

Sports Development Foundation

(A Company Limited by Guarantee)

Financial Statements

31 December 2008

Sports Development Foundation

(A Company Limited by Guarantee)

Supplementary Information

31 December 2008

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Independent Auditors' Report

To the Members of
Sports Development Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of Sport Development Foundation, set out on pages 1 to 23, which comprise the balance sheet as of 31 December 2008 and the statement of changes in Sport Development Fund, statement of changes in fund and cash flow statement 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.

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 2008 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 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 Act, in the manner so required.

Chartered Accountants

9 September 2009
Kingston, Jamaica

Sports Development Foundation

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Statement of Changes in Sports Development Fund

Year ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2008 \$'000	2007 \$'000
Contributions from CHASE Fund for the year		403,092	315,920
Investment income		16,684	9,759
Other income		554	419
		<u>420,330</u>	<u>326,098</u>
Less: Project Expenditure and Grants	5	(340,241)	(286,370)
Administration Expenses		(54,121)	(40,887)
SURPLUS/(DEFICIT) FOR YEAR		<u><u>25,968</u></u>	<u><u>(1,159)</u></u>

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Balance Sheet

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(expressed in Jamaican dollars unless otherwise indicated)

	Note	2008 \$'000	2007 \$'000
Non-Current Assets			
Intangible assets	8	85	85
Property, plant and equipment	9	58,918	50,603
Long term receivables	10	3,918	-
Current Assets			
Receivables	11	100,443	86,747
Current portion of long term receivable	10	1,940	16,000
Taxation recoverable		7,685	5,177
Investment securities	12	29,551	27,553
Cash and cash equivalents	13	104,393	79,302
		244,012	214,779
Current Liabilities			
Payables and accrued charges		20,804	5,306
Net Current Assets			
		223,208	209,473
		286,129	260,161
Financed By			
Sports Development Fund	14	286,129	260,161

Approved for issue by the Board of Directors on 9 September 2009 and signed on its behalf by:

David Mais

Chairman

Lloyd Pommells

Deputy Chairman

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Statement of Changes in Funds

Year ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	Sport Development Fund \$'000	Total \$'000
Balance as at 1 January 2007	261,320	261,320
Deficit for year	(1,159)	(1,159)
Balance at 31 December 2007	260,161	260,161
Surplus for year	25,968	25,968
Balance at 31 December 2008	<u>286,129</u>	<u>286,129</u>

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Statement of Cash Flows

Year ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	2008 \$'000	2007 \$'000
Cash Flows from Operating Activities		
Surplus/(Deficit) for year	25,968	(1,159)
Adjustments:		
Investment income	(16,684)	(9,759)
Exchange gain on foreign balances	(66)	(39)
Loss on disposal of property, plant and equipment	17	-
Write-off of long term receivables	202	-
Depreciation and amortisation	3,056	2,173
	<u>12,493</u>	<u>(8,784)</u>
Changes in operating assets and liabilities:		
Receivables	(13,696)	29,372
Taxation recoverable	(2,508)	(1,038)
Payables and accrued charges	15,498	(841)
Cash provided by operating activities	<u>11,787</u>	<u>18,709</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(1,378)	(24,696)
Purchase of intangible assets	(70)	-
Investment income received	17,759	8,818
Investment securities, net	(3,073)	(9,852)
Cash provided by/(used in) investing activities	<u>13,238</u>	<u>(25,730)</u>
Increase/(Decrease) in cash and cash equivalents	25,025	(7,021)
Effects of exchange rate changes on cash and cash equivalents	66	39
Cash and cash equivalents at beginning of year	<u>79,302</u>	<u>86,284</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 13)	<u><u>104,393</u></u>	<u><u>79,302</u></u>

Principal non-cash transactions for the year ended 31 December 2008 was the purchase of property, plant and equipment amounting to \$9,940,000 (2007 - \$Nil) under finance lease arrangement entered into during the year with the Jamaica Cricket Association (note 10).

