



2010 Annual Report

Developing a Nation through Sport

SPORTS DEVELOPMENT FOUNDATION

Annual Report for the Year 2010

Pursuant to Section 3 of the Public Bodies Management and Accountability Act, the Sports Development Foundation submits its Sixteenth (16th) Annual Report for the calendar year 2010.

1. MEMBERSHIP AND COMPOSITION OF THE BOARD

The members of the Board were as follows:

Mr. David Mais Chairman
Mr. Lloyd Pommells
Mr. Howard Aris, CD
Mr. Ian Forbes
Mrs. Ann Marie Spence-Heron
Mr. John Jackson
Mr. Saleem Lazarus
Mrs. Molly Rhone, CD
Mr. Compton Rodney
Mr. Emile Spence
Mr. Cecil Warren

Mr. John Jackson's appointment to the Board ended on June 15, 2010. The appointment of the Board of Directors ended on December 19, 2010. The Minister of Sport has extended the life of the Board of Directors indefinitely

2. MEETINGS

Twelve meetings of the Board of Directors, Allocations/Projects Committee and the Finance Committee were scheduled for 2010.

However, during the year there were Sixteen (16) meetings of the Board of Directors. There were also Thirteen (13) meetings of the Allocations/Project Committee, Twenty-two (22) meetings of the Finance Committee and Four (4) meetings of the Audit committee.

The extra meetings held during the year were specially convened meetings and Board retreats.

3. REVIEW OF OPERATIONS

Throughout the year the Foundation continued to carry its our mandate which is:

- a) To promote and encourage the development and growth of talent, skills, facilities and activities concerning all aspects of Sports and,
- b) To establish, fund and carry on programmes and promote the development of sporting facilities and activities.

In 2010, the global financial crisis, which began in late 2008 continued to have an effect on the country.

On March 25, 2010 the CHASE Fund informed the Foundation that:

- i. The Ministry of Finance and the Public Service (MFPS) was leading a focused effort to meet the fiscal targets under the Government's Economic Programme
- ii. The first target date was March 31, 2010
- iii. Public Bodies were required to make a contribution towards this effort
- iv. The CHASE Fund was required to make a contribution to the Accountant General of \$250m on or before March 29, 2010.

On April 9, 2010 the CHASE Fund further informed the SDF that:

- a) The \$250m would be allocated in proportion to the sector ratios and
- b) The Betting Gaming and Lotteries Commission (BGLC) had indicated a preference for this approach.

The CHASE Fund determined that an amount of \$100m was payable by the SDF and treated this as a loan to the SDF with re-payments being achieved by the deduction of \$10m monthly from gaming proceeds paid to the SDF.

The loss of this income affected the programmes carried out in 2010. In addition the income from the Gaming Industry for 2010 was less than the amount projected for the year.

The loss of \$100m (approximately 20% of the budgeted income for 2010) affected the budgeted programmes of the Foundation and the 2010 budget was recast to make the necessary adjustments.

In recasting the budget every effort was made to preserve the following groups at the original budgeted grants:

- a) National Sports Associations and
- b) Government Agencies that is INSPORT, IPL, SDC and G.C.Foster College

Reductions in the budgeted expenditure were effected in the categories listed below:

- 1. Capital Assets. It was budgeted that a motor vehicle would be purchased in 2010. This expense was delayed indefinitely.
- 2. Administrative Expenses –a decrease in the staff complement and a decrease in the repairs and maintenance of the secretariat.
- 3. Jamaica Invitational Track Meet- A decrease in the grant by 20%. This resulted in the original budgeted grant being reduced from \$27.900m to \$22.320m.

4. Athletes Welfare Fund – A decrease in the grants by 20%. This reduced the budgeted allocation from \$17.250m to \$13.799m.
5. Infrastructure Projects –A decrease of 36% in the expenditure on new projects from \$144.300m to \$92.317m. This large decrease facilitated an increase in the Special Allocations Category in order to meet requests for funding community based sports programmes.

In October 2010, the Ministry of Sport requested that the Foundation (SDF) fund the replacement of the running track in the National Stadium and Stadium East. The SDF sought and received approval from the Cabinet and the National Contracts Commission to undertake this project at a cost of \$97.132m. Owing to constraints in funding and project time, the project was changed to the replacement of the track at the National Stadium and the repair of strips track at Stadium East at a cost of \$72.988m. As this project is one of national importance, the budgeted infrastructure projects had to be deferred. The Foundation sought permission to establish Letters of Credit to provide the necessary guarantee to the supplier, the German firm, Berleburger Schaumstoffwerk (BSW). The Letters of Credit have been established at the Bank of Nova Scotia and are collateralised by cash deposits in the amount of \$72.988m. The Letter of Credit will become due and payable 180days after the receipt of the bills of lading from BSW. It is expected that payment will be made to BSW in June 2011.

