

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

Lausanne, 23 June 2015  
th2/4.3

## **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 2014.

### **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.



Building a better  
working world

**Opinion**

In our opinion, the financial statements for the year ended 31 December 2014 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)

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 2014**

	31st Dec 14 Actual EUR	31st Dec 13 Actual EUR	31st Dec 14 Actual CHF	31st Dec 13 Actual CHF
<b>CURRENT ASSETS</b>				
CASH	175	90	213	112
<b>BANK ACCOUNTS</b>				
- UBS CHF Account	8'021	44'008	9'742	54'449
- UBS US \$ Account	262'585	229'136	318'935	283'498
- UBS EUR Account	822'545	390'776	999'063	483'488
- NBG EUR Account	10'340	2'662	12'559	3'294
- UBS EUR Visa	24'964	24'944	30'322	30'862
<b>SECURITIES HELD</b>				
- UBS Investments	623'271	597'074	757'025	738'730
<b>DEBTORS FEDERATIONS</b>				
- net of provision for bad debts (60406€), provisions (1292,44€)	889'524	763'648	1'080'416	944'823
- 2013:net of provision for bad debts (34317€), provisions (1292,44€)				
<b>OTHER DEBTORS / PREPAID EXPENSES / ACCRUED INCOME</b>				
	306'616	1'566'825	372'416	1'938'554
<b>TOTAL CURRENT ASSETS</b>	<u>2'948'040</u>	<u>3'619'163</u>	<u>3'580'689</u>	<u>4'477'809</u>
<b>LESS CURRENT LIABILITIES</b>				
<b>UPCOMING YEAR'S EVENTS</b>				
OTHER CREDITORS	1'324'441	197'452	1'608'666	244'298
PROVISION FOR INCOME TAX	265'556	363'127	322'545	449'279
PREPAYMENTS BY FEDERATIONS	9'000	46'030	10'931	56'951
TOTAL CURRENT LIABILITIES	<u>29'723</u>	<u>10'915</u>	<u>36'102</u>	<u>13'505</u>
	<u>1'628'720</u>	<u>617'525</u>	<u>1'978'244</u>	<u>764'032</u>
<b>NET CURRENT ASSETS</b>	<u><b>1'319'319</b></u>	<u><b>3'001'638</b></u>	<u><b>1'602'445</b></u>	<u><b>3'713'777</b></u>
<b>FIXED ASSETS, at Cost</b>				
- Office Furniture	14'716	14'716	17'874	18'207
- Machines & Equipment	339'574	228'344	412'447	282'519
	354'290	243'060	430'321	300'726
<b>LESS ACCUMULATED DEPRECIATION</b>				
	239'907	200'403	291'391	247'949
	<u>114'383</u>	<u>42'657</u>	<u>138'930</u>	<u>52'777</u>
<b>LESS NON CURRENT LIABILITIES</b>				
Upcoming year's events	125'000	1'016'400	151'825	1'257'541
Staff retirement indemnities	21'152	16'739	25'691	20'711
Currency translation difference			21'116	55'954
TOTAL NON CURRENT LIABILITIES	<u>146'152</u>	<u>1'033'139</u>	<u>198'632</u>	<u>1'334'206</u>
<b>NET ASSETS</b>	<u><b>1'287'551</b></u>	<u><b>2'011'156</b></u>	<u><b>1'542'743</b></u>	<u><b>2'432'349</b></u>
<b>NET ASSETS REPRESENTED BY:</b>				
FIDE RESERVE FUND	<u><b>1'287'551</b></u>	<u><b>2'011'156</b></u>	<u><b>1'542'743</b></u>	<u><b>2'432'349</b></u>

**FEDERATION INTERNATIONALE DES ECHECS  
LAUSANNE  
STATEMENT of INCOME & EXPENDITURE  
PERIOD ENDED 31st DECEMBER 2014**

