,998 | 0 | 5,586 | 0 |
| Re-Credit Provision for Federation Bad Debts | 0 | 0 | 0 | 20,704 | 0 |
| Extraordinary Item: WCC 2000 | 0 | 16,353 | 0 | 0 | 0 |
| TOTAL INCOME: | 1,972,000 | 2,337,221 | 1,943,000 | 2,289,802 | 1,749,000 |

FEDERATION INTERNATIONALE DES ECHECS
LAUSANNE
STATEMENT OF INCOME & EXPENDITURE
PERIOD ENDED 31st DECEMBER 2001

| EXPENDITURE | 31st Dec.02 | 31st Dec.01 | 31st Dec. 01 | 31st Dec.00 | 31st Dec.00 |
|---|-------------|-------------|--------------|-------------|-------------|
| | Budget | Actual | Budget | Actual | Budget |
| | CHF | CHF | CHF | CHF | CHF |
| Staff Salaries | 256,000 | 263,568 | 255,000 | 242,356 | 250,000 |
| Staff Accommodation | 43,500 | 43,500 | 49,000 | 58,500 | 67,000 |
| Staff Travel | 35,000 | 58,021 | 35,000 | 74,178 | 40,000 |
| Staff Social costs | 73,000 | 75,494 | 60,000 | 83,542 | 71,000 |
| Other Taxes paid on behalf of staff | 30,000 | 39,075 | 39,000 | 39,748 | 36,000 |
| Staff Ex Gratia payments reserve for year | 11,000 | 11,130 | 11,000 | 11,130 | 10,000 |
| Staff Contract Costs | 0 | 0 | 0 | 11,400 | 0 |
| Recruitment Agency Fees | 0 | 8,957 | 0 | 0 | 0 |
| Car Expenses | 6,000 | 15,941 | 6,000 | 5,260 | 6,000 |
| Publications: | | | | | |
| - FIDE Forum | 42,000 | 13,600 | 38,000 | 13,600 | 38,000 |
| - FIDE Directory | 5,000 | 0 | 5,000 | 2,475 | 5,000 |
| - FIDE Handbook | 20,000 | 1,531 | 20,000 | 650 | 20,000 |
| Rating support & List | 90,000 | 72,540 | 54,000 | 48,855 | 54,000 |
| Postage & Carriage | 5,000 | 9,760 | 12,000 | 14,059 | 12,000 |
| Photocopying & Printing | 20,000 | 21,064 | 10,000 | 21,675 | 7,500 |
| Office Supplies / Stationery | 8,000 | 5,039 | 5,000 | 4,214 | 7,500 |
| Telecommunications | 63,000 | 79,278 | 60,000 | 86,545 | 60,000 |
| Secretariat Hospitality | 20,000 | 18,177 | 20,000 | 17,883 | 20,000 |
| Office Installations | 10,000 | 0 | 10,000 | 1,885 | 5,000 |
| Publicity & Promotions | 10,000 | 21,451 | 10,000 | 35,204 | 10,000 |
| Miscellaneous | 0 | | 0 | 909 | 0 |
| - Lausanne Young Masters | | 50,000 | | | |
| - Chess Hall of Fame | | 49,059 | | | |
| Repairs, Maintenance & Renewals | 4,000 | 4,811 | 4,000 | 3,431 | 4,000 |
| Rent | 28,000 | 28,740 | 28,000 | 27,889 | 26,000 |
| Office Electricity | 2,000 | 1,031 | 2,000 | 1,397 | 2,000 |
| Office Cleaning | 5,000 | 4,130 | 5,000 | 4,051 | 5,000 |
| Bank Charges | 6,000 | 8,184 | 6,000 | 8,338 | 4,000 |
| Insurance | 33,000 | 32,606 | 10,000 | 189 | 1,000 |
| Subscriptions | 3,000 | 2,824 | 2,000 | 4,247 | 2,000 |
| Travel & Meetings | 190,000 | 412,837 | 90,000 | 224,589 | 70,000 |
| Commissions & Committees: | | | | | |
| - CACDEC | 125,000 | 118,233 | 128,000 | 131,872 | 135,000 |
| - Chess in Schools Committee | 25,000 | 24,446 | 25,000 | 30,308 | 25,000 |
| - Chess & Art Committee | 3,000 | 0 | 0 | 0 | 0 |
| - Chess Composition Commission | 3,000 | 3,000 | 3,000 | 0 | 3,000 |
| - CHIPS Committee | 5,000 | 0 | 0 | 0 | 0 |
| - Computer Chess Committee | 0 | 0 | 5,000 | 2,500 | 2,500 |
| - Committee for Chess for the Disabled | 17,000 | 12,972 | 16,000 | 2,500 | 2,500 |

