

Jamaica Football Federation Limited
(A company limited by guarantee and not having a share capital)

Financial Statements
31 December 2018

Jamaica Football Federation Limited

(A company limited by guarantee and not having a share capital)

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31 December 2018

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INDEPENDENT AUDITORS' REPORT

To the Members of
Jamaica Football Federation Limited
(A company limited by guarantee and not having a share capital)

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Report on the Audit of the Financial Statements

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Qualified Opinion

We have audited the financial statements of Jamaica Football Federation Limited "the Company" set out on pages 1 to 36, which comprise the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of matters described in the Basis for Qualified Opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Qualified Opinion

As disclosed in note 2(a), the financial statements are prepared in conformity with International Financial Reporting Standards and contemplate the continuation of the company as a going concern. The company has reported losses in previous years and, as at the reporting date, had a working capital deficit of \$83,932,594 (2017: \$193,440,868), accumulated deficit of \$139,215,510 (2017: \$215,839,571) and negative cash flows from operating activities. Continuation as a going concern, therefore, may be in doubt and is dependent on obtaining continued financial support from sponsors and donors. No adjustments have been made in the financial statements for any effects this might have on the carrying values of assets and liabilities as at the reporting date.

As disclosed in note 15(a) to the financial statements, certain sponsorships and donations are accounted for on the cash basis. Because of its nature, such income is not accounted for on the accrual basis and not susceptible to verification of its completeness.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

ADVISORY • ASSURANCE • TAX

PARTNERS: Wayne Strachan; FCA; FCCA; MBA Emile Lafayette; FCA; FCCA; MBA PRINCIPAL: Roxiana Malcolm-Tyrell; FCA; FCCA; MBA

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INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
Jamaica Football Federation Limited
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Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
Jamaica Football Federation Limited
(A company limited by guarantee and not having a share capital)
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Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit. In our opinion, proper accounting records have been maintained, so far as appears from our examinations of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner so required.



Chartered Accountants
Kingston, Jamaica
26 August 2019

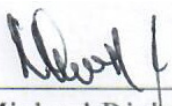
Jamaica Football Federation Limited

(A company limited by guarantee and not having a share capital)

**Statement of Financial Position
As at 31 December 2018**

| | Note | <u>2018</u> \$ | <u>2017</u> \$ |
|-------------------------------------|------|----------------------|----------------------|
| ASSETS | | | |
| Non-Current Asset | | | |
| Property, plant and equipment | 5 | 201,326,929 | 181,241,066 |
| Current Assets | | | |
| Inventories | 6 | 92,000,757 | - |
| Receivables | 7 | 9,918,393 | 4,620,170 |
| Taxation recoverable | | 872,963 | 856,627 |
| Cash at bank and in hand | 8 | 14,152,625 | 61,652,705 |
| | | <u>116,944,738</u> | <u>67,129,502</u> |
| TOTAL ASSETS | | <u>318,271,667</u> | <u>248,370,568</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Capital reserves | 9 | 280,408 | 280,408 |
| Accumulated deficit | | <u>(139,215,510)</u> | <u>(215,839,571)</u> |
| | | <u>(138,935,102)</u> | <u>(215,559,163)</u> |
| Non-Current Liabilities | | | |
| Players' welfare fund | 10 | 193,904 | 193,904 |
| Deferred revenue | 11 | <u>256,135,533</u> | <u>203,165,457</u> |
| | | <u>256,329,437</u> | <u>203,359,361</u> |
| Current Liabilities | | | |
| Payables | 12 | <u>189,742,167</u> | <u>255,375,789</u> |
| Short term loans | 13 | 431,787 | 431,787 |
| Bank overdraft | 14 | <u>10,703,378</u> | <u>4,762,794</u> |
| | | <u>200,877,332</u> | <u>260,570,370</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>318,271,667</u> | <u>248,370,568</u> |

Approved for issue by the Board of Directors on 26 August 2019 and signed on its behalf by:



Michael Ricketts President



Garfield Sinclair Vice-President

Jamaica Football Federation Limited

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Statement of Comprehensive Income
Year ended 31 December 2018

| | Note | <u>2018</u> | <u>2017</u> |
|------------------------------------|------|-------------------|------------------|
| | | \$ | \$ |
| Turnover | 15 | 441,863,298 | 459,887,922 |
| Operating expenses | 16 | (482,260,115) | (458,387,022) |
| | | (40,396,817) | 1,500,900 |
| Other income | 17 | 116,490,972 | 6,510,510 |
| Operating surplus | 18 | 76,094,155 | 8,011,410 |
| Finance income/(costs), net | 19 | 529,906 | (5,410,718) |
| Net surplus before taxation | | 76,624,061 | 2,600,692 |
| Taxation | 21 | - | - |
| Net surplus | | 76,624,061 | 2,600,692 |
| Total comprehensive income | | <u>76,624,061</u> | <u>2,600,692</u> |

Jamaica Football Federation Limited

(A company limited by guarantee and not having a share capital)

