

Annual Report 2006



# Sports Development Foundation

*Developing  
the Nation  
through Sports*



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# Mission



The Mission of the Sports Development Foundation (SDF) is to contribute to the development of the nation through sports.

Our contribution is made through our commitment to provide assistance for:

- *The provision of sports facilities throughout the island*
- *The funding of development programmes of the national governing bodies for sports*
- *Those organizations established to ensure the continuity of sports programmes at a community level*



## The Sports Development Foundation is dedicated to:

- Providing islandwide sports facilities
- Funding sports programmes
- Supporting community sports
- Supporting the development of athletes, coaches & sports administrators by funding national sporting associations

Sport is widely acknowledged as an unparalleled tool in national development.

As is articulated in Jamaica's National Youth Policy, sport can be "an avenue to foster increased participation, develop leadership skills and build character." When applied to nation building, such character traits also prepare the nation's youth to perform successfully in the highly competitive, borderless marketplace that the world has become. Critically too, many policymakers are beginning to realize that involvement in sport can help to reduce conflicts, while promoting the type of national unity and pride which swept the nation, for instance, when Jamaica qualified to play in the 1998 FIFA World Cup of Football.

Sport has long been listed among the top two most efficient means of mobilizing people to achieving goals which

can have widespread impact. With this in mind, structured planning is essential to promoting and developing sports across the length and breadth of Jamaica in order to help the country reap all of the available benefits. Already, the strategic approach that the Sports Development Foundation is taking to financing the development projects of its institutional partners and the various national sports associations is helping to strengthen the powerful foundation of raw talent which has helped to propel the country's achievements in sports to date.

Belying the very small size of this island state of just over 2.6 million people, Jamaica's stellar accomplishments have led to the country being referred to glowingly on the world stage as, among other things, "the Kingdom of Sports" and the "Sprint Factory" of the world. The rich

## OVERVIEW

# OVERVIEW

sporting history that has encouraged such kudos has been built on the country's performance in both the traditional sports – cricket, football, track & field – and more nontraditional sports in which Jamaica participates. Who can forget the stir that Jamaica created with their participation in bobsledding at the 1988 Winter Olympics in Calgary ... or the triumphant proof that the country provided at Lillehammer in 1994 – via a 14th place finish for its 4-man sled team, ahead of both teams from the USA – that the tropical country had a right to participate even in winter sports?

It is not surprising that Jamaica has been reaping some of the rich rewards that come from an investment in sports – that is, international recognition and respect for the accomplishments of the nation and its athletes, and a heightened sense of national pride that grows from such recognition. For many Jamaicans, the question is not whether Jamaica will win gold at any international meet, but how many of the precious metal Team Jamaica will mine. The year 2006 proved that they are justified in their expectations. Almost as a tribute to the country's rich track and field legacy, athletes Asafa Powell and Sherone Simpson ended the year holding the title of the world's fastest man and woman, respectively.

World 100M record holder Powell actually broke another barrier in world athletics that year, when he became the first Jamaican to be voted IAAF's Male Athlete of the Year. Significant strides were also made in other sports; for example, Jamaica ended 2006 as Caribbean Basketball Champions for both the male and female teams. The Women's Basketball Team went further by qualifying to play at the Pan American Games – giving the team a chance of qualifying for the 2008 Olympic Games and becoming the first English Caribbean team, male or female, to come within striking distance of such an achievement.

