

**Report of the independent auditor**

with financial statements as of 31 December 2013 of

**International Table Tennis Federation, Renens**

To the Board of Directors of  
**International Table Tennis Federation, Renens**

Lausanne, 18 August 2014  
mg/3.3

## **Report of the independent auditor on the financial statements**

As independent auditor and in accordance with your instructions, we have audited the accompanying financial statements of International Table Tennis Federation which comprise the balance sheet, income statement and notes for the year ended 31 December 2013.

### **Board of Directors' responsibility**

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the federation's articles of association. 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 Board of Directors 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.

**Opinion**

In our opinion, the financial statements for the year ended 31 December 2013 comply with Swiss law and the federation's articles of association.

Ernst & Young Ltd



Serge Clément  
Licensed audit expert  
(Auditor in charge)



Michael Ackermann  
Licensed audit expert

**Enclosures**

- ▶ Financial statements (balance sheet, income statement and notes)

**International Table Tennis Federation, Renens / Lausanne**

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**Balance sheet at December 31, 2013**

(in CHF)

	Notes	December 31, 2013	December 31, 2012
<b>Assets</b>			
<b>Current assets</b>			
Cash at bank and in hand		5 920 563	11 238 547
Financial assets	6	4 728 966	180 293
Accounts receivable		52 262	1 272 259
Accounts receivable related parties	4	441 593	1 248 058
Prepaid expenses		258 419	138 146
<b>Total current assets</b>		11 401 803	14 077 302
<b>Fixed assets</b>			
Tangible fixed assets	5	3 798 048	4 007 853
<b>Total fixed assets</b>		3 798 048	4 007 853
		15 199 851	18 085 155
<b>Total assets</b>		15 199 851	18 085 155
 <b>Liabilities and funds</b>			
<b>Current liabilities</b>			
Accounts payable, advance and accrued liabilities		1 323 701	1 699 379
Deferred revenues - Olympic funding	7	6 000 000	8 880 000
Deferred revenues - other	8	741 611	505 692
<b>Total current liabilities</b>		8 065 312	11 085 071
<b>Funds</b>			
Unrestricted funds	9	7 314 159	7 044 296
Currency translation adjustment	2.5	( 179 621)	( 44 211)
<b>Total funds</b>		7 134 538	7 000 085
<b>Total liabilities and funds</b>		15 199 851	18 085 155
		15 199 851	18 085 155

**International Table Tennis Federation, Renens / Lausanne**

**Statement of income and expenditure for the year ended  
December 31, 2013  
(in CHF)**

	Notes	2013	2012
<b>Income</b>			
Marketing income	10	4'891'146	4'600'500
Olympic solidarity		197'960	431'312
Other Olympic Income		-	513'023
International Umpires/Referees		10'568	23'024
Equipment approval fees		964'101	926'598
Subscriptions and membership		16'200	23'220
Investment income/loss		4'509	27'548
Sales and advertising		35'635	34'705
Paralympic TT division		223'672	174'361
Miscellaneous		376'405	140'210
Butterfly Solidarity Fund Junior		58'519	55'206
Government Grant		86'417	-
Currency exchange gain		89'534	-
Income before release from deferred revenues		6'954'666	6'949'707
Release from deferred revenues regarding Olympic Fund	7	2 762 294	5 103 644
		<i>9'716'960</i>	<i>12'053'351</i>
<b>Expenditure</b>			
Salaries and clerical assistance		795'004	759'447
Depreciation and Bad debts	17	248'746	254'870
Administration	11	548'830	569'074
Publications	12	75'499	117'363
Meetings and travel	13	765'987	606'267
Competitions	14	4'403'156	4'030'000
Development and Olympic Solidarity	15	1'830'659	2'352'166
Cost of Marketing - Singapore		205'932	-
Paralympic TT Division		144'620	172'181
Other expenses	16	390'233	571'574
Museum		40'594	47'949
Currency Exchange Loss		59 285	47 412
		<i>9'508'546</i>	<i>9'528'301</i>
<b>Profit for the year</b>		<b>208 414</b>	<b>2 525 050</b>

**Notes to the financial statements 2013**

**1. Activity**

International Table Tennis Federation (ITTF), Lausanne, is operating as a not-for-profit organization incorporated under article 60 of the Swiss Civil Code. The Federation's office in Canada is incorporated under Part II of the Canada Corporation Act with federal letters patent dated August 19, 1997. The International Table Tennis Federation (ITTF) Asia-Pacific office is on its side incorporated and domiciled in Singapore since 1 March 2011.

