

**FEDERATION INTERNATIONALE DES ECHECS**

**FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2007**

**TOGETHER WITH AUDITOR'S REPORT**

**FEDERATION INTERNATIONALE DES ECHES**  
**ANNUAL INCOME AND EXPENSES FOR THE YEAR ENDED DECEMBER 31**  
(Amounts in Euro)

<b>INCOME (Note 3)</b>	<b>2007</b>	<b>2006</b>
<b>Fees from Federations</b>		
Membership Fees	120.185	115.008
Entry Fees	194.246	186.233
Rating Fees	40.440	40.802
Registered Tournaments	149.008	137.320
Late Tournament report charges	20.020	15.750
Change of Federation	9.555	18.205
FIDE Title Application Fees	133.575	123.168
Protest Fees	650	0
<b>FIDE share from prize funds</b>		
World Chess Championship Tournament	197.080	252.358
World Cup	226.560	0
World Blitz	13.699	0
<b>Other Income</b>		
ARISF	4.410	3.666
Candidates Matches: Contribution towards expenses	11.350	0
Interest from bank	47.030	18.172
International Olympic Committee	14.715	8.450
Internet Rights for World Cup	42.480	0
Presidential Boards: contribution towards travel	29.000	0
Royalties - DGT	46.360	46.981
World Championship Committee	61.819	53.275
Women's World Championship	0	18.971
World Chess Ch. Tourn: contribution towards expenses	30.320	0
Turin Olympiad Income	0	166.420
Re-Credit Provisions - General	7.619	0
Re-Credit Provisions – 2 year arrears	10.984	0
Gain on Safe Custody Investments	11.651	0
Other	4 5.000	18.904
<b>TOTAL INCOME:</b>	<b>1.427.756</b>	<b>1.223.683</b>
<b>TOTAL EXPENSES:</b>	<b>1.438.115</b>	<b>1.098.282</b>
<b>SURPLUS – (DEFICIT) FOR THE YEAR</b>	<b>(10.359)</b>	<b>125.401</b>

**FEDERATION INTERNATIONALE DES ECHES**  
**ANNUAL INCOME AND EXPENSES FOR THE YEAR ENDED DECEMBER 31**  
**(Amounts in Euro)**

<b>EXPENSES (Note 3)</b>	<b>Note</b>	<b>2007</b>	<b>2006</b>
<b>Athens</b>			
Staff Costs		221.505	159.888
Staff Travel		19.065	4.661
Provision for staff indemnities		0	7.601
Postage & Carriage		5.584	5.728
Photocopying & Printing		3.568	5.539
Office Supplies / Stationery		3.131	3.842
Telecommunications		7.424	10.250
Secretariat Hospitality		4.625	8.571
Repairs, Maintenance & Renewals		644	2.528
Rent		15.588	15.186
Utilities		2.408	2.218
Office Cleaning		3.570	3.451
<b>Elista</b>			
Elista Staff Costs & other expenses		71.643	82.625
<b>Lausanne</b>			
Lausanne Staff Costs & other expenses		12.990	0
<b>Moscow</b>			
Moscow Staff Costs & other expenses		51.467	34.964
<b>General</b>			
Triumvirate Stipends		0	40.446
Triumvirate Travel		0	14.241
Bank Charges		4.914	3.303
Electronic Boards		13.957	12.547
Insurance		40.543	23.969
Subscriptions		11.432	7.568
Audit & Tax Accountant		8.422	8.020
Legal Costs		66.840	61.310
Treasurer's Expenses		5.739	13.346
Travel & Meetings		112.941	25.977
Medical Expenses		43.260	0
Entry Fees Refund to Organising Federations		37.586	31.771
Discounts Allowed for Early Payment		14.365	11.398
Depreciation		28.139	24.999
Medals & Badges		1.095	4.534
<b>Commissions &amp; Committees</b>			
CACDEC & CACDEC Activity Rebate		102.792	120.283
Chess in Schools Committee		19.231	0
Committee for Women's Chess		1.369	0
European President NOC Programme		5.000	0
Global Chess Interface		5.401	0
Medical Commission		5.195	3.473
Other	<b>5</b>	68.670	20.722
New Federations Initiative		8.844	0
Technical Commission		600	0
Trainers Committee		0	38.520
Verification Commission		8.014	5.651
World Championship Committee		4.650	12.203
World Champions Committee		8.400	0
ARISF Events		8.908	14.620
Continental Championships		135.464	0
Candidate Matches		139.114	0
<b>(continued)</b>			

**FEDERATION INTERNATIONALE DES ECHES**  
**ANNUAL INCOME AND EXPENSES FOR THE YEAR ENDED DECEMBER 31**  
(Amounts in Euro)

<b>EXPENSES (continued)</b>	<b>Note</b>	<b>2007</b>	<b>2006</b>
World Cup		19.351	0
World Championship Match expenses		0	5.058
World Championship Tournament		23.516	0
Turin Olympiad expenses		0	152.175
Loss on Currency conversion		58.498	89.491
Write Offs		2.653	805
Additional Provision for Federation Bad Debts		0	0
Provision in respect of unpaid Royalties - DGT		0	4.800
 <b>TOTAL EXPENSES:</b>		<b>1.438.115</b>	<b>1.098.282</b>