The projected income to the Foundation from the Gaming Industry for 2010 was \$348.576m representing a 5% increase in proceeds received in 2009.

At the end of the year the gaming proceeds (\$345.564m) received for 2010 reflected a 4% increase compared to that received in 2009 (\$331.978m).

Actual proceeds received in 2010 reflect only a 1% decrease compared to the projected proceeds for the year. Thus the Gaming Industry it appears has successfully weathered the storms in 2010.

Table I

	Actual \$'000	Budget \$'000
Income:		
Income from Gaming 2010	431,956	435,721
Invested Income	6,386	8,696
Other Income	640	480
Total Income	438,982	444,897
Expenditure:		
Administrative expenses	55,777	67,932
Grants to Government Agencies	84,523	66,810
Special Project: Track Meet	22,320	27,900
Special Allocations	19,030	20,000
Infrastructure Projects	88,732	172,295
National Associations	119,925	104,541
Athletes Welfare Grants	11,894	17,250
Contribution to GOJ	100,000	
Total Expenditure	502,202	476,728

Deficit	(63,220)	(31,831)
Net cash adjustments	158,888	79,416
Deposit for Letters of Credit	(72,988)	
Net Position	22,680	47,585

Infrastructure Projects (Appendix 1):

During 2010, the SDF, spent \$88.732m (2009-\$130.465m) on infrastructure projects by constructing:

- 10 multipurpose courts in 5 communities and at 5 schools in 4 parishes;
- 19 fenced facilities for courts and fields in 9 parishes;
- 12 playfields all in various stages of completion;
- provided clubhouses/changing room facilities in five (5) and lighting in seven (7) locations.

National Associations (Appendix 2):

The amount of \$119.925m (2009-\$128.242m) was paid to 41 National Associations to provide funding for development programmes, training of athletes and administrators and for their participation in national and international competitions. Details are given in Appendix 2. The SDF's contribution represented approximately 35% of the Budgets submitted by the National Associations.

Government Agencies (Appendix 3)

In 2010, the Foundation provided funding to Government Agencies as follows:

- a) Institute of Sports: \$38.485m (2009-\$64.609m) – For development, coaching and competition programmes. This included a grant of \$4.998m for a Summer programme. This programme involved athletics, basketball, cricket, football and netball geared towards inner-city children.
- b) Social Development Commission: \$17.940m (2009-\$15.183m) - To provide training and competition at the community level. The amount also includes a grant of \$5m towards the staging of the national 20/20 Cricket Competition.
- c) Independence Park Limited: \$20.080m (2009-nil) – The provision of a monthly subvention to this agency began in 2010. These Funds were provided to facilitate the maintenance of the plants at the National Stadium and Trelawny Multipurpose Complex.
- d) G. C. Foster College of Physical Education & Sport: \$8.017m (2009-\$8.645m) – To provide funding for the sports curriculum for the development of coaches & physical education teachers. The G.C. Foster College of Physical Education & Sport continues to produce the majority of coaches who are now successfully sharing their talents in schools, clubs and communities across Jamaica. Many of Jamaica's national sporting associations are now benefitting from the technical skill of coaches who are products of this institution. The training

has impacted the competitiveness and success of athletes, particularly in football, track & field, netball and cricket.

Staffing:

During the year, the staff complement decreased by one owing to the resignation of an engineer of the Projects Department. The decision was taken not to fill this vacancy.

4. OTHER ACTIVITIES OF THE SDF

It will be recalled that in 2008 the Foundation began participating in the Constituency Development Fund Programme. This programme was developed to improve the effectiveness of elected Parliamentary representatives and to give a greater voice to constituents. The SDF has been commissioned to undertake aspects of the CDF programme related to Sports. At the start of this programme it was anticipated that the volume of work would necessitate the employment of additional staff. This has not materialized. Tables 2 and 3 provide a summary of the amounts spent on projects in the respective constituencies:

Table 2

CDF Funds received(\$Jm)	Amount spent (\$Jm)	Amount refunded (\$Jm)
41.682	21.360	13.896

Table 3

Constituency	Projects	Implemented Projects	Aborted Projects
South East St. Andrew	Clubhouse repairs & fencing	Yes	
South East St. Catherine	Court, Field & Fencing	Yes	
South Trelawny	Court & Fencing	Yes	
South Trelawny	Field		Yes
South St. Catherine	Court & Fencing	Yes	
East Central St. Andrew	Football field	Yes	
North Manchester	Field	Yes	
St Andrew East Rural	Court, Lighting, Fence		All aborted
West Central St. James	Court		Yes
North East St. Catherine	Court & Fencing	Yes	

The decision to abort each project was based on the prevailing circumstances in each case. For South Trelawny the field was aborted owing to the fact the location chosen would have resulted in the expenditure for a significant sum (approximately \$40m) to provide adequate drainage for the field.