**The objectives of the Federation are:**

- a) to develop the spirit of friendship and mutual assistance among affiliated table tennis associations and players;
- b) to regulate relations between affiliated table tennis associations and between table tennis associations and other organizations;
- c) to seek continual improvement in the technical standard of table tennis and in the extent of participation in the sport throughout the world;
- d) to foster friendly sporting competition and to eliminate unfair and unsporting practices;
- e) to establish and maintain the Laws of Table Tennis and the Regulations for international Competitions;
- f) to publish the standard text of the Rules, consisting of the Constitution, the Laws and the Regulations;
- g) to encourage the publication of the Rules in other languages and to check the accuracy of such publications;
- h) to promote and to supervise World and Olympic title competitions; and
- i) to employ the funds of the ITTF as may be expedient in the interests of international table tennis.
- j) to endeavor to increase participation at all levels, to enhance the popularity of the sport, to develop new sources of revenue and to manage the sport through a systematic planning process.
- k) to encourage players, coaches and officials to present the sport positively in the best ways so as to enhance its image.
- l) to encourage and to support the promotion of women in sport at all levels and to ensure significant representation of women in ITTF Committees, Commissions and Working Groups.

**Notes to the financial statements 2013**

**2. Summary of significant accounting policies**

**2.1 Basis of accounting**

ITTF uses the accruals basis of accounting in preparing the financial statements.

**2.2 Tangible fixed assets**

Tangible fixed assets are stated at acquisition cost. When assets are retired or otherwise disposed of, the cost of the asset and the related accumulated depreciation are removed from the accounts. Any profit or loss on retirement is reflected in the statement of income for the period.

**2.3 Depreciation**

Depreciation is calculated on the basis of the cost of the assets and on their estimated useful lives and is provided as follows:

Furniture and equipment	33.3% straight-line basis
Computers	33.3% straight-line basis
Building	4% straight-line basis
Vehicles	30% straight-line basis
Museum Collection	not depreciated

**2.4 Deferred income**

Any funds received for events to be held in the future, where reimbursement of these funds would be necessary in the case of event cancellation, are deferred in the balance sheet and not recognized as income until the event for which the funds were received has taken place.

**2.5 Translation of foreign currencies**

The Federation's accounts are maintained in Canadian Dollars (Office of Ottawa), in Singapore Dollars (Office of Singapore) and in Swiss Francs (ITTF Headquarters, Lausanne). The financial statements from Ottawa and Singapore have been translated into Swiss Francs by applying the exchange rates as follows:

Assets and liabilities: at year-end rates  
Statement of income and expenditure: at yearly average rate

The resulting translation gain or loss is recorded in the balance sheet directly in the funds as a currency translation adjustment.

**2.6 Revenue recognition - Olympic revenue**

The Federation's policy is that enough Olympic revenue be recognized in each year of the quadrennial in order to eliminate any deficiency of revenue over expenses for the year or at least stabilize the statement of income and expenditure

**Notes to the financial statements 2013**

**3. Financial instruments**

The Federation's financial instruments consist of cash, accounts receivable and accounts payable. The carrying values of these financial instruments approximate their fair value. Unless otherwise noted, it is management's opinion that the Federation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**4. Related parties**

TMS International

TMS International ("TMS") is an independent, non-profit Marketing Corporation that conducts marketing and commercial activities on behalf of the Federation and other entities.

Under an agreement between the Federation, as the principal client, and TMS, expired December 31, 2008 and extended for a six new year's period, TMS has the exclusive rights of selling Federation sponsorship, advertising, television and licensing rights over specified Federation events. TMS has agreed to provide the Federation with yearly guaranteed revenue based on the greater of an annual budgeted amount approved at the Federation's Executive Committee. The amounts committed by TMS contractually and the amounts transferred each year by TMS and recorded by ITTF as marketing revenues are as follows:

<b>Financial Year</b>	<b>Contractual minimum revenues</b> in million USD	<b>TMS actual contribution</b> in million USD
<b>2005</b>	2.5	3.5
<b>2006</b>	2.6	3.9
<b>2007</b>	2.7	3.8
<b>2008</b>	2.7	4.4
<b>2009</b>	4.2	4.4
<b>2010</b>	4.4	4.7
<b>2011</b>	4.6	6.2
<b>2012</b>	4.8	5.0
<b>2013</b>	5.0	5.3
<b>2014</b>	5.2	n/a

The contract with TMS has been amended in September 2013 with regards to the financial year 2014, for which there is no minimum amount committed by TMS but a profit sharing scheme will be implemented (75% of the commercial income and TV rights for ITTF and 25% for TMS).

