



Sports Development Foundation

(A Company Limited by Guarantee)

Financial Statements

31 December 2011

Sports Development Foundation

(a company limited by guarantee)

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31 December 2011

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Sports Development Foundation as at 31 December 2011, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.


Chartered Accountants
24 April 2012
Kingston, Jamaica



Independent Auditors' Report

To the Members of
Sports Development Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Sports Development Foundation, set out on pages 1 to 22, which comprise the balance sheet as at 31 December 2011 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 internal control relevant to the entity's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

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Sports Development Foundation

(a company limited by guarantee)

Statement of Comprehensive Income

Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2011 \$'000	2010 \$'000
Contributions from CHASE Fund		471,627	431,956
Investment income		1,273	6,386
Other income		587	640
		<u>473,487</u>	<u>438,982</u>
Less: Project Expenditure and Grants	5	(379,126)	(446,425)
Administration Expenses		(55,718)	(55,777)
Income/(Deficit) for Year, being Total Comprehensive Income		<u><u>38,643</u></u>	<u><u>(63,220)</u></u>

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Balance Sheet

31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

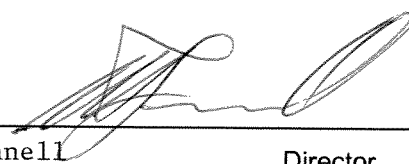
	Note	2011 \$'000	2010 \$'000
Non-Current Assets			
Intangible assets	8	1,156	948
Property, plant and equipment	9	53,745	55,940
Long term receivable	10	1,617	1,921
Current Assets			
Receivables	11	129,093	78,707
Current portion of long term receivable	10	304	304
Taxation recoverable	17	12,972	12,680
Investment securities	12	-	72,988
Cash and cash equivalents	13	58,666	22,680
		201,035	187,359
Current Liabilities			
Payables and accrued charges		4,916	7,047
Managed funds	14	13,797	8,924
Loan payable	15	-	30,000
		18,713	45,971
Net Current Assets			
		182,322	141,388
		<u>238,840</u>	<u>200,197</u>
Financed By			
Sports Development Fund		<u>238,840</u>	<u>200,197</u>

Approved for issue by the Board of Directors on 24 April 2012 and signed on its behalf by:



Dr. Warren Blake

Chairman



Michael Fennell

Director

Sports Development Foundation

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Statement of Changes in Fund

Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	Sport Development Fund \$'000	Total \$'000
Balance as at 1 January 2010	263,417	263,417
Deficit for year, being total comprehensive income	(63,220)	(63,220)
Balance at 31 December 2010	200,197	200,197
Surplus for year, being total comprehensive income	38,643	38,643
Balance at 31 December 2011	238,840	238,840

Sports Development Foundation

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Statement of Cash Flows

Year ended 31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

	2011 \$'000	2010 \$'000
Cash Flows from Operating Activities		
Surplus/(deficit) for year	38,643	(63,220)
Adjustments:		
Investment income	(1,273)	(6,386)
Write-off of property, plant and equipment and intangible assets	-	54
Write-off of long term receivables	304	304
Depreciation and amortization	3,165	3,781
	<u>40,839</u>	<u>(65,467)</u>
Changes in operating assets and liabilities:		
Receivables	(50,386)	32,575
Taxation recoverable	(292)	(2,266)
Payables and accrued charges	2,742	(12,015)
Cash used in operating activities	<u>(7,097)</u>	<u>(47,173)</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(628)	(2,022)
Purchase of intangible assets	(550)	(311)
Investment income received	1,273	6,386
Long term loan repayment received	-	1,744
Investment securities, net	72,988	(72,988)
Cash provided by/(used in) investing activities	<u>73,083</u>	<u>(67,191)</u>
Cash Flows from Financing Activities		
Loan received	-	100,000
Loan repaid	(30,000)	(70,000)
Cash (used in)/provided by financing activities	<u>(30,000)</u>	<u>30,000</u>
Increase/(Decrease) in cash and cash equivalents	35,986	(84,364)
Cash and cash equivalents at beginning of year	22,680	107,044
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 13)	<u><u>58,666</u></u>	<u><u>22,680</u></u>

Sports Development Foundation

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Notes to the Financial Statements

31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activity

The main activity of the Foundation, which is incorporated in Jamaica, is to promote and encourage the development and growth of talents, skills, facilities and activities concerning all aspects of sports aimed at uplifting the social and economic well-being and awareness of the youth of Jamaica.