Statement of Changes in Equity
Year ended 31 December 2018

| | Capital Reserves | Accumulated Deficit | Total |
|---|-----------------------------|--------------------------------|---------------|
| | \$ | \$ | \$ |
| Balance at 1 January 2017 | 280,408 | (218,440,263) | (218,159,855) |
| Total comprehensive income for the year | - | 2,600,692 | 2,600,692 |
| Balance at 31 December 2017 | 280,408 | (215,839,571) | (215,559,163) |
| Total comprehensive income for the year | - | 76,624,061 | 76,624,061 |
| Balance at 31 December 2018 | 280,408 | (139,215,510) | (138,935,102) |

Jamaica Football Federation Limited

(A company limited by guarantee and not having a share capital)

Statement of Cash Flows
Year ended 31 December 2018

| | 2018 | 2017 |
|--|-------------------------|--------------------------|
| | \$ | \$ |
| Cash Flows from Operating Activities | | |
| Surplus before taxation | 76,624,061 | 2,600,692 |
| Adjustments for: | | |
| Depreciation | 5,022,860 | 4,953,894 |
| Deferred revenue | (70,671,024) | (111,759,438) |
| Interest expense | 381,537 | 2,617,825 |
| Interest income | (65,620) | (46,386) |
| Unrealised currency exchange (gains)/losses | (1,171,010) | 1,655,904 |
| | <u>10,120,804</u> | <u>(99,977,509)</u> |
| Changes in operating assets and liabilities: | | |
| (Increase)/decrease in receivables | (5,298,223) | 21,734,812 |
| (Increase)/decrease in inventories | (92,000,757) | 88,179,560 |
| Decrease in payables | (65,633,622) | (20,667,331) |
| Cash used in operations | (152,811,798) | (10,730,468) |
| Taxation paid | (16,336) | (11,585) |
| Interest paid | (381,537) | (2,617,825) |
| Interest received | 65,620 | 46,386 |
| Net cash used in operating activities | <u>(153,144,051)</u> | <u>(13,313,492)</u> |
| Cash Flows from Investing Activity | | |
| Purchase of property, plant and equipment | (25,108,723) | (37,912,445) |
| Net cash used in investing activity | <u>(25,108,723)</u> | <u>(37,912,445)</u> |
| Cash Flows from Financing Activities | | |
| Short term loans | - | 166,617 |
| Deferred revenue | 123,641,100 | 90,806,827 |
| Net cash provided by financing activities | <u>123,641,100</u> | <u>90,973,444</u> |
| Net (decrease)/increase in cash and cash equivalents | (54,611,674) | 39,747,507 |
| Effect of foreign exchange on cash and cash equivalents | 1,171,010 | (1,655,904) |
| Cash and cash equivalents at beginning of year | 56,889,911 | 18,798,308 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u><u>3,449,247</u></u> | <u><u>56,889,911</u></u> |
| Represented by: | | |
| Cash at bank and in hand | 14,152,625 | 61,652,705 |
| Bank overdraft | (10,703,378) | (4,762,794) |
| | <u><u>3,449,247</u></u> | <u><u>56,889,911</u></u> |

Jamaica Football Federation Limited

(A company limited by guarantee and not having a share capital)

Notes to the Financial Statements

31 December 2018

1. Identification and Principal Activities

Jamaica Football Federation Limited (“the Company”) was incorporated in Jamaica on May 2, 2001 as a company limited by guarantee and not having a share capital. In the event of a winding up, every member undertakes to contribute such amount as may be required, not exceeding \$50 each. The company is domiciled in Jamaica with registered office at 20 St. Lucia Crescent, Kingston 5, Jamaica.

The constitution of the predecessor organization, Jamaica Football Federation (“Federation”) was adopted at an extraordinary congress held on August 11, 1990 at Insport, National Arena, Kingston. The Congress of Delegates, the supreme governing body, comprised the presidents of the parish associations and parish confederations. The members of the Executive Council are elected in accordance with the constitution, either by congress and/or by parish confederations and are responsible for guiding the work of the Federation between meetings of Congress.

The company’s principal activities comprise of the promotion and general development of the game of football in Jamaica.

These financial statements are presented in Jamaican dollars.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented. Where necessary, prior year comparatives have been restated and reclassified to conform to current year presentation.

(a) Basis of preparation

Except as disclosed in notes 2(l) and 2(r) below, these financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and their interpretations adopted by the International Accounting Standards Board and have been prepared under the historical cost convention modified for the inclusion of certain items at fair value. They are also prepared in accordance with the provisions of the Jamaican Companies Act.

The financial statements comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the accompanying notes.

Jamaica Football Federation Limited

(A company limited by guarantee and not having a share capital)

Notes to the Financial Statements**31 December 2018**

2. Summary of significant accounting policies (continued)**(a) Basis of preparation (continued)**

The preparation of financial statements in compliance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and contingent liabilities at the end of the reporting period and the total comprehensive income during the reporting period. The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis and any adjustments that may be necessary would be reflected in the year in which actual results are known. The areas involving a higher degree of judgment in complexity or areas where assumptions or estimates are significant to the financial statements are discussed in note 4.

Amendments to published standards effective in the current year that are relevant to the Company's operations

IFRS 9, 'Financial instruments', replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated. As a result, the comparative information provided continues to be accounted for in accordance with the company's previous accounting policy. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the restated balance sheet as at 31 December 2017 but are recognised in the opening balance sheet on 1 January 2018.