In St. James, the Contractor faced serious threats from the Community “dons” and it was through best to abort this project.

With regard to the projects slated for St. Andrew East Rural, these estimates were done by the KSAC and were grossly undervalued in comparison to the existing scope of work and were aborted for reassessment.

5. **CHANGES TO THE CORPORATE PLAN**

There was no need to modify our corporate plan.

6. **SUMMARY OF THE ACHIEVEMENT OF THE SDF MEASURED AGAINST PERFORMANCE TARGETS**

Administrative Expenses:

Administrative expenses for the year under review totaled \$55.777m. The budget for the year was \$67.932m. Thus administrative expenses were less than budgeted.

This resulted from:

- The efficient management of our resources and the implementation of new controls to further mitigate waste.
- The decision not to fill a vacant position
- The dedication and commitment of the staff to continue to increase efficiency notwithstanding the existing constraints.

We exceeded our targets in the following categories:

Infrastructure:

2010 was an unusual year as the Foundation lost \$100m of its budget by the end of the first quarter. In March 2010, the CHASE Fund contributed \$250m to the Government’s Economic Programme. This \$100m represented the portion allocated to the SDF. In addition as funds had to be used to guarantee the replacement of the running track at the National Stadium, the targets set for 2010 were not met. It was budgeted that \$172.295m would be spent on ongoing and new projects in 2010. This budget was revised after the loss of the \$100m from our income to \$117.971m. During the year \$88.732m was spent and \$72.988m reserved for the Stadium track project. Thus the total project commitment for 2010 was \$161.720m.

National Associations:

Funding of \$119.925m was provided, against targeted expenditure of \$104.541m. Greater demand by National Sport Associations to support their programmes resulted in our projections being surpassed. As the marketplace is still experiencing the effects of the global recession, it has become more difficult for these Associations to garner funding from the private sector.

The main beneficiaries were the Jamaica Football Federation (\$7.320m), Jamaica Basketball Association (\$3.370m), Jamaica Volleyball Association (\$1.569m), Jamaica Badminton Association (\$1.000m), Jamaica Table Tennis Association (\$0.534m) and the Chess Federation (\$0.527m)

Government Institutions:

Grants totaling \$84.523m significantly exceeded target of \$66.810m. This was due to additional grants made to:

- a. The Institute of Sports (\$7.986m, the main components being \$4.998m for the Summer Programme and \$2.103m for the "Igoal" Basic School Football Tournament),
- b. The Social Development Commission (\$5.000m) for the 20/20 Cricket Competition and
- c. Independence Park Limited (\$4.726m) for the Cricket Festival and to effect repairs to the Stadium pool and Trelawny Multipurpose Complex.

7. FORECASTS AND PROJECTIONS OF KEY FINANCIAL AND OPERATING MEASURES FOR THE YEAR 2011

Table 4

Key Output	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Multipurpose courts for netball, basketball, tennis and volleyball. Football field that will meet acceptable standards	\$14.500m	\$23.925m	\$25.900m	\$15.970m	\$80.295m
Improved development of sports. Increased ranking of each individual sport	\$22.755m	\$23.326m	\$24.155m	\$23.155m	\$93.391m
Increase in community sports programme (Government Agencies)	\$8.953m	\$8.953m	\$8.953m	\$8.952m	\$35.812m
Replacement of the track at the National Stadium to a category 1 IAAF certified track		72.988m			\$72.988m
<u>Athletes Welfare</u> Assist athletes and administrators for training, medical expenses and other welfare needs	\$2.400m	\$1.920m	\$3.870m	\$3.680m	\$11.870m
<u>Special Allocations</u> Assists other organizations involved in sports	\$2.250m	\$17.820m	\$11.340m	\$8.700m	\$40.110m
Total	\$50.858m	\$148.932m	\$74.218m	\$60.457m	\$334.465m

8. CONCLUSION

At the end of 2010, the Sports Development Foundation owed to the CHASE Fund \$30.000m. This amount represents the remaining portion of the \$100m taken by the CHASE Fund in support of the Government of Jamaica's economic programme.