Source of funding

The Culture Health Arts Sports and Education Fund (Chase Fund) is the recipient of a cess imposed on the gaming industry by the Government of Jamaica. Based on Section 59G of the Betting, Gaming and Lotteries Act, 2002, 40% of this cess is allocated to the Foundation.

Sports Development Fund

In accordance with the provisions of its memorandum of association, the Foundation administers a Sports Development Fund. All amounts received from the CHASE Fund together with the investment and other income is credited directly to the Fund. The Fund is used to finance projects and administrative activities in executing the Foundation's mandate.

2. 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 to all years presented unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Foundation's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Standards, interpretations and amendments to published standards effective in 2011

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year. The Foundation has assessed the relevance of all such new standards, interpretations and amendments and has determined that the following is relevant to its operations.

IAS 24 (Revised), 'Related party disclosures' (effective on or after 1 January 2011). Issued in November 2009, it supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities by offering certain exemptions.

Standards that are not yet effective and have not been early adopted by the Foundation

The Foundation has concluded that the following standards which are published but not yet effective, are relevant to its operations, but will have no material impact on adoption.

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31 December 2011

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

IAS 1 (Amendment), 'Presentation of financial statements' (effective for annual periods starting on or after 1 July 2012). The main change resulting from this amendment is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially recycled to profit or loss. The amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income. The IASB originally proposed that all entities should present profit or loss and OCI together in a single statement of comprehensive income. The proposal has been withdrawn and IAS 1 will still permit profit or loss and OCI to be presented in either a single statement or in two consecutive statements. The amendment does not address which items should be presented in OCI and the option to present items of OCI either before tax or net of tax has been retained. Management is currently assessing the timing of its adoption by the company.

IFRS 9, 'Financial instruments' (effective for annual periods beginning on or after 1 January 2015). The standard addresses the principles for the financial reporting of financial assets and financial liabilities to ensure that relevant and useful information is presented to users of financial statements. It replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The standard will eventually replace IAS 39 - Financial Instruments: Recognition and Measurement. The standard is mandatory for accounting periods beginning on or after 1 January 2015, however earlier adoption is permitted. Management is assessing the impact of adoption of the standard on the company.

(b) Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Foundation operates (the 'functional currency'). The financial statements are presented in Jamaican Dollars, which is the functional and presentation currency.

Transactions and balances

Transactions denominated in foreign currencies are converted at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items denominated in a foreign currency, which are carried at historical cost, are translated at historical rates. Exchange gains and losses, including unrealised gains and losses relating to investment transactions and those arising from the translation of investments denominated in foreign currencies are dealt with in the Sports Development Fund.

(c) Employee benefits

(i) Pension obligations

The Foundation pays contributions to approved retirement schemes on behalf of staff members. Once the contributions have been paid, the Foundation has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and are included in staff costs. See Note 18 for further details.

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31 December 2011

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2. Significant Accounting Policies (Continued)

(c) Employee Benefits (Continued)

(ii) Accrued vacation

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(d) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

The Foundation classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are classified as 'long term receivable' and 'receivables' and are included in non-current assets and current assets in the balance sheet.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months of the balance sheet date. These assets are classified as 'investment securities' and 'cash and cash equivalents' and are included in current assets on the balance sheet.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. Changes in the fair value of financial assets classified as available-for-sale are recognised in equity. Loans and receivables are carried at amortised cost using the effective interest method.

The Foundation assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. In the case of loans and receivables, an impairment loss is recognised for the amount by which the carrying amount of the asset exceeds the recoverable amount, being the expected cash flows discounted at the market rate of interest for similar borrowings. Impairment losses on loans and receivables are recognised in the statement of comprehensive income.

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2. Significant Accounting Policies (Continued)

(d) Financial instruments (continued)

Financial liabilities

The Foundation's financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. These liabilities are classified as 'payables and accrued charges,' 'managed funds' and 'loan payable' and included in current liabilities on the balance sheet.

(e) Intangible assets

Cost associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with acquiring identifiable and unique software products which are expected to generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These costs are amortised over the estimated useful life of the software (5 years).

(f) Property, plant and equipment and depreciation

All property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefit associated with the item will flow to the Foundation or the cost of the item can be measured reliably.

