

Report on limited statutory examination of financial statements to the General Assembly of World Association of Kickboxing Organizations (WAKO), CH-6300 Zug

As external independent auditor of WAKO statutes, we have examined the financial statements (balance sheet and income statement) of World Association of Kickboxing Organizations (WAKO) for the year ended 31 December 2017.

These financial statements are the responsibility of the board of administration. Our responsibility is to perform a limited statutory examination on these financial statements. We confirm that we meet the licensing and independence requirements as stipulated by Swiss law.

We conducted our examination in accordance with the Swiss Standard on the Limited Statutory Examination. This standard requires that we plan and perform a limited statutory examination to identify material misstatements in the financial statements. A limited statutory examination consists primarily of inquiries of company personnel and analytical procedures as well as detailed tests of company documents as considered necessary in the circumstances. However, the testing of operational processes and the internal control system, as well as inquiries and further testing procedures to detect fraud or other legal violations, are not within the scope of this examination.

Based on our limited statutory examination, nothing has come to our attention that causes us to believe that the financial statements do not comply with Swiss law and the association's articles of incorporation.

Without qualifying our examination conclusion, we refer to the notes to the financial statement (page 10/11), which describes a significant uncertainty regarding the valuation of a contingent liability regarding AHV. At present, it is not possible to assess the duty to pay objectively and definitively. Should a subsequent payment be necessary, this could have a substantial negative impact on the results.

AudEx Ltd.

André Bolla

Licensed audit expert,
FAOA 104128

Auditor in Charge

Bern, May 7, 2018

Enclosures: Financial statements

AudEx AG

Burgackerweg 25, CH-3047 Bremgarten Bern
Tel. +41 31 301 42 56, Fax +41 31 305 86 61
www.audex.ch / www.finanze.ch

Genf:

Boulevard Helvétique 17, CH-1207 Genève
Tél. +41 22 700 63 00, Fax +41 22 732 57 34

André Bolla Member EXPERTsuisse

Financial statements

of

**World Association of Kickboxing
Organizations (WAKO)**

for the year

2017

BALANCE SHEET

ASSETS	Notes	31.12.2017	31.12.2017	31.12.2016	31.12.2016
		EUR	CHF	EUR	CHF
Cash and cash equivalents	1	140'222	164'081	131'552	141'024
Trade accounts receivable	2	7'575	8'864	11'328	12'144
Accrued income and Prepaid expenses	3	13'050	15'270	14'000	15'008
Total Current assets		160'847	188'216	156'880	168'175
Fixed assets	FA	900	1'053	1'560	1'672
Total Non-Current assets		900	1'053	1'560	1'672
TOTAL ASSETS		161'747	189'269	158'440	169'848

LIABILITIES AND ASSOCIATIONS EQUITY	Notes	31.12.2017	31.12.2017	31.12.2016	31.12.2016
		EUR	CHF	EUR	CHF
Trade accounts payable	4	15'559	18'206	38'717	41'504
Other shortterm payables	5	8'549	10'004	9'458	10'138
Accrued expenses and Deferred income	6	13'733	27'271	11'600	12'435
Total shortterm Liabilities		37'841	55'481	59'774	64'078
Profit carried forward		98'666	105'770	36'111	39'267
Profit for the year		25'241	28'018	62'554	66'502
Total Associations equity		123'907	133'788	98'666	105'770
TOTAL LIABILITIES AND ASSOCIATIONS EQUITY		161'747	189'269	158'440	169'848

INCOME STATEMENT

	Notes	2017 EUR	2017 CHF	2016 EUR	2016 CHF
Income from Sales and Services	A	495'291	550'550	498'107	542'982
Total Operating income		495'291	550'550	498'107	542'982
Direct costs	B	92'416	102'727	105'759	115'286
Personnel expenses	C	60'610	67'372	45'741	49'862
Other operating expenses	D	258'251	287'064	221'843	241'829
Advertising expenses	E	74'062	82'326	70'246	76'575
Depreciation	FA	660	772	1'040	1'115
Total Operating expenses		485'999	540'260	444'628	484'666
Operating result		9'292	10'290	53'479	58'315
Financial expenses	F	1'533	1'705	1'108	2'914
Financial income	G	415	461	0	0
Total Financial result		-1'118	-1'243	-1'108	-2'914
Ordinary result		8'173	9'047	52'371	55'401
Extraordinary profit	H	17'100	19'008	-709	-773
Total Extraordinary result		17'100	19'008	-709	-773
Result before taxes		25'273	28'054	51'662	54'628
Taxes	I	32	36	-10'893	-11'874
Profit for the year		25'241	28'018	62'554	66'502