<b>INCOME</b>	<b>31st Dec 14 Actual EUR</b>	<b>31st Dec 14 Budget EUR</b>	<b>31st Dec 13 Actual EUR</b>	<b>31st Dec 14 Actual CHF</b>	<b>31st Dec 13 Actual CHF</b>
<b><i>Fees from Federations</i></b>					
Membership Fees	131'580	130'000	130'820	161'766	162'405
Entry Fees	236'990	300'000	273'720	291'357	339'807
Rating Fees	0	0	56'226	-	69'801
Registered Tournaments	428'906	400'000	358'992	527'301	445'668
Late Tournament report charges	2'940	5'000	3'780	3'614	4'693
Change of Federation	50'540	10'000	19'500	62'134	24'208
FIDE Title Application Fees	220'915	200'000	166'103	271'595	206'207
Restoration of ratings	25	0	0	31	-
<b><i>FIDE share from prize funds</i></b>					
- Candidates Matches	121'406	84'000	102'000	149'257	126'627
- World Cup	0	0	325'281	-	403'818
- World Rapid and Blitz Championship	58'320	55'000	93'812	71'699	116'463
- Olympiad	692'500	800'000	0	851'365	-
- Women's World Rapid and Blitz Championship	33'712	0	0	41'446	-
- World Champ Match	251'640	500'000	480'229	309'369	596'176
- Grand Prix series	67'315	0	98'300	82'758	122'034
- Womens' Grand Prix	98'548	30'000	48'674	121'156	60'426
- Womens' World Championship	0	60'000	57'500	-	71'383
- Women's Teams	0	0	11'565	-	14'357
-Tournament Income	176'815	160'000	171'152	217'378	212'475
<b>Other Income</b>					
- ARISF	5'328	4'500	5'036	6'550	6'252
- Clock testing fees	1'900	0	3'500	2'336	4'345
- Interest from bank	212	500	206	261	256
- Investment income	5'000	10'000	14'375	6'147	17'846
- International Olympic Committee	21'000	15'000	18'950	25'818	23'525
- Royalties - DGT	30'712	45'000	43'612	37'757	54'142
- Arbiters seminar fees	24'180	0	9'760	29'727	12'116
- Arbiters licence fees	36'560	20'000	275'450	44'947	341'955
- Trainers licence fees	17'435	30'000	6'463	21'435	8'023
- Trainers seminars	5'600	0	20'700	6'885	25'698
- Organisers seminar fees	1'800	0	4'080	2'213	5'065
- Trainers academy annual and registration fees	8'000	0	4'300	9'835	5'338
- World Championship Olympiad Commission	50'000	0	140'845	61'470	174'851
World Seniors	0	0	487	-	604
CNC web FIDE online arena	5'875	0	0	7'223	-
Event bidding fees	5'440	8'000	2'000	6'688	2'483
Rental of software	0	6'000	0	-	-
Chess in Schools	2'907	0	0	3'574	-
Income tax minus provision	25'010	0	0	30'747	-
Securities/Bonds at market value	26'197	0	0	32'207	-
Reduced provision for staff indemnities	0	0	3'239	-	4'021
<b>TOTAL INCOME:</b>	<b>2'845'306</b>	<b>2'873'000</b>	<b>2'950'656</b>	<b>3'498'043</b>	<b>3'663'068</b>