IFRS 15 'Revenue from Contracts with Customers', sets out requirements for recognizing revenue that apply to all contracts with customers, except by those governed Standards on leases, insurance contracts and financial instruments. IFRS 15 was issued May 2014 and became effective 1 January 2018. IFRS 15 sets to align revenue recognition for contracts with the requirements of the FASB. It seeks to replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreement for the Construction for Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue—Barter Transactions Involving Advertising Services.

IFRS 15 requires the entity to identify the contract(s) with the customer, identify performance obligation in the contract, determine and allocate the transaction price and recognize revenue when a performance obligation has been satisfied. The standard also sets out disclosure requirements.

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Notes to the Financial Statements**31 December 2018**

2. Summary of significant accounting policies (continued)**(a) Basis of preparation (continued)****Amendments to published standards effective in the current year that are relevant to the Company's operations (continued)**

IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for annual periods beginning on or after 1 January 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipt are made. The guidance aims to reduce diversity in practice. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts.

Cycle Annual improvements to IFRS, 2014-2016 cycles contain amendments to certain standards and interpretations and are effective for accounting periods beginning on or after 1 January 2018. IAS 28 Investments in Associates and Joint Ventures clarifies that the election to measure fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

The amendments did not result in any material effect on the company's financial statements.

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Notes to the Financial Statements**31 December 2018**

2. Summary of significant accounting policies (continued)**(a) Basis of preparation (continued)****Standards and amendments to published standards that are not yet effective and have not been early adopted by the company**

At the date of authorisation of these financial statements, certain new accounting standards, amendments and interpretation to existing standards have been issued which are not yet effective, and which the company has not early adopted. The company has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following may be relevant to its operations. Unless stated otherwise, the impact of the changes is still being assessed by management.

Amendments to IFRS 9 ‘Financial Instruments’, ‘Prepayment Features with Negative Compensation’ (effective for annual periods beginning on or after 1 January 2019). Under the current IFRS 9 requirements, the solely for payments of principal and interest (SPPI) condition is not met if the lender has to make a settlement payment in the event of termination by the borrower (also referred to as early repayment gain). ‘Prepayment Features with Negative Compensation’ amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The final amendments also contain (in the Basis for Conclusions) a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in the derecognition of the financial liability. The IASB clarifies that an entity recognises any adjustment to the amortised cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange. A retrospective change of the accounting treatment may therefore become necessary if in the past the effective interest rate was adjusted and not the amortised cost amount.

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Notes to the Financial Statements**31 December 2018**

2. Summary of significant accounting policies (continued)**(a) Basis of preparation (continued)****Standards and amendments to published standards that are not yet effective and have not been early adopted by the company (continued)**

IFRS 16, 'Leases', (effective for annual periods beginning on or after 1 January 2019). In January 2016, the IASB published IFRS 16 which replaces the current guidance in IAS 17. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for lessees for certain short-term leases and leases of low-value assets.

Amendments to IAS 19, 'Employee benefits' on 'plan amendment, curtailment or settlement' (effective for annual period beginning on or after 1 January 2019). These amendments require an entity to: use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling.

IFRIC 23, 'Uncertainty over income tax treatments' (effective for annual periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes' are applied where there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether the treatment will be accepted by the tax authority.

Annual improvements to IFRS 2015 - 2017 Cycle – Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 (effective for annual periods beginning on or after 1 January 2019). The amendments to IFRS 3 clarifies how a company remeasures its previously held interest in a joint operation when it obtains control of a business. The amendments to IAS 12 clarify that all income tax consequences of dividends should be recognised in profit or loss, regardless of how the tax arises. The amendments to IAS 23 clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the operations of the company.

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Notes to the Financial Statements

31 December 2018

2. Summary of significant accounting policies (continued)

(b) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rate prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated into Jamaican dollars at the exchange rate prevailing at the date of the statement of financial position, that is, in the case of each currency, the Bank of Jamaica weighted average buying and selling rates at that date. Gains and losses arising from fluctuations in exchange rates are reflected in the statement of comprehensive income.

(c) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see below). Land is stated at cost and no depreciation is charged. Building is stated at revaluation cost less accumulated depreciation.

The fair value of building is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

Depreciation is calculated on a straight-line basis at rates to write off the carrying value of the assets over their expected useful lives. The rates used to write off the cost of assets are as follows:

| | |
|---------------------------------|--------------------|
| Buildings | 2% |
| Furniture, fixtures & equipment | 10% |
| Computers | 33 $\frac{1}{3}$ % |
| Motor vehicles | 10% |

Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income.

(d) Receivables

Receivables are stated at their nominal value as reduced (where applicable) by appropriate allowances. The company maintains an allowance for credit losses, which in management's opinion, is adequate to absorb all credit related losses in its portfolio.

(e) Inventories

Inventories are stated at the lower of cost and net realizable value, cost being determined on a first in first out basis. Net realizable value is the estimate of the selling price in the ordinary course of the business, less selling expenses.

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Notes to the Financial Statements**31 December 2018**

2. Summary of significant accounting policies (continued)**(f) Financial instruments****Classification**

From 1 January 2018, the company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. IFRS9(4.3.2), (4.3.3)

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest

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Notes to the Financial Statements**31 December 2018**

2. Summary of significant accounting policies (continued)**(f) Financial instruments (continued)***Debt instruments*

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established. IFRS9(5.7.1)

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

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Notes to the Financial Statements**31 December 2018**

2. Summary of significant accounting policies (continued)**(g) Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, short term deposits and bank overdraft.

