

**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 2018.

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.

AudEx Ltd.

André Bolla

Licensed audit expert,
FAOA 104128

Auditor in Charge

Bern, July 12, 2019

Enclosures: Financial statements

AudEx AG

Burgackerweg 25, CH-3047 Bremgarten Bern

Tel. +41 31 301 42 56

www.audex.ch / www.finanze.ch

Genf:

Rue de la Scie 4, CH-1207 Genève

Tél. +41 22 700 63 00

André Bolla Member EXPERTsuisse

Financial statements

of

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

for the year

2018

BALANCE SHEET

ASSETS	Notes	31.12.2018	31.12.2018	31.12.2017	31.12.2017
		EUR	CHF	EUR	CHF
Cash and cash equivalents	1	202'607	228'318	140'222	164'081
Trade accounts receivable	2	7'925	8'931	7'575	8'864
Accrued income and Prepaid expenses	3	14'785	16'661	13'050	15'270
Total Current assets		225'317	253'910	160'847	188'216
Fixed assets	FA	1	1	900	1'053
Total Non-Current assets		1	1	900	1'053
TOTAL ASSETS		225'318	253'911	161'747	189'269

LIABILITIES AND ASSOCIATIONS EQUITY	Notes	31.12.2018	31.12.2018	31.12.2017	31.12.2017
		EUR	CHF	EUR	CHF
Trade accounts payable	4	37'836	42'637	15'559	18'206
Other shortterm payables	5	51'451	57'980	8'549	10'004
Accrued expenses and Deferred income	6	11'985	19'319	13'733	27'271
Total shortterm Liabilities		101'272	119'936	37'841	55'481
Profit carried forward		123'907	133'788	98'666	105'770
Profit for the year		140	187	25'241	28'018
Total Associations equity		124'047	133'975	123'907	133'788
TOTAL LIABILITIES AND ASSOCIATIONS EQUITY		225'318	253'911	161'747	189'269

INCOME STATEMENT

	Notes	2018 EUR	2018 CHF	2017 EUR	2017 CHF
Income from Sales and Services	A	548'340	633'259	495'291	550'550
Total Operating income		548'340	633'259	495'291	550'550
Direct costs	B	115'534	133'427	92'416	102'727
Personnel expenses	C	60'359	69'706	60'610	67'372
Other operating expenses	D	264'570	305'542	258'251	287'064
Advertising expenses	E	65'631	75'796	74'062	82'326
Depreciation	FA	899	1'013	660	772
Total Operating expenses		506'993	585'484	485'999	540'260
Operating result		41'347	47'775	9'292	10'290
Financial expenses	F	6'158	7'112	1'533	1'705
Financial income	G	0	0	415	461
Total Financial result		-6'158	-7'112	-1'118	-1'243
Ordinary result		35'189	40'663	8'173	9'047
Extraordinary profit	H	-35'032	-40'457	17'100	19'008
Total Extraordinary result		-35'032	-40'457	17'100	19'008
Result before taxes		157	206	25'273	28'054
Taxes	I	17	19	32	36
Profit for the year		140	187	25'241	28'018

DEVELOPMENT OF THE FIXED ASSETS

Notes FA

	Office machines EUR	Office machines CHF	Total EUR	Total CHF
Opening Balance	10'659	12'012	10'659	12'012
Increase	0	0	0	0
Decrease	0	0	0	0
Closing Balance	10'659	12'012	10'659	12'012

Depreciation / Value adjustment

	Office machines EUR	Office machines CHF	Total EUR	Total CHF
Value adjustment of the previous year	9'759	10'998	9'759	10'998
Increase	899	1'013	899	1'013
Decrease	0	0	0	0
Closing Balance	10'658	12'011	10'658	12'011

Book value end of the year	1	1	1	1
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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

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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 2018, EUR to CHF	1.1269	1.1549
Translation for the year 2017, EUR to CHF	1.1702	1.1116