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Notes to the Financial Statements

Year ended 31 December 2008

(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 accounting standards effective in 2008

Certain standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Foundation has assessed the relevance of the following new interpretations and amendments, and has adopted the following IFRS, which are relevant to its operations:

- **IAS 39 (Amendments) - Financial Instruments: Recognition and Measurement** (effective for 1 July 2008). These amendments, issued in October 2008 permit an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) which are held-for-trading out of the fair value through profit or loss category if the entity no longer holds the assets for sale or repurchase in the short term. The amendments also permit an entity to transfer financial assets from the available-for-sale category to the loans and receivables category that would have met the definition of loans and receivables at the date of reclassification, if the entity has the intention and ability to hold these financial assets for the foreseeable future or to maturity. As the Foundation has not reclassified any financial assets, this amendment has no effect on the financial statements.
- **IFRS 7 (Amendments) - Financial Instruments: Disclosures** (effective for 1 July 2008). These amendments require an entity to disclose details of carrying amounts and the fair value of all financial assets that have been reclassified until they are derecognised, together with details of the fair value gains or losses that would have been recognised in the profit and loss or equity if the financial assets had

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not been reclassified. The Foundation has not utilised the provisions of these amendment as there are no investment securities which are eligible for reclassification in accordance with IAS 39 (amendment).

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2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are mandatory for the Foundation's accounting periods beginning on or after 1 January 2009 or later periods, but were not effective at balance sheet date, and which the Foundation has not early adopted. The Foundation has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

IAS 1 (Revised), 'Presentation of financial statements' and IAS 1 (Amendment), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity and requires 'non-owner changes in shareholders' equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and a statement of comprehensive income). Components of other comprehensive income will not be permitted to be presented in the statement of changes in shareholders' equity.

The amendment to the standard clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively.

The Foundation will apply IAS 1 (Revised) and IAS 1 (Amendment) from 1 January 2009.

The Foundation has concluded that the following interpretations and amendments to existing standards, which are published but not yet effective:

- (i) Are relevant to its operations, but will have no material impact on adoption; or
- (ii) Are not relevant to its operations and will therefore have no material impact on adoption; or
- (iii) Contain inconsequential clarifications that will have no material impact when they come into effect.
 - IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows')
 - IAS 20 (Amendment), 'Accounting for government grants and disclosure of government assistance'
 - IAS 23 (Amendment), 'Borrowing costs'
 - IAS 27 (Amendment), 'Consolidated and separate financial statements'
 - IAS 27 (Revised), 'Consolidated and separate financial statements'
 - IAS 28 (Amendment), 'Investments in associates' (and consequential amendments to IAS 32, 'Financial instruments: Presentation' and IFRS 7, 'Financial instruments: Disclosures')
 - IAS 29 (Amendment), 'Financial reporting in hyperinflationary economies'
 - IAS 31 (Amendment), 'Interests in joint ventures (and consequential amendments to IAS 32 and IFRS 7)'

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2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective (continued)

- IAS 32 (Amendment), 'Financial instruments: Presentation' and IAS 1 (Amendment), 'Presentation of financial instruments' – 'Puttable financial instruments and obligations arising on liquidation'
- IAS 36 (Amendment), 'Impairment of assets'
- IAS 38 (Amendment), 'Intangible assets'
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' Amendment to IAS 39, 'Eligible hedged items' IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16)
- IAS 41 (Amendment), 'Agriculture'
- IFRS 1 (Amendment), 'First time adoption of IFRS' and IAS 27 (Amendment), 'Consolidated and separate financial statements' – 'Cost of an investment in a subsidiary, jointly controlled entity or associate'.
- IFRS 2 (Amendment), 'Share-based payment'
- IFRS 3 (Revised), 'Business combinations'
- IFRS 5 (Amendment), 'Non-current assets held for sale and discontinued operations' (and consequential amendment to IFRS 1, 'First-time adoption')
- IFRS 8 'Operating segments'
- IFRIC 13, 'Customer loyalty programmes'
- IFRIC 15, 'Agreements for the construction of real estate'
- IFRIC 17, 'Distributions of non-cash assets to owners'
- IFRIC 18, 'Transfers of assets from customers'

(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

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are made to fund approved projects and administrative expenditure.