(h) Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(i) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

Jamaica Football Federation Limited

(A company limited by guarantee and not having a share capital)

Notes to the Financial Statements**31 December 2018**

2. Summary of significant accounting policies (continued)**(i) Borrowings (continued)****Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(j) Income taxes

Where applicable, taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(k) Payables

Payables, including provisions, are stated at their nominal value. A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

If the effect is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

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Notes to the Financial Statements**31 December 2018**

2. Summary of significant accounting policies (continued)**(l) Sponsored goods and services in-kind**

Sponsored goods and services in-kind are valued at cost at the time of supply and credited to profit or loss based on usage. Unused sponsored goods and services are recognised as deferred revenue.

(m) Donations and sponsorships

Donations and sponsorships are accounted for on the accrual basis where these contributions are subject to formal agreements, other sponsorships and donations are accounted for on the cash basis.

(n) Donated property, plant and equipment

Donated property, plant and equipment are capitalized at fair value at the date of receipt, and recognised as deferred credits.

(o) Revenue recognition

Revenue comprises the following:

(i) Deferred revenue

Deferred revenue comprise the estimated fair value of property, plant and equipment donated to the company. Fair value is estimated as the market value of the asset at the time of the receipt.

For each reporting period, an amount equivalent to the depreciation charge on the relevant property, plant and equipment for that period is transferred from deferred revenue to profit or loss.

(ii) Deferred income

Sponsorships and donations in cash/kind relating to periods subsequent to the reporting date are accounted for as deferred income and credited to profit or loss in the period to which they relate.

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Notes to the Financial Statements**31 December 2018**

2. Summary of significant accounting policies (continued)**(p) Related party transactions**

A party is related to the company, if:

- (i) directly, or indirectly through one or more intermediaries, the party, is controlled by, or is under common control with, the company (this includes parents, subsidiaries and fellow subsidiaries); has an interest in the company that gives it significant influence over the company; or has joint control over the company;
- (ii) the party is an associate of the company;
- (iii) the party is a joint venture in which the company is a venturer;
- (iv) the party is a member of the key management personnel of the company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) to (iv);
- (vi) the party is the company that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any company that is a related party of the company.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. The company has a related party relationship with its directors and key management personnel, representing certain senior officers of the company.

(q) Impairment

At each statement of financial position date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

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Notes to the Financial Statements**31 December 2018**

2. Summary of significant accounting policies (continued)**(r) Going concern assumption**

The preparation of the financial statements in accordance with IFRS assumes that the company will continue operations for the foreseeable future. This means, in part, that the statement of profit or loss and other comprehensive income and the statement of financial position assume no intention or necessity to liquidate or curtail the scale of the company's operations. This is commonly referred to as the going concern basis. The company has reported losses in previous years and, at the reporting date had a working capital deficit of \$83,932,594 (2017:\$193,440,868), accumulated deficit of \$139,215,510 (2017: \$215,839,571) and negative cash flows from operating activities.

Continuation as a going concern, therefore, may be in doubt and is dependent on obtaining continued financial support from sponsors and donors. No adjustments have been made in the financial statements for any effects this might have on the carrying values of assets and liabilities as at the reporting date.

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Notes to the Financial Statements**31 December 2018**

3. Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance.

The company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the company's risk management framework. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at fair value through other comprehensive income (FVOCI) and deposits with banks and financial institutions, as well as outstanding receivables from credit sales.

Risk management

Management has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by management.

Management determines concentrations of credit risk by monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit transactions are made only with approval.

Jamaica Football Federation Limited

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**Notes to the Financial Statements
31 December 2018**

3. Financial risk management (continued)**(a) Credit risk (continued)****Risk management (continued)**

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

The company does not hold any collateral as security.

Impairment of financial assets

While cash and cash equivalents, trade receivables and debt investments carried at FVOCI are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

As at 31 December 2018 there were no lifetime expected credit losses of the full value of the receivables.

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The company considered that there was evidence of impairment if any of the following indicators were present:

- significant financial difficulties of the member
- probability that the member will enter bankruptcy or financial reorganisation, and
- default or late payments (more than 90 days overdue).

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

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Notes to the Financial Statements**31 December 2018**

3. Financial risk management (continued)**(a) Credit risk (continued)****Impairment of financial assets (continued)***Other financial assets at amortised cost*

Other financial assets at amortised cost include loans to related parties and key management personnel and other receivables.

While the other financial assets at amortised cost are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(b) Liquidity risk

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The company's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a daily basis;
- (ii) Maintaining marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Maintaining a committed line of credit.