Depreciation of property, plant and equipment is calculated on the straight-line basis at annual rates estimated to write off the cost of each asset over the term of its expected useful life. The annual rates are as follows:

Computers	20%
Office furniture and equipment	10%
Motor vehicles	20%
Buildings	2½%
Leasehold property	Over the life of the lease

Land is not depreciated as it is deemed to have an indefinite life.

Property, plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining surplus for the year.

Repairs and renewals are charged to the statement of comprehensive income when expenditure is incurred.

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2. Significant Accounting Policies (Continued)

(g) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(h) Investment securities

Investment securities comprise securities purchased under agreements to resell (reverse repurchase agreements), which are treated as collateralised financing transactions. For reverse repurchase agreements, the difference between the purchase and resale price is treated as interest and accrued over the life of the agreements using the effective yield method.

(i) Long term receivable

Long term receivable is recognised when the cash is advanced to borrowers. It is initially recorded at cost, which is the cash given to originate the loan including any transaction costs, and subsequently measured at amortised cost, less any provision for impairment.

(j) Receivables

Receivables are carried at anticipated realisable value less provision made for impairment of these receivables. A provision for impairment of receivables is established when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the receivables. The amount of provision is the difference between the asset's carrying amount and the present value of expected future cash flows, discounted at the market rate of interest for similar borrowers.

(k) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at fair value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and investment securities with original maturities of three months or less.

(l) Payables and accrued charges

Payables and accrued charges are initially recognised at fair value and subsequently stated at amortised cost.

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3. Financial Risk Management

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

The Foundation'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 Foundation regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

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

(a) Credit risk

The Foundation takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Foundation by failing to discharge their contractual obligations. Credit risk is a very important risk for the Foundation's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Foundation's receivables and investment activities. The Foundation structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and industry segments.

Credit review process

Management performs ongoing analyses of the ability of borrowers and other counterparties to meet repayment obligations.

(i) Investment securities

The Foundation limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality. Accordingly, management does not expect any counterparty to fail to meet its obligations.

(ii) Long term and current receivables

The Foundation's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. Credit risk is monitored according to the credit characteristics such as whether it is an individual or company, geographic location, industry, aging profile, and previous financial difficulties.

(iii) Cash and cash equivalents

Cash and cash equivalents transactions are limited to high credit quality financial institutions. The Foundation has policies in place to limit the amount of exposure to any one financial institution.

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

The Foundation's maximum exposure to credit risk at year end was as follows:

	2011	2010
	\$'000	\$'000
Long term receivable	1,617	1,921
Receivables	129,093	78,364
Current portion of long term receivable	304	304
Investment securities	-	72,988
Cash and cash equivalents	58,666	22,680
	<u>189,680</u>	<u>176,257</u>

(b) Liquidity risk

Liquidity risk is the risk that the Foundation 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 Foundation's liquidity management process includes:

- (i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required;

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Liquidity risk management process (continued)

- (ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Maintaining committed lines of credit; and
- (iv) Optimising cash returns on investment.

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

	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	Total \$'000
2011				
Payables and accrued charges	849	1,080	2,987	4,916
Managed funds	-	-	13,797	13,797
	849	1,080	16,784	18,713
2010				
Payables and accrued charges	487	1,930	4,022	6,439
Managed funds	-	-	8,924	8,924
Loan payable	-	-	30,000	30,000
	487	1,930	42,946	45,363

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

(c) Market risk

The Foundation takes on exposure to market risks, which is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk exposures are measured using sensitivity analysis. There has been no change to the Foundation's exposure to market risks or the manner in which it manages and measures the risk.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation is exposed to foreign exchange risk arising from currency exposure with respect to the US dollar. The balance sheet at 31 December 2011 includes aggregate net foreign assets of approximately US\$80 (2010 – US\$80) in respect of such transactions.

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) Market risk (continued)

Currency risk (continued)

The Foundation manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Foundation further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

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 Foundation to cash flow interest risk, whereas fixed interest rate instruments expose the Foundation to fair value interest risk.

The Foundation is exposed to cash flow interest rate risk on its investment security, and cash and cash and equivalent balances.