DEVELOPMENT OF THE FIXED ASSETS

Notes FA

	Office machines EUR	Office machines CHF	Total EUR	Total CHF
Opening Balance	10'659	12'473	10'659	12'473
Increase	0	0	0	0
Decrease	0	0	0	0
Closing Balance	10'659	12'473	10'659	12'473

Depreciation / Value adjustment

	Office machines EUR	Office machines CHF	Total EUR	Total CHF
Value adjustment of the previous year	9'099	10'647	9'099	10'647
Increase	660	772	660	772
Decrease	0	0	0	0
Closing Balance	9'759	11'420	9'759	11'420

Book value end of the year	900	1'053	900	1'053
-----------------------------------	------------	--------------	------------	--------------

NOTES

General information

World Association of Kickboxing Organizations (WAKO), Zug, is listed in the register of companies in the canton of Zug with the number CHE-304.811.134

Applied accounting principles unless required by law

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and financial reporting (32nd title of the Swiss Code of Obligations). Where not stipulated by law, the material accounting and valuation principles applied are described below.

The application of our accounting policies requires estimates, assumptions and judgments by the Board of Directors as they relate to matters that are inherently uncertain. This applies in particular to the value of reported assets, liabilities and contingent liabilities at the balance sheet date, as well as income and expenses during the reporting period which can all have significant influence on the financial statements.

Where statutory valuation and accounting rules provide for flexibility or ask for judgement calls, the Board of Directors, guided by the principle of prudence, uses its discretion and considers certain value adjustments, depreciation expenses and provisions for certain risks.

Valuation principles

The applied accounting policies for the financial statements satisfies the requirements of Swiss accounting law.

The main financial statements items are accounted as below:

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, postal and bank accounts as well as sight deposits and deposits with a remaining maturity of 90 days. These are stated at nominal value.

Trade accounts receivable

Trade Accounts receivable are stated at their nominal value. Depreciations are made where necessary.

Accrued income and Prepaid expenses

Accrued income and Prepaid expenses are stated at their nominal value.

Fixed assets

The evaluation of the fixed assets results of the acquisition and production costs less the required depreciations. The depreciations shall be conducted appropriate the guidelines of the Eidg. Steuerverwaltung in a declining method:

	Depreciation	Useful life
Office machines	40%	3-4 years

NOTES

Impairment

On each balance date are all assets assessed whether there are indications of the carrying amount to exceed the recoverable amount. If an impairment exists, the carrying amount has been reduced to the recoverable amount, the impairment loss was charged to the result.

Trade accounts payable

Trade accounts payable are not interest-bearing and stated at their nominal value.

Other shortterm payables

Other shortterm payables are stated at their nominal value.

Accrued expenses and Deferred income

Accrued expenses and Deferred income are stated at their nominal value.

Taxes

The taxes of the period are booked in the accruals and deferrals.

Off-balance business

Contingent liabilities and other non-balance sheet commitments on the balance date are evaluated and disclosed. If contingent liabilities and other off-balance sheet obligations lead to an outflow of funds without usable inflow and the outflow of funds is likely and could be estimated, a specific provision is recognized.

Bookkeeping

The books are held in EUR. For the translation of the figures in the balance sheet the year-end rate was used. On the contrary for the income statement the yearly average exchange rate was considered. The following rates have been used for the translation of EUR to CHF.

	Balance sheet	Income statement
Translation for the year 2017, EUR to CHF	1.1702	1.1116
Translation for the year 2016, EUR to CHF	1.0720	1.0901