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2. Significant Accounting Policies (Continued)

(d) Employee benefits

(i) Pension obligations

The Foundation operates a defined contribution pension plan whereby it pays contributions to a trustee-administered fund. 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 17 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.

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 investment within 12 months of the balance sheet date. These assets are classified as investment securities and cash and cash equivalents and are included in non-current assets and current assets, respectively, 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

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from equity and recognised in the income statement.

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2. Significant Accounting Policies (Continued)

(e) 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 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).

(g) Property, plant and equipment and depreciation

All property, plant and equipment are stated at cost less accumulated depreciation.

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	10%

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.

The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Foundation. Major renovations are depreciated over the remaining useful life of the related asset. Repairs and renewals are charged to the Sports Development Fund when the 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

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impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

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2. Significant Accounting Policies (Continued)

(i) Investment securities

Investment securities comprise securities purchased under agreements to resell (reverse repurchase agreements), which are treated as collateralised financing transactions. 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. They are 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.

(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.

(n) Comparative information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

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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 has 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 their 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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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:

	2008	2007
	\$'000	\$'000
Investment securities	29,551	27,553
Long term receivables	3,918	-
Receivables	100,443	86,747
Current portion of long term receivables	1,940	16,000
Cash and cash equivalents	<u>104,393</u>	<u>79,302</u>
	<u>240,245</u>	<u>209,602</u>

Exposure to credit risk for investment securities.

The following table summarises the Foundation's credit exposure for investment securities at their carrying amounts, as categorised by issuer:

	2008	2007
	\$'000	\$'000
Government of Jamaica Securities	-	5,342
Reverse repurchase agreements	<u>29,551</u>	<u>22,211</u>
	<u>29,551</u>	<u>27,553</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.
- (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;

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3. Financial Risk Management (Continued)

(b) Liquidity risk (continued)

Liquidity risk management process (continued)

(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
	2008			
Payables and accrued charges	264	2	20,538	20,804
	2007			
Payables and accrued charges	1,687	1,737	1,882	5,306

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 2008 include aggregate net foreign assets of approximately US\$700 (2007 – US\$13,016) in respect of such transactions.

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.

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3. Financial Risk Management (Continued)

(c) Market risk (continued)

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 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.

	2008					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 receivables	-	-	-	-	3,918	3,918
Investment securities	-	-	29,319	-	232	29,551
Receivables	-	-	-	-	100,443	100,443
Current portion of long term receivables	-	-	-	-	1,940	1,940
Cash and cash equivalents	-	77,405	-	-	26,988	104,393
Total financial assets	-	77,405	29,319	-	133,521	240,245
Liabilities						
Payables and accrued charges	-	-	-	-	(20,804)	(20,804)
Total financial liabilities	-	-	-	-	(20,804)	(20,804)
Total interest repricing gap	-	77,405	29,319	-	112,717	219,441

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3. Financial Risk Management (Continued)

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

	2007					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					
Investment securities	-	-	26,246	-	1,307	27,553
Receivables	-	-	-	-	86,747	86,747
Current portion of long term receivables	-	-	-	-	16,000	16,000
Cash and cash equivalents	56,070	-	-	-	23,232	79,302
Total financial assets	56,070	-	26,246	-	127,286	209,602
Liabilities						
Payables and accrued charges	-	-	-	-	(5,306)	(5,306)
Total financial liabilities	-	-	-	-	(5,306)	(5,306)
Total interest repricing gap	56,070	-	26,246	-	121,980	204,296

(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 securities, receivables and payables and accrued charges reflect their approximate fair values because of the short-term maturity of these instruments.