The following table summarises the Foundation's exposure to interest rate risk. It includes the Foundation's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	2011					Total \$'000
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Non- Interest Bearing \$'000	
Assets						
Long term receivable	-	-	-	-	1,617	1,617
Receivables	-	-	-	-	128,764	128,764
Current portion of long term receivable	-	-	-	-	304	304
Cash and cash equivalents	48,950	-	-	-	9,716	58,666
Total financial assets	48,950	-	-	-	140,401	189,351
Liabilities						
Payables and accrued charges	-	-	-	-	4,916	4,916
Managed funds	-	-	-	-	13,797	13,797
Total financial liabilities	-	-	-	-	18,713	18,713
Total interest repricing gap	48,950	-	-	-	121,688	170,638

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Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(c) **Market risk (continued)**
Interest rate risk (continued)

	2010					Total \$'000
	Within 1 Month \$'000	1 to 3 Months \$'000	3 to 12 Months \$'000	1 to 5 Years \$'000	Non- Interest Bearing \$'000	
Assets						
Long term receivable	-	-	-	-	1,921	1,921
Receivables	-	-	-	-	78,364	78,364
Current portion of long term receivable	-	-	-	-	304	304
Investment securities	-	-	72,988	-	-	72,988
Cash and cash equivalents	14,695	-	-	-	7,985	22,680
Total financial assets	14,695	-	72,988	-	88,574	176,257
Liabilities						
Payables and accrued charges	-	-	-	-	7,047	7,047
Managed funds	-	-	-	-	8,924	8,924
Loan payable	-	-	-	-	30,000	30,000
Total financial liabilities	-	-	-	-	45,971	45,971
Total interest repricing gap	14,695	-	72,988	-	42,603	130,286

(d) **Fair values of financial instruments**

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Foundation is current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Foundation uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The fair values of the Foundation's financial instruments were estimated as follows:

The amounts included in the financial statements for cash and cash equivalents, investment security, receivables, payables and accrued charges, and managed funds reflect their approximate fair values because of the short-term maturity of these instruments.

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(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(d) Fair values of financial instruments (continued)

The estimated fair value of the Foundation's other financial instrument is as follows:

	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Long term receivable	1,921	1,373	2,225	1,703

The estimated fair values have been determined using available market information and appropriate valuation methodologies. However, considerable judgement is necessarily required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented above are not necessarily indicative of the amounts that the Foundation would realise in a current market exchange.

Fair values were estimated as follows:

Long term receivable

The fair value of long term receivable was estimated by discounting the future contractual cash flows at an estimated current market rate of interest.

There are no financial instruments carried at fair value in the balance sheet.

(e) Capital management

The Foundation's objective when managing capital is to safeguard the Foundation's ability to continue as a going concern in order to develop the nation through sports in compliance with Government of Jamaica's regulations.

The Foundation is not exposed to externally imposed capital requirements.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Foundation's accounting policies

In the process of applying the Foundation's accounting policies, management has made the determination that there are no judgements that would have a significant impact on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The Foundation makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Management has determined that there are no estimates and assumptions that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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(expressed in Jamaican dollars unless otherwise indicated)

5. Project Expenditure and Grants

	2011	2010
	\$'000	\$'000
Infrastructure Projects	151,357	88,732
Grants to National Associations	115,885	119,926
Grants to Government Agencies	49,272	84,523
Grant for Special Projects – Track Meets	19,915	22,320
Grants – others	42,697	30,924
	<u>379,126</u>	<u>346,425</u>
Contribution to the Government of Jamaica (Note 15)	-	100,000
	<u><u>379,126</u></u>	<u><u>446,425</u></u>

6. Expenses by Nature

Total disbursements and administration expenses:

	2011	2010
	\$'000	\$'000
Advertising and promotion	1,048	2,219
Audit fees	1,080	1,080
Depreciation and amortization	3,165	3,781
Directors' fees	1,996	2,795
Foreign travel	2,340	515
Insurance	740	838
Legal and professional fees	229	662
Motor vehicle expense	1,503	1,050
Other expenses	4,218	3,551
Project expenditure and grants (Note 5)	379,126	446,425
Repairs and maintenance	1,962	2,209
Security	2,060	1,800
Staff costs (Note 7)	32,360	32,730
Utilities	3,017	2,547
	<u><u>434,844</u></u>	<u><u>502,202</u></u>

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7. Staff Costs

	2011 \$'000	2010 \$'000
Salaries and wages	16,928	18,203
Accrued leave and gratuity costs	610	712
Payroll taxes – employer's portion	1,764	2,062
Pension contributions (Note 18)	802	819
Others (Health, Uniform and Welfare)	12,256	10,934
	<u>32,360</u>	<u>32,730</u>

Average number of persons employed by the Foundation during the year:

	2011 No.	2010 No.
Full-time	<u>14</u>	<u>14</u>

8. Intangible Assets

	Computer Software \$'000
At Cost -	
1 January 2010	1,433
Additions	<u>311</u>
31 December 2010	1,744
Additions	<u>550</u>
31 December 2011	<u>2,294</u>
Amortisation -	
1 January 2010	578
Amortisation for the year	<u>218</u>
31 December 2010	796
Amortisation for the year	<u>342</u>
31 December 2011	<u>1,138</u>
Net Book Value -	
31 December 2011	<u>1,156</u>
31 December 2010	<u>948</u>

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9. Property, Plant and Equipment

	Computers \$'000	Office Furniture & Equipment \$'000	Motor Vehicles \$'000	Buildings \$'000	Land \$'000	Leasehold Property \$'000	Total \$'000
At Cost -							
At 1 January 2010	3,414	10,129	4,913	16,272	32,072	9,940	76,740
Additions	776	1,246	-	-	-	-	2,022
Disposals	(73)	-	-	-	-	-	(73)
At 31 December 2010	4,117	11,375	4,913	16,272	32,072	9,940	78,689
Additions	316	312	-	-	-	-	628
At 31 December 2011	4,433	11,687	4,913	16,272	32,072	9,940	79,317
Depreciation -							
At 1 January 2010	1,935	6,714	4,124	4,775	-	1,657	19,205
Charge for the year	497	956	709	407	-	994	3,563
Relieved on disposal	(19)	-	-	-	-	-	(19)
At 31 December 2010	2,413	7,670	4,833	5,182	-	2,651	22,749
Charge for the year	588	755	80	406	-	994	2,823
At 31 December 2011	3,001	8,425	4,913	5,588	-	3,645	25,572
Net Book Value -							
31 December 2011	1,432	3,262	-	10,684	32,072	6,295	53,745
31 December 2010	1,704	3,705	80	11,090	32,072	7,289	55,940

Leasehold property represents the leases of two hospitality suites at the Sabina Park Complex in part settlement of a long term receivable due from the Jamaica Cricket Association (Note 10).

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10. Long Term Receivable

In 2008, in settlement of a loan due from the Jamaica Cricket Association of \$16,000,000, the Foundation entered into an agreement as follows:

- Lease of two hospitality suites (numbers 2 & 3) at the Sabina Park Complex at a cost of \$9,940,000 (US\$140,000). These suites are included in the property, plant and equipment (note 9).
- The payment of 10 years maintenance valued at \$3,035,032 (\$303,503 per annum) which commenced in May 2008.
- The balance of this loan (\$3,024,968) is interest free and is to be used to finance the Foundation's portion of the stamp duty. Any remaining balance would be repaid over a 24-month period commencing January 2009.

	2011	2010
	\$'000	\$'000
Long term receivable	1,921	2,225
Less: current portion	(304)	(304)
	<u>1,617</u>	<u>1,921</u>

Current portion of long term receivable comprised of:

	2011	2010
	\$'000	\$'000
Maintenance	<u>304</u>	<u>304</u>

11. Receivables

	2011	2010
	\$'000	\$'000
CHASE Fund	121,529	77,770
Prepayment	329	343
Other	7,235	594
	<u>129,093</u>	<u>78,707</u>

The CHASE Fund withholds on a monthly basis 20% of the gaming proceeds payable to the Foundation. This retained portion is paid to the Foundation 13 months after being withheld.

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12. Investment Securities

Investment securities comprise repurchase agreements, which are collateralised by Government of Jamaica securities and a fixed deposit held at bank.

(i) Short term

This comprised of:

	2011	2010
	\$'000	\$'000
Pan Caribbean Financial Services Limited - Reverse repurchase agreements – 6.90% - 21.80% (2009 – 14% - 19.25%)		
- Original maturity of less than 90 days	19,208	9,000
JN Fund Managers Limited - Reverse repurchase agreements – 6.5% - 12.5% (2009 – 12.5 – 18%)		
- Original maturity of less than 90 days	5,403	5,173
Bank of Nova Scotia Jamaica Limited - Fixed deposit - 0.55% - 0.65% (2009 – Nil)		
- original maturity of greater than 90 days	(ii) -	72,988
Accrued Interest	23	99
	<u>24,634</u>	<u>87,260</u>
Transferred to cash and cash equivalents (Note 13)	<u>(24,634)</u>	<u>(14,272)</u>
	<u>-</u>	<u>72,988</u>

(ii) Letter of credit

In 2010 The Foundation had a Letter of Credit facility granted by the Bank of Nova Scotia Jamaica Limited in the amount of €638,000 (\$72,988,000). This Letter of Credit was in respect of services to be provided by Berleburger Schaumstoffwerk (BSW). BSW was contracted to manufacture and install a new running track in the National Stadium. In July 2011, on completion of the project the Letter of Credit was released and payment effected to BSW.