NOTES

	31.12.2017	31.12.2017	31.12.2016	31.12.2016
	EUR	CHF	EUR	CHF
Notes to the financial statements				
1 Cash and cash equivalents				
Cash	1'332	1'558	1'242	1'331
acrevis Bank, CHF	102	119	15	16
acrevis Bank, EUR	138'742	162'350	130'223	139'599
acrevis Bank, USD	46	54	72	77
Total	140'222	164'081	131'552	141'024
2 Trade accounts receivable				
Trade accounts receivable	9'575	11'204	12'578	13'484
Value adjustment on Trade accounts receivable	-2'000	-2'340	-1'250	-1'340
Total	7'575	8'864	11'328	12'144
3 Accrued income and Prepaid expenses				
Rental, Domicile fees	1'500	1'755	1'500	1'608
Administrative expenses	11'550	13'515	12'500	13'400
Total	13'050	15'270	14'000	15'008
4 Trade accounts payable				
Trade accounts payable	15'559	18'206	38'717	41'504
Total	15'559	18'206	38'717	41'504
5 Other shortterm payables				
Social insurances	8'549	10'004	9'458	10'138
Total	8'549	10'004	9'458	10'138
6 Accrued expenses and Deferred income				
Bookkeeping and Auditing	12'500	14'627	9'000	9'648
Prepaid Fees	1'200	1'404	2'600	2'787
Currency translation	0	11'201	0	0
Taxes	33	38	0	0
Total	13'733	27'271	11'600	12'435

NOTES

	2017	2017	2016	2016
	EUR	CHF	EUR	CHF
A Income from Sales and Services				
Advertising	5'159	5'734	21'751	23'711
Entry fees	153'347	170'456	153'890	167'754
Bid fees	0	0	18'000	19'622
Yearly fees	95'185	105'805	94'596	103'118
International Open Tournaments	117'000	130'054	117'500	128'086
Contracts / Sponsoring	123'900	137'723	107'000	116'640
Commission on Sponsorship agreements	0	0	-17'100	-18'641
Penalties	1'450	1'612	3'000	3'270
Value adjustment on Trade accounts receivable	-750	-834	-530	-578
Total	495'291	550'550	498'107	542'982
B Direct costs				
Contribution WAKO Europe	61'743	68'632	58'888	64'194
Anti-Doping agency	20'949	23'286	30'563	33'316
Articles for members	9'723	10'808	16'307	17'776
Total	92'416	102'727	105'759	115'286
C Personnel expenses				
President remuneration including taxes	45'000	50'021	45'750	49'872
Other contributions (training / development)	15'610	17'352	-9	-10
Total	60'610	67'372	45'741	49'862
D Other operating expenses				
Rental, Domicile fees	8'548	9'501	6'569	7'161
Administrative expenses	102'437	113'866	105'016	114'477
Office equipment	853	948	1'204	1'312
Bookkeeping and Auditing	15'928	17'705	9'504	10'360
Consulting, Legal consulting	36'680	40'772	19'227	20'959
Board and Staff expenses	72'555	80'650	72'560	79'097
IT Support	21'250	23'621	7'762	8'462
Total	258'251	287'064	221'843	241'829
E Advertising expenses				
Advertisement and Travel expenses	74'062	82'326	70'246	76'575
Total	74'062	82'326	70'246	76'575

NOTES

	2017	2017	2016	2016
	EUR	CHF	EUR	CHF
F Financial expenses				
Interest expenses and charges	1'533	1'705	1'071	1'167
Currency translation	0	0	0	1'707
Exchange differences	0	0	37	40
Total	1'533	1'705	1'108	2'914
G Financial income				
Exchange differences	415	461	0	0
Total	415	461	0	0
H Extraordinary profit				
Social insurances	0	0	-709	-773
Commission on Sponsorship agreements	17'100	19'008	0	0
Total	17'100	19'008	-709	-773
I Taxes				
Taxes	32	36	-10'893	-11'874
Total	32	36	-10'893	-11'874

NOTES**Explanation of full-time employees on the annual average**

The number of full-time employees on an annual average did not exceed 10.

Commission on Sponsorship agreements

Due to adjustment of the previous year according to the board meeting held on 09.11.2017 in Budapest.

Contingent liabilities

At the current point of time we are still in clarification, if we have the duty to pay an old age and survivors' insurance (AHV) for the president remunerations or not. If there is a duty, World Association of Kickboxing Organizations (WAKO) have to pay the old age and survivors' insurance back from 2013 until now. That would approximately amount to CHF 42'000.

Events after the balance sheet date

There are no significant events after the balance sheet date, that could have influenced the present financial statements.

PROPOSAL FOR THE APPROPRIATION OF RETAINED EARNINGS

	31.12.2017	31.12.2017	31.12.2016	31.12.2016
	EUR	CHF	EUR	CHF
Decree to the general meeting:				
Profit for the year	25'241	28'018	62'554	66'502
Profit carried forward	98'666	105'770	36'111	39'267
Total	123'907	133'788	98'666	105'770
Proposal for appropriation of retained earnings:				
Profit carried forward	123'907	133'788	98'666	105'770
Total	123'907	133'788	98'666	105'770