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Year ended 31 December 2008

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3. Financial Risk Management (Continued)

(d) Fair values of financial instruments (continued)

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

	2008		2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Long term receivables	3,918	3,107	-	-

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 receivables

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

(e) Capital management

The Foundation's objectives when managing capital are to safeguard the Foundation's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Foundation has no specific capital management strategies and 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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5. Project Expenditure and Grants

	2008	2007
	\$'000	\$'000
Infrastructure Projects	76,211	63,783
Grants to National Associations	124,711	115,431
Grants to Government Agencies	66,373	61,890
Grant for Special Projects	23,256	31,893
Grants - others	49,690	13,373
	<u>340,241</u>	<u>286,370</u>

6. Expenses by Nature

Total disbursements and administration expenses:

	2008	2007
	\$'000	\$'000
Advertising and promotion	3,294	607
Audit fees	990	900
Depreciation and amortisation	3,056	2,173
Directors' fees	1,740	1,517
Foreign travel	2,810	3,188
Insurance	777	1,043
Legal and professional fees	1,072	669
Motor vehicle expense	905	637
Other expenses	3,410	3,407
Project expenditure and grants (Note 5)	340,241	286,370
Repairs and maintenance	1,159	1,505
Security	1,632	1,495
Staff costs (Note 7)	31,048	22,214
Utilities	2,228	1,532
	<u>394,362</u>	<u>327,257</u>

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7. Staff Costs

	2008 \$'000	2007 \$'000
Salaries and wages	17,788	14,971
Payroll taxes – employer's portion	1,670	1,400
Pension contributions (Note 17)	657	519
Others (Health, Uniform and Welfare)	10,933	5,324
	<u>31,048</u>	<u>22,214</u>

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

	2008 No.	2007 No.
Full-time	<u>11</u>	<u>13</u>

8. Intangible assets

	Computer Software \$'000
At Cost -	
1 January and 31 December 2007	464
Additions	<u>70</u>
31 December 2008	<u>534</u>
Amortisation -	
1 January 2007	286
Amortisation for the year	<u>93</u>
31 December 2007	379
Amortisation for the year	<u>70</u>
31 December 2008	<u>449</u>
Net Book Value -	
31 December 2008	<u>85</u>
31 December 2007	<u>85</u>

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9. Property, Plant and Equipment

	Computers \$'000	Office Furniture and Equipment \$'000	Motor Vehicles \$'000	Buildings \$'000	Land \$'000	Leasehold property \$'000	Total \$'000
At Cost -							
At 1 January 2007	1,381	7,484	4,903	14,265	10,572	-	38,605
Additions	609	575	5	2,007	21,500	-	24,696
At 31 December 2007	1,990	8,059	4,908	16,272	32,072	-	63,301
Additions	497	876	5	-	-	9,940	11,318
Disposals	-	(45)	-	-	-	-	(45)
At 31 December 2008	2,487	8,890	4,913	16,272	32,072	9,940	74,574
Depreciation -							
At 1 January 2007	935	4,862	1,250	3,571	-	-	10,618
Charge for the year	261	444	985	390	-	-	2,080
At 31 December 2007	1,196	5,306	2,235	3,961	-	-	12,698
Charge for the year	355	602	959	408	-	662	2,986
Relieved on disposals	-	(28)	-	-	-	-	(28)
At 31 December 2008	1,551	5,880	3,194	4,369	-	662	15,656
Net Book Value -							
31 December 2008	936	3,010	1,719	11,903	32,072	9,278	58,918
31 December 2007	794	2,753	2,673	12,311	32,072	-	50,603

Leasehold property represents the lease of two hospitality suites at the Sabina Park in settlement of long term receivables due from the Jamaica Cricket Association (note 10).

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10. Long Term Receivables

During the current year, in settlement of the loan due from the Jamaica Cricket Association of \$16,000,000, the Foundation entered into an agreement as follows:

- Lease of two hospitality suites (number 2&3) at the Sabina Park valued at \$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 will be repaid over a 24-month period commencing January 2009.

	2008	2007
	\$'000	\$'000
Long term receivables	5,858	16,000
Less current portion	<u>(1,940)</u>	<u>(16,000)</u>
	<u>3,918</u>	<u>-</u>

Current portion of long term receivables comprised of:

	2008	2007
	\$'000	\$'000
Loan	1,636	16,000
Maintenance	<u>304</u>	<u>-</u>
	<u>1,940</u>	<u>16,000</u>

11. Receivables

	2008	2007
	\$'000	\$'000
CHASE Fund	99,209	86,103
Prepayment	430	333
Other	<u>804</u>	<u>311</u>
	<u>100,443</u>	<u>86,747</u>

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12. Investment Securities

Investment securities comprise repurchase agreements, which are collateralised by Government of Jamaica securities.