13. Cash and Cash Equivalents

	2011	2010
	\$'000	\$'000
Cash at bank and in hand	34,032	8,408
Short term investment securities (Note 12)	<u>24,634</u>	<u>14,272</u>
	<u>58,666</u>	<u>22,680</u>

Short term investment securities represent securities with original maturities of three months or less and include interest receivable of \$23,000 (2010 – \$99,000).

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14. Managed Funds

The managed funds comprise the Constituency Development Fund Programme (CDFP), which was developed out of the need to improve the effectiveness of elected parliamentary representatives and to give a greater voice to constituents in effecting change in their lives and communities. The Constituency Development Fund (CDF) therefore represents a designated funding mechanism which provides Members of Parliament with an equal annual allocation from the national budget to carry out development projects in their constituencies. In relation to sports projects, the Foundation has been appointed as project manager of the projects approved in this category under the CDFP.

	2011 \$'000	2010 \$'000
Funds at the beginning of the year	8,924	15,030
Allocations during the year	7,449	2,200
Interest earned	220	453
Project disbursements	<u>(2,796)</u>	<u>(8,759)</u>
Funds at the end of the year	<u>13,797</u>	<u>8,924</u>

15. Loan Payable

During 2010, under the Government's Economic Programme, the CHASE Fund was required to contribute \$250,000,000 to the Ministry of Finance and the Public Service. By letter dated 9 April 2010, the CHASE Fund indicated that this contribution will be allotted to the various sectors within the CHASE Fund, in proportion to the sector ratios. This resulted in a contribution in the amount of \$100,000,000 being borne by the Foundation (see Note 5).

This contribution seemingly contravened the Foundation's Memorandum of Association which states in clause number 6. inter alia "The income and property of the Foundation, however derived, shall be applied solely towards the promotion of the objects of the Foundation as set forth in this Memorandum of Association, and no portion thereof shall be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise howsoever by way of profit, to the members of the Foundation...".

The payover and deduction of the contribution were done without the consent of the Foundation.

The full contribution was advanced by the CHASE Fund as a loan/advance and was repayable in monthly installments of \$10,000,000. The loan was interest free. The loan was repaid in full during the year.

	2011 \$'000	2010 \$'000
Advance by CHASE Fund	30,000	100,000
Repayments	<u>(30,000)</u>	<u>(70,000)</u>
Balance at end of year	<u>-</u>	<u>30,000</u>

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16. Related Party Transactions

The following transactions were carried out with related parties:

Key management compensation

	2011 \$'000	2010 \$'000
Salaries and other short-term employee benefits	5,908	9,052
Payroll taxes – employer's portion	1,161	568
Pension	246	234
	<u>7,315</u>	<u>9,854</u>
Directors' emoluments -		
Fees	<u>1,996</u>	<u>2,795</u>

17. Taxation

The Foundation is exempt from Income Tax under Section 12 (l) of the Income Tax Act. In addition, in 2001, the Foundation received a waiver from the Minister of Finance on the income tax payable under Section 86 of the Income Tax Act. This allows the Foundation to apply for refunds of tax withheld on interest income earned. The commencement of the global recession in 2008 has resulted in the cessation of the payment of withholding tax refunds. At the end of 2011, tax recoverable of \$12,971,000 (2010 \$12,680,000) was due from the Ministry of Finance and the Public Service. The Foundation has applied to the Ministry of Finance and the Public Service for full withholding tax exemption and for payment of the recoverable amount in the form of cash or a cash equivalent.

18. Pension Scheme

The superannuation fund operated by the Foundation was wound up in 2009 and the members' benefits transferred to approved retirement schemes. The Foundation continues to contribute 5% of member's pensionable emoluments to these schemes. This payment amounted to \$802,000 (2010 - \$819,000) in the current year.

19. Commitments

In the normal course of business, the Foundation approved projects which at year end were not disbursed. These commitments that have not been recognised in the financial statements are:

	2011 \$'000	2010 \$'000
Projects	<u>28,762</u>	<u>76,135</u>