In addition, the Federation charges TMS for administrative expenses, and during the year these charges amounted to USD 36'818 (2012 - USD 38'531). On its side, TMS charges the federation for Information Technology services in lieu of the Federation hiring a full-time IT Manager. During the year, these charges amounted to USD 45'000 (2012 - 45'000).



**Notes to the financial statements 2013**

**5. Tangible fixed assets**

	<b>December 31, 2013 CHF</b>	<b>December 31, 2012 CHF</b>
Land and building (Renens)	3 275 486	3 491 789
Furniture and equipment	6 498	-
Museum Collection	516 064	516 064
	<u>3 798 048</u>	<u>4 007 853</u>

**6. Financial assets**

	<b>December 31, 2013 CHF</b>	<b>December 31, 2012 CHF</b>
Call accounts	4 550 966	-
Money market and notes	178 000	180 293
	<u>4 728 966</u>	<u>180 293</u>

The ITTF cash in excess resulting from the International Olympic Committee distribution after the 2008 Olympic Games was invested in short term money deposits and notes. These financial assets are accounted for at market value.

**7. Deferred revenues - Olympic Fund**

	<b>December 31, 2013 CHF</b>	<b>December 31, 2012 CHF</b>
Olympic funding at the beginning of the year	8 880 000	-
Received in year	-	13 983 644
Used in year	(2 762 294)	(5 103 644)
Difference (estimates and foreign exchange)	( 117 706)	-
Olympic funding at the end of the year	<u>6 000 000</u>	<u>8 880 000</u>

**8. Deferred revenues - other**

	<b>December 31, 2013 CHF</b>	<b>December 31, 2012 CHF</b>
Sponsorship	375'545	139'500
Equipment approval	366 066	366 192
	<u>741 611</u>	<u>505 692</u>

**International Table Tennis Federation, Renens / Lausanne**

**Notes to the financial statements 2013**

**9. Unrestricted funds**

	<b>December 31, 2013 CHF</b>	<b>December 31, 2012 CHF</b>
Unrestricted funds at the beginning of the year	7'044'296	4'519'246
Profit for the year	208'414	2 525 050
Singapore unrestricted funds at first consolidation date	61'449	-
<b>Unrestricted funds at the end of the year</b>	<b>7 314 159</b>	<b>7 044 296</b>

**10. Marketing income**

	<b>December 31, 2013 CHF</b>	<b>December 31, 2012 CHF</b>
Transfer from TMS International (note 4 & note 9)	4 816 589	4 600 500
Sponsorship Marketing	175 740	-
Marketing direct cost	( 101 183)	-
<b>Marketing income</b>	<b>4 891 146</b>	<b>4 600 500</b>

**Reconciliation with the TMS Auditor's report on the schedule of designated funds transferred to the International Table Tennis Federation in USD during the year ended December 31, 2013**

	<b>December 31, 2013 USD</b>	<b>December 31, 2012 USD</b>
Transfer from TMS International (according to TMS report)	5 310 170	5 000 000
Impact of different foreign exchange rates	39 830	-
Marketing income recognized by ITTF in USD	5 350 000	5 000 000
Translated into CHF (average rate):		
	<b>CHF</b>	<b>CHF</b>
Transfer from TMS according to financial statements	4 816 589	4 600 500

**11. Administration**

	<b>December 31, 2013 CHF</b>	<b>December 31, 2012 CHF</b>
Storage	-	1 932
Accountancy and bank charges	17 131	23 762
Office equipment and furniture	38 641	58 392
Office expenses and rent (Renens, Ottawa, Vienna)	97 809	72 005
Stationary and supplies	-	4 958
Telephone, fax, internet and postage	134 005	160 247
Taxes, VAT (Renens)	7 718	75 037
Insurances	39 524	37 591
Professional fees	72 766	47 299
Repairs & Maintenance	117 542	47 607
Miscellaneous	23 694	40 244
	<b>548 830</b>	<b>569 074</b>

Notes to the financial statements 2013

12. Publications

	December 31, 2013 CHF	December 31, 2012 CHF
TT Fascination	40 089	47 311
Rules booklet and other handbooks	3 839	5 768
Bulletin, Digest, Directory, Coaching manuals	25 174	41 150
From London to London	-	12 663
Other publications	6 396	10 470
	<u>75 499</u>	<u>117 363</u>