In light of our depleted resources, the Foundation had to request an advance of withheld gaming proceeds (\$39.320m) from the CHASE Fund. These funds which would normally have been paid to the SDF in 2011 were used to finance the replacement of the running tracks at the National Stadium.

In light of the factors highlighted above the Foundation has budgeted a decrease in its total allocations for 2011. Details are given in Table 5.

Despite this challenge the Foundation will continue to provide sports facilities and programmes in the pursuit of its mandate.

Table 5

Budget Item	\$'000 Actual 2009	\$'000 Actual 2010	\$'000 Budget 2011
Infrastructure projects	130,465	88,732	80,295
Replacement of running track			72,988
National Associations	128,242	119,925	93,391
Government Agencies:			
a. Institute of Sports	64,608	38,486	16,457
b. Social Development Commission	15,183	17,940	
c. G. C. Foster College	8,645	8,017	10,286
d. Independence Park Limited	8,537	20,080	5,728
			3,340
Jamaica Invitational Track Meet	26,100	22,320	
Special Allocations	18,399	19,030	* 40,110
Athletes Welfare	6,495	11,894	11,870
Total	406,674	346,424	334,465

* Provision has been made under the Special Allocations for a contribution to the Jamaica International Invitational Track Meet.

The Board will continue to work closely with the Government of Jamaica and the Ministry of Youth Sports and Culture to ensure that the objectives of the Government for sports are met.

April 15, 2011

Appendix 1

Project Expenses Analysis for 2010 (\$J)

Courts

Parish	No	Amount	Location
Kingston & St. Andrew	6	7,734,572	Hannah Town, Meadowbrook High, St. Andrew Prep, Windward Rd. Sch. Rose Town, Stadium
Clarendon		6,640	Garvey Maceo High
St. Ann		800	Ocho Rios High
Manchester	2	4,330,491	Holmwood High, Chudleigh
St. Catherine	1	184,125	St. Mary's College
St. Thomas	1	2,793,981	Airy Castle
TOTAL	10	15,050,609	

Fencing

Parish	No	Amount	Location
Kingston & St. Andrew	6	3,497,270	Rose Town, Hope Gardens, Pembroke Hall, Delacree Lane, Melbourne Club, Stadium
Clarendon	4	5,576,631	Garvey Maceo High, Sanguinetti, Trout Hall, Foga Road
Manchester	2	1,370,464	Holmwood High, Battersea
Trelawny	1	452,868	William Knibb
St. Catherine	2	1,003,860	Troja, Windsor China
St. Elizabeth	1	1,172,164	Cheapside
Hanover	1	1,764,069	Knockalva
St. Thomas	1	541,200	Airy Castle
Portland	1	502,650	Woodstock
TOTAL	19	15,881,176	

Fields

Parish	No	Amount	Location
Kingston & St. Andrew	3	2,429,736	Greenwich All Age, Hope Gardens, Camperdown
Clarendon	2	8,788,674	Sanguinetti, Foga Road
St. Catherine	1	2,280,362	Troja
Manchester	2	862,357	Battersea, Evergreen
St. Elizabeth	2	6,923,373	Cheapside, Magotty High
St. Mary	1	1,026,968	Three Hills
Hanover	1	4,723,872	Knockalva
TOTAL	12	27,035,342	

Lighting

Parish	No	Amount	Location
Poles & Lights		2,106,785	
Kingston & St. Andrew	3	4,023,728	Constant Spring Pembroke Hall, Santos Field
Portland	1	2,766,600	Lynch Park
St. Ann	1	5,328,075	Drax Hall
St. Catherine	1	650,000	Prisons Oval
Clarendon	1	5,289,000	Effortville
TOTAL	7	20,164,188	

Clubhouses, Complexes

Parish	No	Amount	Location
Kingston & St. Andrew	2	7,017,870	Hannah Town, Netball House
Portland	1	2,132,102	Windsor Castle All Age
St. Catherine	1	474,583	G.C. Foster College
St. Mary	1	360,804	Three Hills
TOTAL	5	9,985,359	

Equipment & Signs

Parish	No	Amount	Location
Equipment Islandwide		43,950	
Clarendon	1	197,157	Alston High
Trelawny	1	179,396	William Knibb
Manchester	1	195,557	Manchester High
TOTAL	3	616,060	

Total Projects 2010 \$88,732,734

Appendix 2

Grants to National Associations 2010 (\$J)