**FEDERATION INTERNATIONALE DES ECHECS  
LAUSANNE  
ANNUAL STATEMENT OF INCOME & EXPENSES 2014**

<b>EXPENSES</b>	<b>31st Dec 14 Actual EUR</b>	<b>31st Dec 14 Budget EUR</b>	<b>31st Dec 13 Actual EUR</b>	<b>31st Dec 14 Actual CHF</b>	<b>31st Dec 13 Actual CHF</b>
Athens					
Staff Costs	308'813	320'000	299'069	379'657	371'277
Staff Travel	14'693	30'000	22'500	18'063	27'932
Postage & Carriage	5'070	10'000	3'738	6'232	4'641
Photocopying & Printing	12'501	10'000	6'165	15'368	7'654
Office Supplies / Stationery	6'276	5'000	6'962	7'716	8'642
Telecommunications	18'586	10'000	13'451	22'850	16'698
Secretariat Hospitality	13'141	10'000	15'102	16'155	18'749
Repairs, Maintenance & Renewals	1'367	2'000	219	1'681	272
Rent	16'378	20'000	16'698	20'135	20'730
Utilities	5'444	4'000	3'522	6'693	4'372
Office Cleaning	4'800	4'800	4'444	5'901	5'517
Elista					
Staff and Other Costs	206'163	170'000	161'358	253'458	200'317
Moscow					
Staff Costs	74'838	80'000	66'000	92'006	81'935
Staff travel	75'015	50'000	68'166	92'224	84'624
office expenses	21'186	0	168'335	26'046	208'978
General					
Bank Charges	35'607	15'000	19'722	43'776	24'483
Electronic Boards	37'716	25'000	19'485	46'368	24'190
Insurance	44'421	45'000	41'902	54'612	52'018
Subscriptions	4'902	5'000	5'223	6'027	6'484
Audit & Tax Accountant	28'230	40'000	27'710	34'706	34'400
Legal Costs	207'949	30'000	47'004	255'654	58'352
Treasurer's Expenses /General Secretary	15'741	25'000	15'329	19'352	19'030
Travel & Meetings				-	-
-PBs and Congress	84'702	75'000	65'692	104'133	81'553
-President's travel	184'299	120'000	211'594	226'579	262'681
-Deputy President's travel	1'944	0	4'482	2'390	5'564
Entry Fees Refund to Organising Federations	47'228	20'000	54'744	58'062	67'961
Discounts Allowed for Early Payment	28'039	30'000	27'335	34'471	33'935
Depreciation	35'043	5'000	18'282	43'082	22'696
Medals & Badges	7'238	5'000	6'744	8'899	8'372
Commissions:					
- Arbiters	42'263	50'000	26'094	51'958	32'394
- Anti Cheating	22'523	0	4'234	27'690	5'256
- Chess Composition / WFCC	4'459	10'000	6'408	5'482	7'955
- Chess for the Disabled	17'309	25'000	10'692	21'280	13'273
- Chess in Schools	108'000	108'000	129'101	132'776	160'271
- Constitutional Commission	7'166	20'000	7'532	8'810	9'350
- Chess Journalists	10'035	0	826	12'337	1'025
- Development Commission & Activity Rebate	421'728	400'000	198'143	518'475	245'983
- Electoral	29'036	0	1'304	35'697	1'619
- Ethics	23'055	15'000	12'757	28'344	15'837
- Events	60'959	60'000	38'512	74'943	47'810
- Medical	7'825	25'000	5'962	9'620	7'401
- Online	6'053	0	0	7'441	-
- Qualification	12'196	60'000	43'227	14'994	53'664
- Rules and Tournaments regulations	24'835	15'000	13'822	30'532	17'159
- Swiss Pairings Programs	5'237	5'000	3'326	6'438	4'129
- Technical (TEC)	9'276	15'000	8'723	11'404	10'829
- Technical Administration Panel	800	0	0	984	-
- Trainers	142'432	115'000	87'220	175'107	108'278
- Verification	8'483	20'000	11'482	10'429	14'255
- Women's Chess	68'519	60'000	42'637	84'238	52'931
- World Championship and Olympiad	81'941	0	37'812	100'739	46'942