13. Meetings and travel

	December 31, 2013 CHF	December 31, 2012 CHF
Executive Committee	311 414	251 773
Board of Directors	9 574	6 890
AGM	19 380	27 394
Committee Chairmen	24 383	29 004
Committee Expenses	9 211	2 105
Professional staff	240 254	244 075
P.A.C.	5 533	14 074
Other meetings	26 490	23 656
Sport Accord	5 990	5 807
Other Travel Expenses	113 757	1 489
	<u>765 987</u>	<u>606 267</u>

14. Competitions

	December 31, 2013 CHF	December 31, 2012 CHF
Continental Events	-	43 219
World Championships	1 897 990	1 123 109
World Cup Men & Women	229 226	392 629
World Team Cup	128 224	22 302
ITTF Pro Tour	1 875 090	1 653 440
Olympic Games	-	109 547
China vs World	266	211 173
World Junior Championships	191 195	175 222
Other competitions	62 898	237 762
EC and staff – Olympic Games	-	61 598
Results & Statistics	18 268	-
	<u>4 403 156</u>	<u>4 030 000</u>

Notes to the financial statements 2013

15. Development and Olympic Solidarity

	December 31, 2013 CHF	December 31, 2012 CHF
Continental Olympic Grants	106 802	156 690
Special projects	50 840	48 015
Equipment for Developing Associations	67 299	52 618
Coaching programs	18 936	1 169
Olympic Solidarity Courses	95 886	453 329
Referee and umpire scheme	18 485	45 838
Education & training program	161 449	142 413
Women development	10 333	14 023
Racket control	-	12 420
Continental development projects	360 454	379 949
Global junior program	378 012	564 618
Development Program	431 085	447 902
Other expense	131 077	33 182
	<u>1 830 659</u>	<u>2 352 166</u>

16. Other expenses

	December 31, 2013 CHF	December 31, 2012 CHF
TV production	-	22 572
Continental Aggrement	-	9 937
Equipment testing	112 055	103 243
Anti-doping testing	18 073	18 051
Court cases legal fees	-	224 089
Promotional items, gifts & advertising	52 483	14 235
Computer software	691	1 116
Recruitment	-	334
Membership to sport bodies	4 795	5 936
Purchase of publications	2 997	4 802
Donations	540	394
Media service	63 918	76 151
Ranking	64 149	58 656
Miscellenious	69 061	25 936
Interest charges	1 471	6 121
	<u>390 233</u>	<u>571 574</u>

**Notes to the financial statements 2013**

**17. Depreciation and Bad debts**

	<b>December 31, 2013 CHF</b>	<b>December 31, 2012 CHF</b>
Depreciation	224 746	216 303
Bad debts	24 000	38 567
	<u>248 746</u>	<u>254 870</u>

A bad debt allowance was recorded to adjust the accounts receivable to their net realizable value after a specific analysis of accounts receivable overdue was performed. The bad debts expenses corresponds to the overdue balances from various federations. In 2012, the amounts was including CHF 28'069 corresponding to the federation decision to waive part of the amount due by the Chilean federation.

**18. Asia-Pacific office**

A marketing office was opened by TMS in Beijing in January 2008 and moved to Singapore in February 2011. Until 2013, ITTF management was considering that the office was fully sponsored and controlled by TMS and as a consequence, the office financial positions were not included in ITTF financial statements. Nevertheless, since 2013, it was determined that the office is controlled by ITTF and its financial positions are therefore now consolidated in ITTF financial statements. During 2013 the costs of the Asia-Pacific office were shared on a pro-rata basis between TMS and ITTF, and the Director's salary is shared on a 50%-50% basis.

**19. Commitments**

As of December 31, 2013 and 2012 there isn't any leasing commitment.

**20. Guarantee / Pledged assets**

As of December 31, 2013 and December 31, 2012, the land and buildings in Lausanne are pledged to the bank to the extent of CHF 2'000'000 in guarantee of the credit limit granted. As of December 31, 2013, the credit line is not used.

**Notes to the financial statements 2013**

**21. Litigations / claims**

As per December 31, 2013 ITTF is not involved in any legal case that could have a significant impact on the financial statements

**22. Performance of Risk Assessment**

A risk assessment in accordance with Swiss Code of Obligations requirements has been performed during the financial year 2010 by the audit panel on behalf of the Board of Directors. This risk assessment is considered as still relevant and will be up-dated when deemed necessary