Association	Amount
Amateur Swimming Ass of Ja	3,256,668
Equestrian Federation	1,200,000
Ja Intercollegiate Sports Assn	500,000
Ja Amateur Athletic Assn	8,641,359
Ja Amateur Basketball Assn	6,610,000
Ja Amateur Gymnastics Assn	2,118,000
Ja Amateur Softball Assn	1,200,000
Assn of Sports Medicine	1,200,000
Ja Badminton Assn	2,740,000
Ja Bobsleigh Federation	1,200,000
Amateur Bodybuilding Assn	960,000
Boxing Board of Control	1,680,000
Ja Chess Federation	1,027,520
Ja Cricket Association	18,680,000
Ja Cycling Federation	1,680,000
Ja Football Federation	24,120,626
Ja Golf Association	1,895,898
Ja Hockey Federation	2,274,400
Ja Netball Association	8,238,000
Ja Paralympic Association	1,680,000
Ja Racing Commission	500,000
Ja Rugby Union	1,200,000
Ja Skeet Club	550,000
Ja Ski Federation	1,650,000
Ja Visually Impaired Cricket	1,200,000
Ja Surfing Association	1,200,000
Ja Squash Association	1,680,000
JA Table Tennis Association	2,334,283
Tae-Kwon Do Association	500,000
Ja Triathlon Association	500,000
Ja Volleyball Association	3,489,600
National Domino Bodies	600,000
Special Olympics Jamaica	3,864,000
Tennis Jamaica	3,720,000
IAAF High Performance Centre	960,000
Ja Race Car Drivers Club	865,132
Seido Karate Association	720,000
Multicare Foundation	1,040,000
Ja Olympic Association	1,800,000
Ja Cricket Umpires Assn	600,000
Ja Physical Education Assn	50,000
TOTAL	119,925,486

Appendix 3

Grants to Government Agencies 2010 (\$J)

Agency	Amount
G.C. Foster College	8,017,269
Institute of Sports	38,485,565
Independence Park Ltd	20,080,010
Social Development Com.	17,940,529
TOTAL	84,523,373

Appendix 4

Directors Compensation 2010 (\$J)

Position of Director	Gross Fees	Motor Vehicle Upkeep/ Travelling	Honoraria	All other Compensation cash and non cash	Total
Director	169,500	157,696		36,000	363,193
Director	140,000	10,752		12,000	162,752
Director	97,406	8,512		36,000	141,918
Director	83,500	7,616		18,000	109,116
Director	103,000	17,136		36,000	156,136
Chairman	270,000	57,792		116,197	443,989
Director	249,500	38,080		84,000	371,580
Director	163,500	8,120		36,000	207,620
Director	317,000	50,176		36,000	403,176
Director	157,500	12,544		36,000	206,044
Director	181,500	12,432		35,961	229,893
TOTAL	1,932,406	380,856		482,158	2,795,420

Appendix 5

Compensation

Senior Management's Emoluments 2010 (\$J)

Position	Basic Pay	Gratuity or Performance Incentive	Motor Vehicle Upkeep	Pension or other Retirement Benefit	Other Allowances	Non-Cash Benefit	Total
General Manager	874,601	2,799,459	199,125				3,873,185
Acting General Manager	520,000						520,000
Financial Controller	2,654,184		796,500	132,709			3,583,393
Chief Engineer	2,204,135		543,675	101,875			2,849,685
TOTAL	6,252,920	2,799,459	1,539,300	234,584			10,826,263

All emoluments are stated before tax.

The position of General Manager based on contractual terms is eligible to receive 25% of basic salary as a gratuity at the end of the contract term. At March 31, 2010, the previous General Manager's contract ended thus the gratuity paid is included in the table. On May 1, 2010, an Acting General Manager was appointed. This person is shared with Independence Park Limited. The Foundation pays an allowance to the Acting General Manager of \$780,000 p.a. The allowance paid for May to December 2010 is included in the amount in the table.



Sports Development Foundation

(A Company Limited by Guarantee)

Financial Statements

31 December 2010

Sports Development Foundation

(a company limited by guarantee)

Index

31 December 2010

	Page
Independent Auditors' Report to the Members	
Financial Statements	
Statement of comprehensive income	1
Balance sheet	2
Statement of changes in fund	3
Statement of cash flows	4
Notes to the financial statements	5 - 22



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 of 31 December 2010 and the statement of comprehensive income, statement of changes in fund and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation 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. 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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Members of Sports Development Foundation

Independent Auditors' Report

Page 2

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as of 31 December 2010 and of its financial performance and its 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 more fully outlined in Note 16 of the financial statements, a contribution of \$100,000,000 was made on the Foundation's behalf to the Ministry of Finance and the Public Service. This contribution appears to be in breach of the Foundation's Memorandum of Association and by extension, the Jamaica Companies Act.