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**Notes to the Financial Statements
31 December 2018****3. Financial risk management (continued)****(b) Liquidity risk (continued)****Undiscounted cash flows of financial liabilities**

The maturity profile of the company's financial liabilities at year end on contractual undiscounted payments was as follows:

| | Within 1 month | 1 to 3 months | 3 to 12 months | 2 to 5 years | Over 5 years | Total |
|---------------------|---------------------------|--------------------------|---------------------------|-------------------------|-------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| | 2018 | | | | | |
| Payables | 189,742,167 | - | - | - | - | 189,742,167 |
| Short term loans | - | - | 431,787 | - | - | 431,787 |
| Bank overdraft | 10,703,378 | - | - | - | - | 10,703,378 |
| | <u>200,445,545</u> | <u>-</u> | <u>431,787</u> | <u>-</u> | <u>-</u> | <u>200,877,332</u> |
| | 2017 | | | | | |
| Payables | 255,375,789 | - | - | - | - | 255,375,789 |
| Short term loans | - | - | 431,787 | - | - | 431,787 |
| Bank overdraft | 4,762,794 | - | - | - | - | 4,762,794 |
| | <u>260,138,583</u> | <u>-</u> | <u>431,787</u> | <u>-</u> | <u>-</u> | <u>260,570,370</u> |

Assets available to meet all of the liabilities and to cover financial liabilities include cash and cash equivalents.

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**Notes to the Financial Statements
31 December 2018****3. Financial risk management (continued)****(c) Market risk**

The company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk exposures are measured using sensitivity analysis. There has been no significant exposure to market risks or the manner in which the company manages and measures the risk.

(d) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest risk.

The following table summarises the company's exposure to interest rate risk. It includes the company's financial instruments at carrying amounts, categorized by the contractual re-pricing or maturity dates.

| | Within 1 month | 1 to 3 months | 3 to 12 months | 2 to 5 years | Non-interest bearing | Total |
|-----------------------------------|---------------------------|--------------------------|---------------------------|-------------------------|---------------------------------|---------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| | 2018 | | | | | |
| Assets | <hr/> | | | | | |
| Receivables | - | - | - | - | 9,918,393 | 9,918,393 |
| Cash at bank and in hand | 12,972,222 | - | - | - | 1,180,403 | 14,152,625 |
| Taxation recoverable | - | - | - | - | 872,963 | 872,963 |
| Total financial assets | 12,972,222 | - | - | - | 11,971,759 | 24,943,981 |
| Liabilities | <hr/> | | | | | |
| Bank overdraft | 10,703,378 | - | - | - | - | 10,703,378 |
| Short term loans | - | - | 431,787 | - | - | 431,787 |
| Payables | - | - | - | - | 189,742,167 | 189,742,167 |
| Total financial liabilities | 10,703,378 | - | 431,787 | - | 189,742,167 | 200,877,332 |
| Total interest re- pricing gap | 2,268,844 | - | (431,787) | - | (177,770,408) | (175,933,351) |

Jamaica Football Federation Limited

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**Notes to the Financial Statements
31 December 2018****3. Financial risk management (continued)****(d) Interest rate risk (continued)**

| | Within 1 month | 1 to 3 months | 3 to 12 months | 2 to 5 years | Non-interest bearing | Total |
|-----------------------------------|-------------------|------------------|-------------------|-----------------|-------------------------|---------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| | 2017 | | | | | |
| Assets | | | | | | |
| Receivables | - | - | - | - | 4,620,170 | 4,620,170 |
| Cash at bank and in hand | 38,499,274 | - | - | - | 23,153,431 | 61,652,705 |
| Taxation recoverable | - | - | - | - | 856,627 | 856,627 |
| Total financial assets | 38,499,274 | - | - | - | 28,630,228 | 67,129,502 |
| Liabilities | | | | | | |
| Bank overdraft | 4,762,794 | - | - | - | - | 4,762,794 |
| Short term loans | - | - | 431,787 | - | - | 431,787 |
| Payables | - | - | - | - | 255,375,789 | 255,375,789 |
| Total financial liabilities | 4,762,794 | - | 431,787 | - | 255,375,789 | 260,570,370 |
| Total interest re- pricing gap | 33,736,480 | - | (431,787) | - | (226,745,561) | (193,440,868) |

(e) Fair value estimates

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognized stock exchange) exists as it is the best evidence of the fair value of a financial instrument.

The carrying amounts included in the financial statements for cash and short term deposits, bank overdraft, receivables, short term loans and payables reflect their approximate fair values because of the short-term nature of these instruments.

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Notes to the Financial Statements**31 December 2018****3. Financial risk management (continued)****(f) Foreign currency risk**

The company undertakes certain transactions denominated in currencies other than the Jamaican dollar resulting in exposures to exchange rate fluctuations.

Financial assets and liabilities quoted in foreign currency are as follows: -

| | <u>2018</u> | <u>2017</u> |
|--------------------------|------------------|-------------------|
| | <u>JMD</u> | <u>JMD</u> |
| Cash at bank and in hand | <u>2,911,493</u> | <u>58,916,652</u> |
| Currency | | |
| USD | <u>23,107</u> | <u>471,333</u> |

The exchange rate as at 31 December 2018 was:
US\$1.00 = J\$126 (2017: US\$1.00 = \$125)

The following table demonstrates the sensitivity to fluctuations in the exchange rates of the currencies held by the company before tax, with all other variables held constant.

| | Change in exchange rate | <u>2018</u> | <u>2017</u> |
|-------------|----------------------------|----------------|------------------|
| | | \$ | \$ |
| Revaluation | +2% (2017 +2%) | (58,230) | (1,178,333) |
| Devaluation | -4% (2017: -4%) | <u>116,460</u> | <u>2,356,666</u> |

Jamaica Football Federation Limited

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Notes to the Financial Statements**31 December 2018**