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| | | | | | |
|--------------------------------------|---------|--------|---------|--------|--------|
| - Committee for Women's Chess | 17,000 | 0 | 17,000 | 0 | 0 |
| - Development Commission Chairman | 0 | 5,000 | 5,000 | 0 | 0 |
| - Trainers Committee | 40,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| - Medical Commission | 130,000 | 91,577 | 300,000 | 39,394 | 0 |
| - Organisers Committee | 0 | 10,029 | 0 | 0 | 0 |
| - World Championship Cycle Committee | 14,000 | 9,351 | 14,000 | 8,445 | 10,000 |
| - Verification Commission | 0 | 6,307 | 0 | 4,922 | 0 |
| - Other Commissions / Committees | 0 | 0 | 0 | 0 | 32,000 |

(Continued)

| EXPENDITURE | 31st Dec.02 Budget CHF | 31st Dec.01 Actual CHF | 31st Dec. 01 Budget CHF | 31st Dec.00 Actual CHF | 31st Dec.00 Budget CHF |
|---|---------------------------------------|---------------------------------------|--|---------------------------------------|---------------------------------------|
| Audit | 14,000 | 11,707 | 14,000 | 16,340 | 12,000 |
| Legal Costs | 30,000 | 12,200 | 30,000 | 58,921 | 5,000 |
| Treasurer Expenses | 30,000 | 30,985 | 24,000 | 22,348 | 24,000 |
| Grant to Continental Presidents | 0 | 0 | 0 | 38,000 | 0 |
| CACDEC Activity Rebate | 15,000 | 10,831 | 13,000 | 14,676 | 15,000 |
| Entry Fees Refund to Continental Presidents | 0 | 31,040 | 40,000 | 54,080 | 27,000 |
| Entry Fees Refund to Organising Federations | 30,000 | 17,240 | 70,000 | 71,270 | 77,000 |
| Discounts Allowed for Early Payment | 16,000 | 14,746 | 16,000 | 14,291 | 14,000 |
| Depreciation | 16,000 | 12,652 | 16,000 | 13,921 | 25,000 |
| Loss on Currency conversion | 0 | 0 | 0 | 8,847 | 0 |
| Write Offs | 5,000 | 25,373 | 5,000 | 16,330 | 5,000 |
| Additional Provision for Federation Bad Debts | 0 | 54,472 | 0 | 0 | 0 |
| Provision re World Championship 2001 | 0 | 780,000 | 0 | 0 | 0 |
| Contingencies | 100,000 | 0 | 100,000 | 0 | 50,000 |
| Extraordinary Items: | | | | | |
| - Slav & Son Underpayment | 0 | 0 | 0 | 2,520 | 0 |
| - Olympiad Stipend | 0 | 0 | 0 | 3,000 | 0 |
| - Refund Publication Overcharge | 0 | 0 | 0 | 1,500 | 0 |
| Medals | 5,000 | 10,452 | 5,000 | 0 | 5,000 |
| VAT | 0 | 0 | 0 | 0 | 1,000 |
| World Championship costs | 0 | 53,262 | 0 | 101,615 | 0 |
| Reserve for Working Capital | 200,000 | 0 | 200,000 | 0 | 0 |
| Provisions re: Arbitration Court | | | | | |
| 1. Karpov hearing: | | | | | |
| - Payment to Karpov | 0 | 0 | 0 | 81,765 | 0 |
| - Witness costs | 0 | 0 | 0 | 60,450 | 0 |
| 2. Polgar hearing: | | | | | |
| - Payment to Polgar | 0 | 0 | 0 | 42,500 | 0 |
| - Witness costs | 0 | 0 | 0 | 9,100 | 0 |
| 3. Other Costs: | | | | | |
| - Legal Fees | 0 | 0 | 0 | 29,950 | 0 |
| - Translating Costs | 0 | 0 | 0 | 3,450 | 0 |
| - Accountancy Costs | 0 | 0 | 0 | 4,300 | 0 |
| TOTAL EXPENSES: | 1,858,500 | 2,703,223 | 1,897,000 | 1,942,314 | 1,291,000 |
| | | | | | |
| TOTAL INCOME: | 1,972,000 | 2,337,221 | 1,943,000 | 2,289,802 | 1,749,000 |
| TOTAL EXPENSES | 1,858,500 | 2,703,223 | 1,897,000 | 1,942,314 | 1,308,000 |
| EXCESS of INCOME over EXPENSES | 113,500 | -366,002 | 46,000 | 347,488 | 441,000 |
| | | | | | |
| FIDE Reserve Fund at beginning of period | | 2,043,927 | | 1,696,439 | |
| FIDE Reserve Fund at end of period | | 1,677,925 | | 2,043,927 | |