## **PROVIDING INFRASTRUCTURE & SUPPORTING NATIONAL ASSOCIATIONS**

Of course, while such achievements help to attract the participation of more and more Jamaicans in various sports – whether as athletes, coaches, administrators, or in many of the sport leisure and recreational activities that are now popular components in the country's social and economic life – it is important to ensure that facilities are available to broad cross-sections of the society to encourage widespread participation. Making sporting facilities available for the use of Jamaicans also enhances the

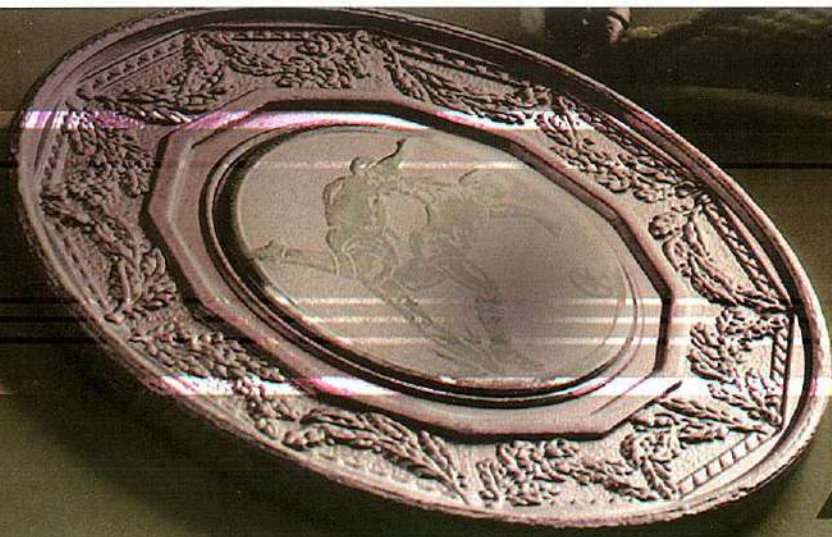
country's ability to tap more fully into the market for sports tourism. For example, the construction of the Mona Hockey Field – which is the only astro turf field in the country – not only allows Jamaican teams to prepare to compete more rigorously in international competitions, but also allows the country to host international tournaments. The National Indoor Sports Centre, a world-standard, multi-purpose facility, allowed Jamaica to host the World Netball Championships and the Caribbean Basketball Championships; and the Spanish town-based Prison Oval Sports complex facilitates the playing of some matches in the Caribbean Under-17 and Under-20 Football

Tournaments, in addition to local league and schoolboy competitions.