4. Critical accounting estimates and judgments in applying accounting policies

The company makes estimates, assumptions and judgements that affect the reported amounts of, and disclosures relating to, assets, liabilities, income and expenses reported in these financial statements. Amounts and disclosures based on these estimates assumptions and judgements may be different from actual outcomes, and these differences may be reported in the financial statements of the next financial year. Estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

(i) Impairment losses on receivables

The company reviews its receivables to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in the statement of income, the company makes judgement as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the receivables resulting from adverse change in the payment status of the customer or national and economic conditions that correlate with defaults on receivables in the company. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Income taxes

Estimates and judgements are required in determining the provision for income taxes. The tax liability or asset arising from certain transactions or events may be uncertain in the ordinary course of business. In cases of such uncertainty, the Company recognises liabilities for possible additional taxes based on its judgement. Where, on the basis of a subsequent determination, the final tax outcome in relation to such matters is different from the amount that was initially recognised, the difference will impact the current and deferred income tax provisions in the period in which such determination is made.

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Notes to the Financial Statements**31 December 2018**

4. Critical accounting estimates and judgments in applying accounting policies (continued)**(iii) Depreciable assets**

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in profit or loss through impairment or adjusted depreciation provisions.

(iv) Valuation of financial instruments

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the company determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates.

Considerable judgment is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instrument in an arm's length transaction.

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**Notes to the Financial Statements
31 December 2018****5. Property, plant and equipment**

| | Land & Buildings | Furniture, Fixtures & Equipment | Computers | Motor Vehicles | Construction In Progress | Total |
|---------------------|-----------------------------|--|------------------|-----------------------|---|--------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost/valuation - | | | | | | |
| 1 January 2017 | 86,037,033 | 26,170,756 | 10,309,284 | 9,852,593 | 65,431,933 | 197,801,599 |
| Additions | - | 109,309 | 300,600 | 10,835,231 | 26,667,305 | 37,912,445 |
| 31 December 2017 | 86,037,033 | 26,280,065 | 10,609,884 | 20,687,824 | 92,099,238 | 235,714,044 |
| Additions | - | 1,479,079 | 68,812 | 3,370,000 | 20,190,832 | 25,108,723 |
| 31 December 2018 | 86,037,033 | 27,759,144 | 10,678,696 | 24,057,824 | 112,290,070 | 260,822,767 |
| Depreciation - | | | | | | |
| 1 January 2017 | 13,403,705 | 19,065,845 | 9,277,755 | 7,771,779 | - | 49,519,084 |
| Charge for the year | 1,560,741 | 717,211 | 678,597 | 1,997,345 | - | 4,953,894 |
| 31 December 2017 | 14,964,446 | 19,783,056 | 9,956,352 | 9,769,124 | - | 54,472,978 |
| Charge for the year | 1,560,741 | 1,185,786 | 439,648 | 1,836,685 | - | 5,022,860 |
| 31 December 2018 | 16,525,187 | 20,968,842 | 10,396,000 | 11,605,809 | - | 59,495,838 |
| Net Book Value - | | | | | | |
| 31 December 2018 | 69,511,846 | 6,790,302 | 282,696 | 12,452,015 | 112,290,070 | 201,326,929 |
| 31 December 2017 | 71,072,587 | 6,497,009 | 653,532 | 10,918,700 | 92,099,238 | 181,241,066 |

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Notes to the Financial Statements 31 December 2018

5. Property, plant and equipment (continued)

- (a) The company's freehold land and buildings were revalued as at January 1, 2005, by JN Real Estate Company Limited, on the market value basis, on November 19, 2004. The value was treated as deemed cost on first-time adoption of IFRS in 2004 and gains have been included in accumulated deficit in prior years.
- (b) Construction in progress of \$112,290,070 (2017: \$92,099,238) represents expenditure for the development of the football academy located at the University of the West Indies, Mona Campus and the construction of a broadcast studio and the acquisition of studio equipment.

6. Inventories

| | <u>2018</u> | <u>2017</u> |
|-------------------------|-------------------|-------------|
| | \$ | \$ |
| Merchandise (a) | 92,000,757 | - |
| Broken down as follows: | | |
| Boots | 498,280 | |
| Medical equipment | 3,722,400 | |
| Socks | 1,282,606 | - |
| Shorts | 24,558,622 | - |
| Sweat-suits | 3,833,354 | - |
| T-shirts | 47,503,137 | - |
| Training gear | 8,541,494 | |
| Miscellaneous | 2,060,864 | - |
| | <u>92,000,757</u> | <u>-</u> |

- (a) The federation entered into a contract with ROMAI, on 15th of December 2014, which commenced on the 1 January 2015 and was initially intended to expire on 31 December 2018. However, both parties decided to end the contract early, the contract with ROMAI ended in November 2017.

On 1 January 2018 the federation entered into an agreement with UMBRO for the sponsorship of gears. The contract came in to effect on 1 January 2018 and is expected to expire 31 December 2022.