Except for this matter outlined in the previous paragraph, 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 as required by the Companies Act.

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 Act, in the manner so required.

PricewaterhouseCoopers
Chartered Accountants

8 June 2011
Kingston, Jamaica

Sports Development Foundation

(a company limited by guarantee)

Statement of Comprehensive Income

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 \$'000	2009 \$'000
Contributions from CHASE Fund		431,956	423,790
Investment income		6,386	18,228
Other income		640	552
		<u>438,982</u>	<u>442,570</u>
Less: Project Expenditure and Grants	5	(446,425)	(406,674)
Administration Expenses		<u>(55,777)</u>	<u>(58,608)</u>
Deficit for Year, being Total Comprehensive Income		<u><u>(63,220)</u></u>	<u><u>(22,712)</u></u>

Sports Development Foundation

(a company limited by guarantee)

Balance Sheet

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2010 \$'000	2009 \$'000
Non-Current Assets			
Intangible assets	8	948	855
Property, plant and equipment	9	55,940	57,535
Long term receivable	10	1,921	2,225
Current Assets			
Receivables	11	78,707	111,282
Current portion of long term receivable	10	304	2,048
Taxation recoverable	18	12,680	10,414
Investment securities	12	72,988	-
Cash and cash equivalents	13	22,680	107,044
		187,359	230,788
Current Liabilities			
Payables and accrued charges		7,047	12,956
Managed funds	15	8,924	15,030
Loan payable	16	30,000	-
		45,971	27,986
Net Current Assets		141,388	202,802
		200,197	263,417
Financed By			
Sports Development Fund	14	200,197	263,417

Approved for issue by the Board of Directors on 8 June 2011 and signed on its behalf by:

Lloyd Pommells

Director

Compton Rodney

Director

Sports Development Foundation

(a company limited by guarantee)

Statement of Changes in Fund

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	Sport Development Fund \$'000	Total \$'000
Balance as at 1 January 2009	286,129	286,129
Deficit for year, being total comprehensive income	(22,712)	(22,712)
Balance at 31 December 2009	263,417	263,417
Deficit for year, being total comprehensive income	(63,220)	(63,220)
Balance at 31 December 2010	200,197	200,197

Sports Development Foundation

(a company limited by guarantee)

Statement of Cash Flows

Year ended 31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

	2010 \$'000	2009 \$'000
Cash Flows from Operating Activities		
Deficit for year	(63,220)	(22,712)
Adjustments:		
Investment income	(6,386)	(18,228)
Exchange gain on foreign balances	-	(4)
Write-off of property, plant and equipment and intangible assets	54	-
Write-off of long term receivables	304	304
Depreciation and amortization	3,781	3,678
	<u>(65,467)</u>	<u>(36,962)</u>
Changes in operating assets and liabilities:		
Receivables	32,575	(9,558)
Taxation recoverable	(2,266)	(2,729)
Payables and accrued charges	<u>(12,015)</u>	<u>7,182</u>
Cash used in operating activities	<u>(47,173)</u>	<u>(42,067)</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(2,022)	(2,166)
Purchase of intangible assets	(311)	(899)
Investment income received	6,386	18,460
Long term loan repayment received	1,744	-
Investment securities, net	<u>(72,988)</u>	<u>29,319</u>
Cash (used in)/provided by investing activities	<u>(67,191)</u>	<u>44,714</u>
Cash Flows from Financing Activities		
Loan received	100,000	-
Loan repaid	<u>(70,000)</u>	<u>-</u>
Cash provided by financing activities	<u>30,000</u>	<u>-</u>
(Decrease)/Increase in cash and cash equivalents	(84,364)	2,647
Effects of exchange rate changes on cash and cash equivalents	-	4
Cash and cash equivalents at beginning of year	<u>107,044</u>	<u>104,393</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 13)	<u><u>22,680</u></u>	<u><u>107,044</u></u>

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(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.

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 2010

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 none are relevant to its operations.

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.

- **IAS 24 (revised), 'Related party disclosures'** (effective from 1 January 2011). 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. The Foundation will apply IAS 24 (revised) from 1 January 2011.
- **IFRS 9, 'Financial instruments'** (effective for annual periods beginning on or after 1 January 2013). IFRS 9 addresses classification and measurement of financial assets and is available for early adoption immediately. IFRS 9 replaces the multiple classification and measurement models in IAS 39 'Financial instruments: Recognition and Measurement' with a single model that has only two classification categories: amortised cost and fair value. IFRS 9 represents the first milestone in the IASB's planned replacement of IAS 39. Management is currently assessing the timing of its adoption by the Foundation.