FEDERATION INTERNATIONALE DES ECHECS

NOTES TO THE FINANCIAL STATEMENTS

Period Ended 31st December 2001

Summary of Significant Accounting Policies.

1. The accompanying financial statements have been prepared in accordance with the requirements of the Federation's statutes.
2. Translation of foreign currencies – The Statements of accounts are in Swiss currency, foreign currencies are translated into Swiss Francs as follows:

Current assets and current liabilities – rate prevailing at the end of the period under review:

| | 2001 | Swiss Francs | 2000 |
|---------|-------------|---------------------|-------------|
| 1US \$ | = 1.6782 | | 1.6353 |
| 100 GRD | = 0.50 | | 0.50 |

Income & Expenses = average rate

3. Debtors are stated at nominal value, net of a provision for bad debts, which is covering all members in arrears in fulfilment of its financial obligations towards FIDE, temporarily excluded or to be excluded as per FIDE Statutes (A.01, page 4, Rule 2.5).
4. Stocks of Medals have been written down to a nominal value of **CHF 1**. They have no intrinsic value outside the Federation.
5. Depreciation rate of 30% per annum has been used in these accounts.
6. Provision has been made for ex gratia payments due to staff under terms of their employment.

FEDERATION INTERNATIONALE DES ECHECS

Notes to the financial statements (continued)

Period ended 31st December 2001

Fixed Assets

| <u>COST</u> | Office Furniture CHF | Machines & Equipment CHF | Motor Vehicle CHF | TOTAL CHF |
|--------------------------------|----------------------------|--------------------------------|----------------------|---------------------|
| <i>Balance b/f</i> | 43,601 | 187,378 | 50,500 | 281,479 |
| <i>Additions</i> | 3,294 | 6,400 | 0 | 9,694 |
| | 46,895 | 193,778 | 50,500 | 291,173 |
| <u>DEPRECIATION</u> | | | | |
| <i>Balance b/f</i> | 40,595 | 157,905 | 50,500 | 249,000 |
| <i>Charge for the period</i> | 1,890 | 10,762 | 0 | 12,652 |
| | 42,485 | 168,667 | 50,500 | 261,652 |
| <i>NBV 31.12.01</i> | 4,410 | 25,111 | 0 | 29,521 |
| <i>NBV 31.12.00</i> | 3,006 | 29,473 | 0 | 32,479 |

The fire insurance of the fixed assets (Motor Vehicle excepted) amounts to **CHF 143,500**.

Leases

There is a leasing contract for a photocopier / fax machine for a period of 48 months from September 1998 at rate of **CHF 280.10** per month.

Subsequent events

The President informed the Steering Committee in June 2002 that there were problems at FIDE Commerce International Ltd. The matter has not been officially clarified to date but the President notified the Presidential Boards at Doha in July and Moscow in September that he would personally fulfil the financial commitments of FIDE Commerce to FIDE in respect of the 2001 World Championship. At the end of July 2002, USD465,600 remains outstanding from the 20% of the prize fund due to FIDE and so a provision has been made in the accounts. This provision can be written back into the accounts at such time as payment is received.