(i) Long term

This comprised of:

	2008	2007
	\$'000	\$'000
Pan Caribbean Financial Services Limited -		
May 2008 – 12.98%	-	5,342
Accrued interest	-	72
	<u>-</u>	<u>5,414</u>
Less: amounts reclassified to short term	-	5,414
	<u>-</u>	<u>-</u>

(ii) Short term

This comprised of:

	2008	2007
	\$'000	\$'000
Pan Caribbean Financial Services Limited -		
Government of Jamaica instruments – 16% - 19% (2007 – 12% - 13%)		
- Original maturity of less than 90 days	26,150	30,474
- Original maturity of greater than 90 days	29,320	20,904
- Reclassified from long term investment	-	5,414
JN Fund Managers Limited -		
Government of Jamaica instruments – 14% – 17% (2007 – 12%)		
- Original maturity of less than 90 days	51,254	25,596
Accrued Interest	1,092	2,184
	<u>107,816</u>	<u>84,572</u>
Transferred to cash and cash equivalents (Note 13)	(78,265)	(57,019)
	<u>29,551</u>	<u>27,553</u>

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13. Cash and Cash Equivalents

	2008	2007
	\$'000	\$'000
Cash at bank and in hand	26,128	22,283
Short term investment securities (Note 10)	78,265	57,019
	<u>104,393</u>	<u>79,302</u>

Short term investment securities represent securities with original maturities of three months or less and include interest receivable of \$860,000 (2007 – \$949,000).

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 incomes are credited directly to the fund. The fund is used to finance projects and administrative activities in executing the Foundation's mandate.

15. Related Party Transactions

The following transactions were carried out with related parties:

Key management compensation

	2008	2007
	\$'000	\$'000
Salaries and other short-term employee benefits	6,093	5,158
Payroll taxes – employer's portion	564	482
Pension	133	115
	<u>6,790</u>	<u>5,755</u>
Directors' emoluments -		
Fees	<u>1,740</u>	<u>1,517</u>

16. Taxation

The Foundation is exempt from Income Tax under Section 12 (I) of the Income Tax Act.

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17. Pension Scheme

The Foundation operates a defined contribution pension plan, which commenced operation in 2003. Members contribute 5% of pensionable emoluments with an option to contribute an additional amount, not exceeding 5%. The Foundation contributes 5% of member's pensionable emoluments and this amounted to \$657,000 (2007 - \$519,000) in the current year.

The Foundation has received permission from the Financial Services Commission to wind-up its superannuation pension fund and transfer members' benefit to an approved retirement schemes. The effective winding-up date was December 31, 2008.

18. Commitments

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

	2008	2007
	\$'000	\$'000
Projects	116,368	52,061

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Administrative Expenses

Year ended 31 December 2008

(expressed in Jamaican dollars unless otherwise indicated)

	2008	2007
	\$'000	\$'000
Advertising and promotion	3,294	607
Amortisation	70	93
Audit fees	990	900
Bank charges	88	54
Courier services	16	11
Depreciation	2,986	2,080
Directors' expenses	1,740	1,517
Donations and subscriptions	69	55
Electricity	987	667
Foreign travel	2,810	3,188
Insurance	777	1,043
Legal and professional fees	1,072	669
Loss on disposal of property, plant and equipment	17	-
Meetings and seminars	479	369
Motor vehicle	905	637
Rates and taxes	48	55
Repairs and maintenance	1,159	1,505
Salaries and related costs	31,048	22,214
Security	1,632	1,495
Stationery and office supplies	2,525	2,614
Telephone and other communications	1,066	830
Disaster planning	-	142
Photography	5	-
Miscellaneous	163	107
Water	175	35
	<u>54,121</u>	<u>40,887</u>