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(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 Foundation's 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) Sports Development Fund

Contributions received from the Culture Health Arts Sports and Education Fund (CHASE Fund) and investment income earned thereon are credited directly to the Sports Development Fund account. Transfers are made to fund approved projects and administrative expenditure.

(d) 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 19 for further details.

(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.

(e) 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.

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(e) Financial instruments (continued)

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.

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.

(f) 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).

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(g) 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.

(h) 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.

(i) Investment securities

Investment securities comprise securities purchased under agreements to resell (reverse repurchase agreements), which are treated as collateralised financing transactions, and a fixed deposit held at bank. 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.

(j) 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.

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(k) 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.

(l) 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.

(m) Payables and accrued charges

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

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.

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

(a) Credit risk (continued)

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.

Maximum exposure to credit risk

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

	2010	2009
	\$'000	\$'000
Long term receivable	1,921	2,225
Receivables	78,364	110,987
Current portion of long term receivable	304	2,048
Investment security	72,988	-
Cash and cash equivalents	22,680	107,044
	<u>176,257</u>	<u>222,304</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;

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(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
2010				
Payables and accrued charges	487	1,930	4,022	6,439
Managed funds	-	-	8,924	8,924
	487	1,930	12,946	15,363
2009				
Payables and accrued charges	2,579	2,225	8,152	12,956
Managed funds	-	-	15,030	15,030
	2,579	2,225	23,182	27,986

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 2010 include aggregate net foreign assets of approximately US\$80 (2009 – US\$83) in respect of such transactions.

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(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.

	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 security	-	-	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	-	-	-	-	6,439	6,439
Managed funds	-	-	-	-	8,924	8,924
Loan payable	-	-	-	-	30,000	30,000
Total financial liabilities	-	-	-	-	45,363	45,363
Total interest repricing gap	14,695	-	72,988	-	43,211	130,894

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

3. Financial Risk Management (Continued)

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

	2009					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	-	-	-	-	2,225	2,225
Receivables	-	-	-	-	110,987	110,987
Current portion of long term receivable	-	-	-	-	2,048	2,048
Cash and cash equivalents	2,774	89,169	-	-	15,101	107,044
Total financial assets	2,774	89,169	-	-	130,361	222,304
Liabilities						
Payables and accrued charges	-	-	-	-	12,956	12,956
Managed funds	-	-	-	-	15,030	15,030
Total financial liabilities	-	-	-	-	27,986	27,986
Total interest repricing gap	2,774	89,169	-	-	102,375	194,318

(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.

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(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:

	2010		2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Long term receivable	2,225	1,703	4,273	3,067

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 the 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.

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

5. Project Expenditure and Grants

	2010	2009
	\$'000	\$'000
Infrastructure Projects	88,732	130,465
Grants to National Associations	119,926	128,242
Grants to Government Agencies	84,523	88,436
Grant for Special Projects – Track Meets	22,320	26,100
Grants – others	30,924	33,431
Contribution to the Government of Jamaica (Note 16)	100,000	-
	<u>446,425</u>	<u>406,674</u>

6. Expenses by Nature

Total disbursements and administration expenses:

	2010	2009
	\$'000	\$'000
Advertising and promotion	2,219	1,571
Audit fees	1,080	990
Depreciation and amortization	3,781	3,678
Directors' fees	2,795	2,415
Foreign travel	515	2,174
Insurance	838	852
Legal and professional fees	662	4,354
Motor vehicle expense	1,050	910
Other expenses	3,551	2,659
Project expenditure and grants (Note 5)	446,425	406,674
Repairs and maintenance	2,209	1,762
Security	1,800	1,704
Staff costs (Note 7)	32,730	33,284
Utilities	2,547	2,255
	<u>502,202</u>	<u>465,282</u>

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

7. Staff Costs

	2010	2009
	\$'000	\$'000
Salaries and wages	18,203	19,687
Accrued leave and gratuity costs	712	1,470
Payroll taxes – employer's portion	2,062	1,893
Pension contributions (Note 19)	819	666
Others (Health, Uniform and Welfare)	10,934	9,568
	<u>32,730</u>	<u>33,284</u>