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**Notes to the Financial Statements
31 December 2018****7. Receivables**

| | <u>2018</u> | <u>2017</u> |
|-----------------------------------|------------------|------------------|
| | \$ | \$ |
| Other receivables and prepayments | 9,918,393 | 4,620,170 |
| | <u>9,918,393</u> | <u>4,620,170</u> |
| Bad debt provision | - | - |
| | <u>9,918,393</u> | <u>4,620,170</u> |

The movement in the allowance for impairment in respect of accounts receivables during the year was as follows:

| | <u>2018</u> | <u>2017</u> |
|------------------------------|-------------|--------------|
| | \$ | \$ |
| Balance at beginning of year | - | 15,904,607 |
| Write-offs | - | (15,904,607) |
| | <u>-</u> | <u>-</u> |

8. Cash at bank and in hand

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| | \$ | \$ |
| National Commercial Bank (Jamaica) Limited | 1,482,665 | 495,106 |
| Jamaica Money Market Brokers Limited | 1,483,535 | 1,787,683 |
| Sagicor Bank (Jamaica) Limited | 11,099,800 | 58,838,434 |
| Scotia Investment (Jamaica) Limited | 51,296 | 374,687 |
| Cash on hand | 35,329 | 156,795 |
| | <u>14,152,625</u> | <u>61,652,705</u> |

Cash at bank is comprised mainly of amounts held in current and savings accounts at licensed deposit taking institutions; savings accounts attract interest at 0% - 0.5% per annum.

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Notes to the Financial Statements**31 December 2018****9. Capital reserves**

| | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|
| | \$ | \$ |
| Excess of assets over liabilities of Jamaica Women's Football Association | 280,408 | 280,408 |

10. Players' welfare fund

The Finance Committee had designated all income from franchises to be transferred to a Players' Welfare Fund which, together with any interest earned, is to be used to provide financial support to players.

11. Deferred revenue

| | <u>2018</u> | <u>2017</u> |
|---|--------------|---------------|
| | \$ | \$ |
| Balance at beginning of year | 203,165,457 | 224,118,068 |
| Received during the year | 123,641,100 | 90,806,827 |
| | 326,806,557 | 314,924,895 |
| Recognised in sponsorship income for the year | (70,671,024) | (111,759,438) |
| Balance at end of year | 256,135,533 | 203,165,457 |

This represents donated property, plant and equipment and sponsorship.

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**Notes to the Financial Statements
31 December 2018****12. Payables**

| | <u>2018</u> | <u>2017</u> |
|---------------------------------|--------------------|--------------------|
| | \$ | \$ |
| Trade payables | 91,583,315 | 52,281,230 |
| Statutory liabilities | 84,795,702 | 189,737,414 |
| Other payables and accruals (a) | 13,363,150 | 13,357,145 |
| | <u>189,742,167</u> | <u>255,375,789</u> |

(a) Other payables and accruals include a provision of \$7,835,944 (2017: \$7,835,944) in respect of accrued vacation leave as at year-end.

13. Short term loans

| | <u>2018</u> | <u>2017</u> |
|----------------------|----------------|----------------|
| | \$ | \$ |
| Due to Board members | 431,787 | 431,787 |
| | <u>431,787</u> | <u>431,787</u> |

The loans from Board members are unsecured and interest-free with no fixed repayment terms.

14. Bank overdraft

| | <u>2018</u> | <u>2017</u> |
|--------------------------------|-------------------|------------------|
| | \$ | \$ |
| Sagicor Bank (Jamaica) Limited | 10,703,378 | 4,762,794 |
| | <u>10,703,378</u> | <u>4,762,794</u> |

Bank overdraft represents cheques drawn at year end, not yet presented to the bank.

Jamaica Football Federation Limited

(A company limited by guarantee and not having a share capital)

**Notes to the Financial Statements
31 December 2018****15. Turnover**

Turnover represents sponsorship and donations, grants and revenue that is generated from matches played during the financial year.

| | <u>2018</u> | <u>2017</u> |
|--------------------------------|--------------------|--------------------|
| | \$ | \$ |
| Sponsorships and donations (a) | 129,839,291 | 121,207,422 |
| Gate receipts | 9,328,540 | - |
| Match fees | 41,382,891 | 138,052,500 |
| Grants: | | |
| FIFA | 158,852,367 | 140,302,950 |
| Caribbean Football Union | 15,927,413 | - |
| Sports Development Foundation | 47,000,000 | 42,000,000 |
| CONCACAF | 37,750,000 | 15,875,000 |
| Registration fees and fines | 1,782,796 | 2,450,050 |
| | <u>441,863,298</u> | <u>459,887,922</u> |

Jamaica Football Federation Limited

(A company limited by guarantee and not having a share capital)

**Notes to the Financial Statements
31 December 2018****15. Turnover (continued)**

| | 2018 | 2017 |
|--------------------------------------|--------------------|--------------------|
| | \$ | \$ |
| (a) Sponsorships and donations: | | |
| (i) In cash: | | |
| Jamaica Olympic Association | 8,800,000 | - |
| Jamaica Money Market Brokers Limited | 800,000 | 2,911,210 |
| Digicel | - | 57,600,000 |
| International Media Content Limited | 13,108,641 | - |
| Caribbean Football Union | 29,375,000 | - |
| Bob Marley/Alacran Foundation | 31,855,587 | - |
| CONCACAF | 8,961,979 | 1,027,430 |
| Sports Development Foundation | - | 9,334,000 |
| J. Wray and Nephew Limited | 2,783,861 | - |
| Other | 5,932,300 | 5,100,739 |
| | <u>101,617,368</u> | <u>75,973,379</u> |
| (ii) In kind: | | |
| UMBRO | 19,571,276 | - |
| ROMAI | - | 38,687,075 |
| Other | 8,650,647 | 6,546,968 |
| | <u>28,221,923</u> | <u>45,234,043</u> |
| | <u>129,839,291</u> | <u>121,207,422</u> |