**FEDERATION INTERNATIONALE DES ECHECS  
LAUSANNE  
ANNUAL STATEMENT OF INCOME & EXPENSES 2014**

PR & Marketing	24'187			29'736	-
Honorarium	80'504	110'500	0	98'973	-
Social Projects	41'813	40'000	43'318	51'405	53'777
Social Action	32'863	50'000	28'571	40'402	35'469
CBC meeting	43'737	30'000	25'487	53'771	31'640
Travel Americas President	29'988	30'000	30'000	36'868	37'243
Travel Africa President	23'091	20'000	20'173	28'388	25'044
Vice Presidents and Subcommittees	14'783	40'000	29'691	18'175	36'859
President's Advisors	11'831	0	0	14'545	-
New federations	0	0	0	-	-
ARISF Events	1'750	10'000	4'050	2'151	5'028
IOC Ecuador and Peru	0	0	20'468	-	25'410
Continental Championships	50'422	15'000	12'256	61'989	15'215
SportAccord	3'072	10'000	41'356	3'777	51'341
Chess Lane	0	5'000	19'875	-	24'674
FIDE website	36'000	20'000	9'000	44'259	11'173
FIDE software	25'000	0	0	30'735	-
Special projects	7'560	30'000	32'980	9'294	40'943
Contingency	72'884	50'000	21'841	89'604	27'114
Arbiters' Workshops	54'356	0	0	66'826	-
Veterans	23'275	0	0	28'615	-
Chess in Schools project (Slovakia /Slovenia)	0	0	4'000	-	4'966
Agon: expenses	0	0	1'438	-	1'785
World Championship Match expenses	0	0	29'460	-	36'573
Olympiad :expenses	124'082	0	5'000	152'547	6'207
Women's Grand Prix: expenses	2'401	0	7'632	2'952	9'474
Women's World Chess Champ: expenses	0	0	10'575	-	13'129
World Seniors: expenses	1'500	0	0	1'844	-
World Youth: expenses	6'286	0	16'500	7'728	20'483
World Junior U20: expenses	3'468	0	0	4'263	-
World Team: expenses	0	0	1'360	-	1'689
Women's Team: expenses	0	0	516	-	641
World Rapid and Blitz: expenses	5'340	0	0	6'565	-
Women's World Rapid and Blitz: expenses	7'062	0	0	8'683	-
World Cities: expenses	0	0	68	-	85
World Cup: expenses	0	0	6'092	-	7'563
90th FIDE Anniversary at Tromso	17'212	0	0	21'161	-
Grand Prix trophies	10'000	0	0	12'294	-
Grand Prix websites	3'000	0	0	3'688	-
Write Offs	8'209	0	101'773	10'092	126'345
Translation	0	5'000	0	-	-
Peace and Sport	0	10'000	0	-	-
Internet services	0	0	9'600	-	11'918
Loss on currency conversion	102'278	0	63'224	125'741	78'489
Provision for income tax	9'000	0	46'030	11'065	57'144
Securities/Bonds at market value	0	0	7'100	-	8'814
Loss on capital redemption	0	0	18'265	-	22'675
Increased provision for staff indemnities	4'413	0	0	5'425	-
Increase in provision for 2years arrears	26'089	0	19'592	32'074	24'322
<b>TOTAL EXPENSES:</b>	<b>3'568'911</b>	<b>2'644'300</b>	<b>2'798'081</b>	<b>4'387'649</b>	<b>3'473'654</b>
TOTAL INCOME:	<b>2'845'306</b>	<b>2'873'000</b>	<b>2'950'656</b>	<b>3'498'043</b>	<b>3'663'068</b>
TOTAL EXPENSES	<b>3'568'911</b>	<b>2'644'300</b>	<b>2'798'081</b>	<b>4'387'649</b>	<b>3'473'654</b>
INCOME against EXPENSES	<b>-723'605</b>	<b>228'700</b>	<b>152'575</b>	<b>-889'606</b>	<b>189'414</b>
FIDE Reserve Fund at beginning of period	<b>2'011'156</b>		<b>1'858'581</b>	<b>2'432'349</b>	<b>2'242'935</b>
FIDE Reserve Fund at end of period	<b>1'287'551</b>		<b>2'011'156</b>	<b>1'542'743</b>	<b>2'432'349</b>

**FEDERATION INTERNATIONALE DES ECHECS  
LAUSANNE**  
**Notes to the financial statements**  
**As at December 31, 2014**  
**(All amounts in Euro unless otherwise stated)**

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

The International Chess Federation or Fédération 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 on a weekly basis, on the going rate.

For purpose of statutory reporting under Swiss law, financial statements are translated from EUR to CHF at closing rate of 1 CHF for € 0.823 (2013: 1 CHF for € 0.808), 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 of 1 CHF for € 0.813 (2013: 1 CHF for € 0.805). 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.

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

**FEDERATION INTERNATIONALE DES ECHECS  
LAUSANNE  
Notes to the financial statements  
As at December 31, 2014  
(All amounts in Euro unless otherwise stated)**

(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 € 428'520 consisting of accrued revenue and which was presented in prior year financial statements (2013) as a deduction from creditors, was reclassified to line "Other debtors/Prepaid expenses/Accrued income".

**4. Cash and bank accounts**

The balance of cash at banks does not include an amount of USD 84'241 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 € 24'964 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><b>COST</b></u>	OFFICE FURNITURE	MACHINES & EQUIPMENT	TOTAL
Balance b/f	14,716	228,344	243,060
Additions 2014		111,230	111,230
Sales 2014	0	0	0
<i>Total Cost</i>	14,716	339,574	354,290
 <u><b>DEPRECIATION</b></u>			
Balance b/f	14,425	185,978	200,403
Charge for the period	87	39,417	39,504
<i>Total Depreciation</i>	14,512	225,395	239,907
NAV 31.12.14	204	114,180	114,383

**FEDERATION INTERNATIONALE DES ECHECS  
LAUSANNE  
Notes to the financial statements  
As at December 31, 2014  
(All amounts in Euro unless otherwise stated)**

**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 31<sup>st</sup> December 2014, would have been €21,152 (2013: €16,739) for which a provision has been made.