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

	2010	2009
	No.	No.
Full-time	<u>14</u>	<u>14</u>

8. Intangible Assets

	Computer Software \$'000
At Cost -	
1 January 2009	534
Additions	<u>899</u>
31 December 2009	1,433
Additions	<u>311</u>
31 December 2010	<u>1,744</u>
Amortisation -	
1 January 2009	449
Amortisation for the year	<u>129</u>
31 December 2009	578
Amortisation for the year	<u>218</u>
31 December 2010	<u>796</u>
Net Book Value -	
31 December 2010	<u>948</u>
31 December 2009	<u>855</u>

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

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 2009	2,487	8,890	4,913	16,272	32,072	9,940	74,574
Additions	927	1,239	-	-	-	-	2,166
At 31 December 2009	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
Depreciation -							
At 1 January 2009	1,551	5,880	3,194	4,369	-	662	15,656
Charge for the year	384	834	930	406	-	995	3,549
At 31 December 2009	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
Net Book Value -							
31 December 2010	1,704	3,705	80	11,090	32,072	7,289	55,940
31 December 2009	1,479	3,415	789	11,497	32,072	8,283	57,535

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).

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

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.

	2010	2009
	\$'000	\$'000
Long term receivable	2,225	4,273
Less: current portion	(304)	(2,048)
	<u>1,921</u>	<u>2,225</u>

Current portion of long term receivable comprised of:

	2010	2009
	\$'000	\$'000
Loan	-	1,498
Maintenance	304	304
Stamp duty	-	246
	<u>304</u>	<u>2,048</u>

11. Receivables

	2010	2009
	\$'000	\$'000
CHASE Fund	77,770	110,756
Prepayment	343	295
Other	594	231
	<u>78,707</u>	<u>111,282</u>

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

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:

	2010 \$'000	2009 \$'000
Pan Caribbean Financial Services Limited -		
Reverse repurchase agreements – 6.90% - 21.80% (2009 – 14% - 19.25%)		
- Original maturity of less than 90 days	9,000	68,663
JN Fund Managers Limited -		
Reverse repurchase agreements – 6.5% - 12.5% (2009 – 12.5 – 18%)		
- Original maturity of less than 90 days	5,173	20,506
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	99	2,762
	87,260	91,931
Transferred to cash and cash equivalents (Note 13)	(14,272)	(91,931)
	<u>72,988</u>	<u>-</u>

(ii) Letter of credit

The Foundation has a Letter of Credit facility granted by the Bank of Nova Scotia Jamaica Limited in the amount of €638,000 (\$72,988,000) (2009 – Nil). This Letter of Credit is in respect of services to be provided by Berleburger Schaumstoffwerk (BSW). This facility is collateralised by a fixed deposit amounting to €638,000 (\$72,988,000) (2009 – Nil).

13. Cash and Cash Equivalents

	2010 \$'000	2009 \$'000
Cash at bank and in hand	8,408	15,113
Short term investment securities (Note 12)	14,272	91,931
	<u>22,680</u>	<u>107,044</u>

Short term investment securities represent securities with original maturities of three months or less and include interest receivable of \$99,000 (2009 – \$2,762,000).

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

14. 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 (Note 1) together with investment and other income are credited directly to the Fund. The Fund is used to finance projects and administrative activities in executing the Foundation's mandate.

15. 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.

	2010 \$'000	2009 \$'000
Funds at the beginning of the year	15,030	12,767
Allocations during the year	2,200	27,051
Interest earned	453	1,725
Project disbursements	(8,759)	(26,504)
Bank charges	-	(9)
Funds at the end of the year	<u>8,924</u>	<u>15,030</u>

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

16. Loan Payable

During the year, 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 contravenes 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 was done without the consent of the Foundation's Management.

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

	2010 \$'000	2009 \$'000
Advance by CHASE Fund	100,000	-
Repayments	(70,000)	-
Balance at end of year	<u>30,000</u>	<u>-</u>

17. Related Party Transactions

The following transactions were carried out with related parties:

Key management compensation

	2010 \$'000	2009 \$'000
Salaries and other short-term employee benefits	9,052	8,069
Payroll taxes – employer's portion	568	507
Pension	234	171
	<u>9,854</u>	<u>8,747</u>
Directors' emoluments -		
Fees	<u>2,795</u>	<u>2,415</u>

Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2010

(expressed in Jamaican dollars unless otherwise indicated)

18. Taxation

The Foundation is exempt from Income Tax under Section 12 (I) of the Income Tax Act Section 12 (I) 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 2010, tax recoverable of \$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.

19. 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 \$819,000 (2009 - \$660,000) in the current year.

20. 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:

	2010 \$'000	2009 \$'000
Projects	<u>76,135</u>	<u>27,995</u>