**FEDERATION INTERNATIONALE DES ECHES**  
**BALANCE SHEET AS AT DECEMBER 31**  
(Amounts in Euro)

	Note	2007	2006
<b>CURRENT ASSETS</b>			
CASH		2.653	876
<b>BANK ACCOUNTS</b>			
- UBS CHF Accounts		55.298	58.749
- UBS US \$ Account		324.007	135.959
- UBS EUR € Account	7	1.493.239	150.831
- NBG EUR € Account		10.393	6.179
- Elista RUR Account		0	6.279
- UBS US \$Time Deposit Account		0	1.440.200
- UBS EUR Time Deposit Account		400.000	300.000
<b>SECURITIES HELD</b>			
- UBS (Lux) Money Market Fund - USD (at cost)		94.794	92.003
<b>DEBTORS FEDERATIONS</b>			
- net of provision for bad debts of € 35.654 (2006: € 46.629)	3(b)	472.865	489.193
<b>OTHER DEBTORS / PREPAID EXPENSES – net of provision for Royalties DGT € Zero (2006 : € 4.800)</b>			
		<u>228.912</u>	<u>229.785</u>
<b>Total Current Assets</b>		<u><b>3.082.161</b></u>	<u><b>2.910.054</b></u>
<b>LESS: CURRENT LIABILITIES</b>			
CREDITORS	7	1.459.315	1.324.091
PREPAYMENTS BY FEDERATIONS		95.714	82.103
DEPOSIT FEES		82.840	76.107
		<u>1.637.869</u>	<u>1.482.301</u>
<b>NET CURRENT ASSETS</b>		<u><b>1.444.292</b></u>	<u><b>1.427.753</b></u>
<b>FIXED ASSETS, at Cost</b>			
- Office Furniture		14.716	14.716
- Machines & Equipment		79.081	77.840
	6	<u>93.797</u>	<u>92.556</u>
<b>LESS ACCUMULATED DEPRECIATION</b>	6	<u>62.365</u>	<u>34.226</u>
		<u><b>31.432</b></u>	<u><b>58.330</b></u>
<b>LESS: NON CURRENT LIABILITIES</b>			
PROVISION FOR STAFF RETIREMENT BENEFITS	8	7.601	7.601
<b>NET ASSETS</b>		<u><b>1.445.488</b></u>	<u><b>1.478.482</b></u>
Represented by:			
<b>RESERVE FUND at January 1,</b>		<u>1.478.482</u>	<u>1.353.081</u>
Surplus for the year		(10.359)	125.401
<b>RESERVE FUND at December 31</b>		<u><b>1.468.123</b></u>	<u><b>1.478.482</b></u>

The Notes on pages 6 to 8 form part of these financial statements

**FEDERATION INTERNATIONALE DES ECHECS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2007**  
**(All amounts in Euro)**

**1. FEDERATION'S FORMATION AND OPERATIONS**

The International Chess Federation or Federation Internationale des Echecs, (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.

**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 Euros 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:

		<u>2007</u>	<u>2006</u>
1 USD (\$)	=	0.685 Euro	0.745 Euro
1 CHF	=	0.604 Euro	0.622 Euro
1 RUB	=	0,028 Euro	0.028 Euro

(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 fulfillment 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.

(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.

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**AS AT DECEMBER 31, 2007**  
**(All amounts in Euro)**

**4. Other income**

The amount comprises of the following:

	<u>2007</u>	<u>2006</u>
Electronic Boards hire	-	8.900
Trainer academy fees	-	3.400
Tax refund	-	2.659
Clock testing fees	5.000	2.500
Other	-	1.445
	<u>5.000</u>	<u>18.904</u>

**5. Other expenses**

The account is analyzed as follows:

	<u>2007</u>	<u>2006</u>
Committee Chess Disabled	1.500	1.620
Ethics Commission	9.087	196
PR & Marketing	58.083	9.700
Other	-	9.206
	<u>68.670</u>	<u>20.722</u>

**6. Cash and bank accounts**

The balance of cash at banks does not include the amount of €10.727 corresponding to one specific bank account at UBS bank. The aforementioned account, although it is reported 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 the 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.

**7. Other debtors and prepaid expenses**

The balance of other debtors in 2007 includes, among others, the following amounts: (a) € 60.000 representing a loan to the Mexican chess federation due to the world cup cash needs. The above balance should have been repaid by November 2007. However, FIDE did not proceed in providing for such amount in the 2007 financial statements since it is currently under the process of negotiations and the possibility for recovery is still high. (b) € 20.000 corresponds to a loan granted to the FIDE Treasurer, Mr. David Jarrett, and (c) € 8.200 representing an advance against expenses for the Turin Olympiad by the Treasurer.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**(All amounts in Euro)**

**8. Fixed assets**

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

<b>COST</b>	<b>Office furniture</b>	<b>Machines &amp; Equipment</b>	<b>Total</b>
Cost at January 1, 2006	9.561	8.686	18.247
Additions	5.155	69.154	74.309
Cost at December 31, 2006	<b>14.716</b>	<b>77.840</b>	<b>92.556</b>
Additions	-	1.241	1.241
Cost at December 31, 2007	<b>14.716</b>	<b>79.081</b>	<b>93.797</b>
<b>DEPRECIATION</b>			
Balance at January 1, 2006	4.877	4.350	9.227
Charge for the year	2.953	22.046	24.999
Balance at December 31, 2006	<b>7.830</b>	<b>26.396</b>	<b>34.226</b>
Charge of the period	4.415	23.724	28.139
Balance at December 31, 2007	<b>12.245</b>	<b>50.120</b>	<b>62.365</b>
<b>Net Book Value at December 31, 2006</b>	<b>6.886</b>	<b>51.444</b>	<b>58.330</b>
<b>Net Book Value at December 31, 2007</b>	<b>2.471</b>	<b>28.961</b>	<b>31.432</b>

**9. Creditors**

During the year, the organizers of upcoming Germany World Cup paid the Federation an advance of US Euro 1.200.000. This advance was deposited by the Federation in the UBS EUR account included within Bank accounts at December 31, 2007.

**10. 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 2007, would have been € 10.379 against of which recorded provision is € 7.601