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	31.12.2018	31.12.2018	31.12.2017	31.12.2017
	EUR	CHF	EUR	CHF
Notes to the financial statements				
1 Cash and cash equivalents				
Cash	4	5	1'332	1'558
acrevis Bank, CHF	315	355	102	119
acrevis Bank, EUR	202'258	227'924	138'742	162'350
acrevis Bank, USD	29	33	46	54
Total	202'607	228'318	140'222	164'081
2 Trade accounts receivable				
Trade accounts receivable	9'925	11'184	9'575	11'204
Value adjustment on Trade accounts receivable	-2'000	-2'254	-2'000	-2'340
Total	7'925	8'931	7'575	8'864
3 Accrued income and Prepaid expenses				
Rental, Domicile fees	1'385	1'561	1'500	1'755
Administrative expenses	13'400	15'100	11'550	13'515
Total	14'785	16'661	13'050	15'270
4 Trade accounts payable				
Trade accounts payable	37'836	42'637	15'559	18'206
Total	37'836	42'637	15'559	18'206
5 Other shortterm payables				
Social insurances	51'451	57'980	8'549	10'004
Total	51'451	57'980	8'549	10'004
6 Accrued expenses and Deferred income				
Bookkeeping and Auditing	10'750	12'114	12'500	14'627
Prepaid Fees	1'200	1'352	1'200	1'404
Currency translation	0	5'813	0	11'201
Taxes	35	39	33	38
Total	11'985	19'319	13'733	27'271

NOTES

	2018	2018	2017	2017
	EUR	CHF	EUR	CHF
A Income from Sales and Services				
Advertising	5'051	5'833	5'159	5'734
Entry fees	183'685	212'132	153'347	170'456
Bid fees	6'000	6'929	0	0
Yearly fees	105'920	122'323	95'185	105'805
International Open Tournaments	118'000	136'274	117'000	130'054
Contracts / Sponsoring	127'000	146'668	123'900	137'723
Donations	3'434	3'966	0	0
Penalties	-750	-866	1'450	1'612
Value adjustment on Trade accounts receivable	0	0	-750	-834
Total	548'340	633'259	495'291	550'550
B Direct costs				
Contribution WAKO Europe	58'257	67'278	61'743	68'632
Development Projects	11'818	13'649	0	0
Anti-Doping agency	38'945	44'976	20'949	23'286
Articles for members	6'515	7'524	9'723	10'808
Total	115'534	133'427	92'416	102'727
C Personnel expenses				
President remuneration including taxes	40'664	46'962	45'000	50'021
Social insurances	3'277	3'785	0	0
Other contributions (training / development)	16'417	18'959	15'610	17'352
Total	60'359	69'706	60'610	67'372
D Other operating expenses				
Rental, Domicile fees	6'482	7'486	8'548	9'501
Administrative expenses	114'071	131'737	102'437	113'866
Office equipment	2'089	2'412	853	948
Bookkeeping and Auditing	10'610	12'253	15'928	17'705
Consulting, Legal consulting	45'418	52'451	36'680	40'772
Board and Staff expenses	67'621	78'093	72'555	80'650
IT Support	18'279	21'109	21'250	23'621
Total	264'570	305'542	258'251	287'064
E Advertising expenses				
Advertisement and Travel expenses	65'631	75'796	74'062	82'326
Total	65'631	75'796	74'062	82'326

NOTES

	2018	2018	2017	2017
	EUR	CHF	EUR	CHF
F Financial expenses				
Interest expenses and charges	1'886	2'179	1'533	1'705
Exchange differences	4'272	4'933	0	0
Total	6'158	7'112	1'533	1'705
G Financial income				
Exchange differences	0	0	415	461
Total	0	0	415	461
H Extraordinary profit				
Social insurances	-35'032	-40'457	0	0
Commission on Sponsorship agreements	0	0	17'100	19'008
Total	-35'032	-40'457	17'100	19'008
I Taxes				
Taxes	17	19	32	36
Total	17	19	32	36

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Explanation of full-time employees on the annual average

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

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

	31.12.2018	31.12.2018	31.12.2017	31.12.2017
	EUR	CHF	EUR	CHF
Decree to the general meeting:				
Profit for the year	140	187	25'241	28'018
Profit carried forward	123'907	133'788	98'666	105'770
Total	124'047	133'975	123'907	133'788
Proposal for appropriation of retained earnings:				
Profit carried forward	124'047	133'975	123'907	133'788
Total	124'047	133'975	123'907	133'788