Jamaica Football Federation Limited

(A company limited by guarantee and not having a share capital)

**Notes to the Financial Statements
31 December 2018****16. Expenses by nature**

| | <u>2018</u> | <u>2017</u> |
|------------------------------|--------------------|--------------------|
| | \$ | \$ |
| Administrative expenses | 3,401,076 | 4,565,564 |
| Advertising and promotion | 3,251,699 | 4,644,496 |
| Affiliation fees | 287,380 | 102,469 |
| Automobile expense | 8,380,115 | 6,496,424 |
| Bad debt expense | - | 6,893,668 |
| Brokerage fees | 1,887,548 | 473,250 |
| Cash discounts | 48,365 | - |
| Cleaning and sanitations | 938,934 | 1,122,814 |
| Depreciation | 5,022,860 | 4,953,894 |
| Dues and subscriptions | 64,958 | 181,688 |
| Gears and equipment | 19,953,527 | 38,253,173 |
| Licenses and permits | - | 84,000 |
| Miscellaneous | 2,094,072 | - |
| Competition related expenses | 183,389,273 | 158,147,740 |
| Printing and stationery | 1,613,473 | 1,500,742 |
| Professional fees | 22,577,218 | 8,179,986 |
| Rates and taxes | 4,719,147 | 12,743,472 |
| Referee payments | 2,846,423 | 4,244,921 |
| Rent | 2,832,698 | 4,759,181 |
| Repairs and maintenance | 3,641,694 | 4,425,440 |
| Security | 3,932,067 | 3,014,338 |
| Staff costs, (Note 20) | 73,872,357 | 60,672,092 |
| Travel | 127,832,603 | 124,335,550 |
| Utilities | 9,672,628 | 8,592,120 |
| | <u>482,260,115</u> | <u>458,387,022</u> |
| Finance (income)/costs, net | (529,907) | 5,410,718 |
| | <u>481,730,208</u> | <u>463,797,740</u> |

Jamaica Football Federation Limited

(A company limited by guarantee and not having a share capital)

**Notes to the Financial Statements
31 December 2018****17. Other income**

| | <u>2018</u> | <u>2017</u> |
|------------------------------|--------------------|------------------|
| | \$ | \$ |
| Interest and penalty charges | (a) 116,490,972 | - |
| Other | - | 6,510,510 |
| | <u>116,490,972</u> | <u>6,510,510</u> |

(a) This represents interest and penalty charges on statutory liabilities prior to 2010, that were written off by the relevant authorities.

18. Operating profit

The following have been charged in arriving at operating profit:

| | <u>2018</u> | <u>2017</u> |
|---|-------------------|-------------------|
| | \$ | \$ |
| Auditors' remuneration | 2,860,000 | 2,500,000 |
| Depreciation | 5,022,860 | 4,953,894 |
| Directors' emoluments | - | - |
| Management remuneration (included in staff costs) | 20,109,499 | 10,915,500 |
| Staff costs (Note 20) | <u>73,872,357</u> | <u>60,672,092</u> |

19. Finance income/(costs), net

| | <u>2018</u> | <u>2017</u> |
|------------------------------|----------------|--------------------|
| | \$ | \$ |
| Foreign exchange gains, net | 2,026,508 | - |
| Interest income | <u>65,620</u> | <u>46,386</u> |
| | 2,092,128 | 46,386 |
| Interest expense | (381,537) | (2,617,825) |
| Bank charges | (1,180,685) | (1,183,375) |
| Foreign exchange losses, net | - | (1,655,904) |
| | <u>529,906</u> | <u>(5,410,718)</u> |

Jamaica Football Federation Limited

(A company limited by guarantee and not having a share capital)

**Notes to the Financial Statements
31 December 2018****20. Staff costs**

| | <u>2018</u> | <u>2017</u> |
|-------------------------|-------------------|-------------------|
| | \$ | \$ |
| Salaries and wages | 66,880,066 | 48,582,969 |
| Statutory contributions | 4,424,090 | 3,992,809 |
| Staff welfare | <u>2,568,201</u> | <u>8,096,314</u> |
| | <u>73,872,357</u> | <u>60,672,092</u> |
| Permanent | 27 | 28 |
| Contracted | 21 | 16 |
| Casual | 4 | 4 |

21. Taxation

- (a) At the reporting date, taxation losses, (subject to agreement with the Commissioner General, Tax Administration Jamaica), available for set-off against future taxable profits, amounted to approximately \$879,347,074 (2017: \$955,971,135).
- (b) Deferred tax asset of approximately \$219,836,769 (2017: \$238,992,784) in respect of taxation losses has not been recognized in the financial statements, due to the uncertainty that future taxable profits will be generated within the foreseeable future against which the asset can be realized.

22. Related party transactions

The company has related party relationships with its directors and senior officers, who are collectively referred to as “key management personnel”.

The Board members offer their services to the company on a pro-bono basis. Key management personnel compensation is shown in Note 17.