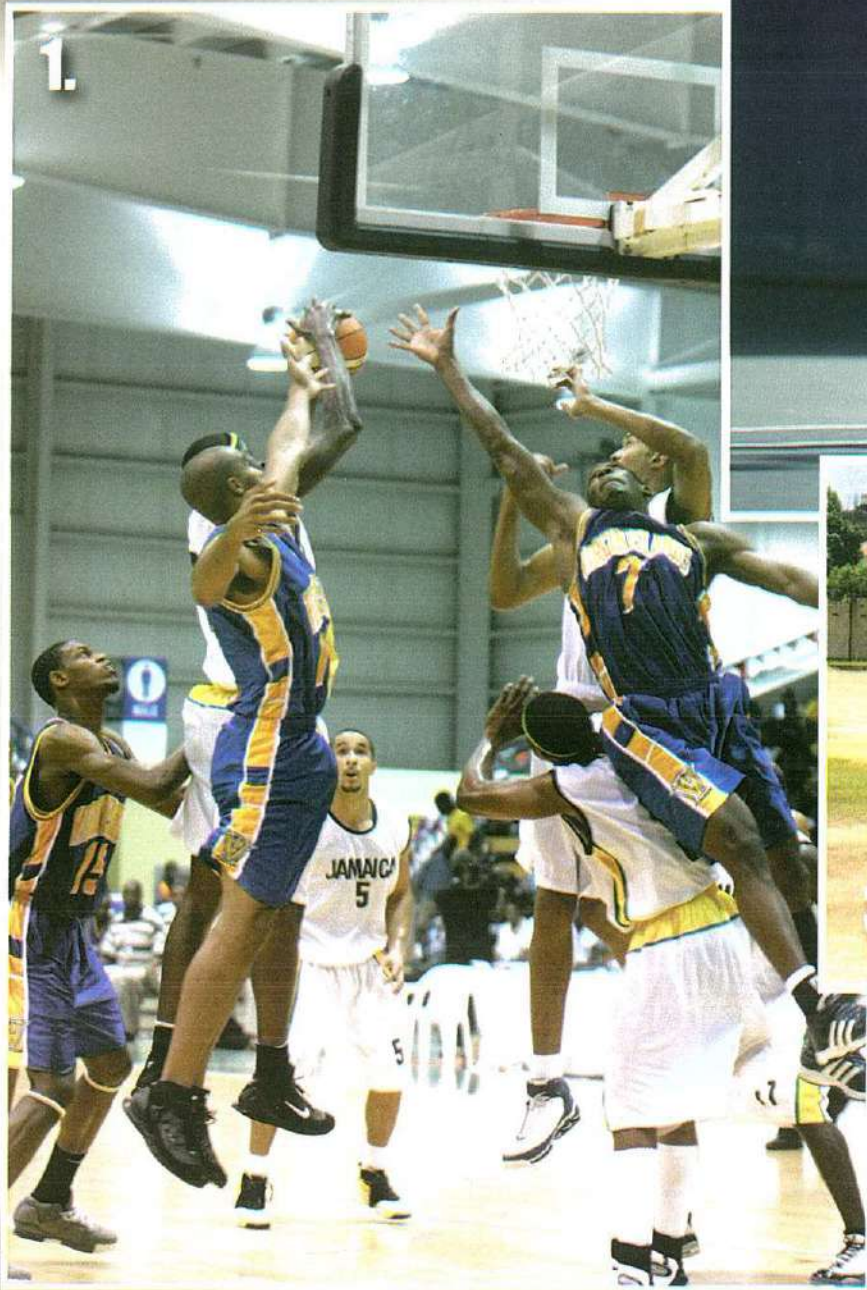
Such infrastructure enhancement, matched by our funding of National Sporting Associations, continue to be part of a national plan to encourage more Jamaicans to tap into sports as an avenue for personal and professional advancement. The investment of dedicated time and effort into developing individual skills, combined with a national commitment to making the attainment of a high health standard accessible to wide cross sections of the society, will contribute tangibly to national development through increased productivity and higher levels of prosperity, overall. ●



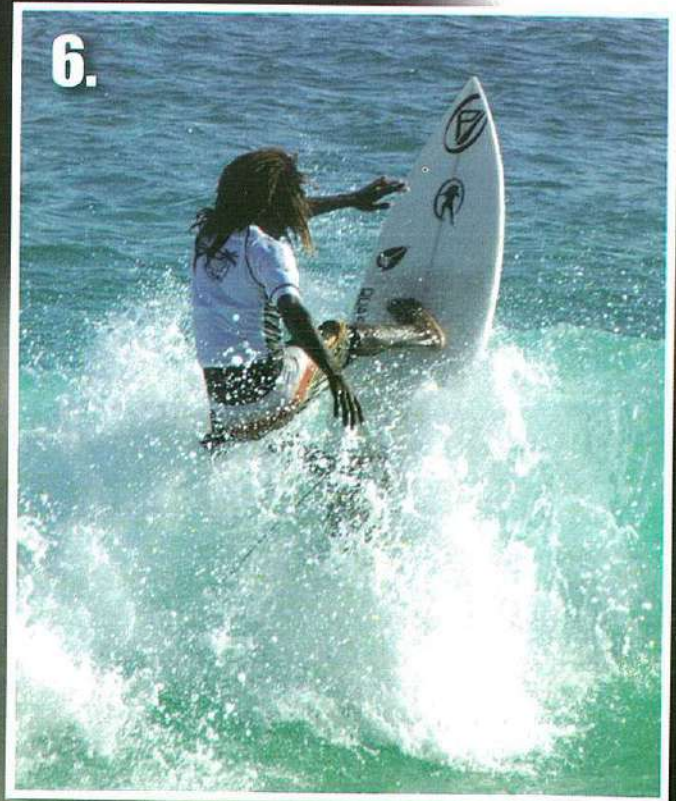
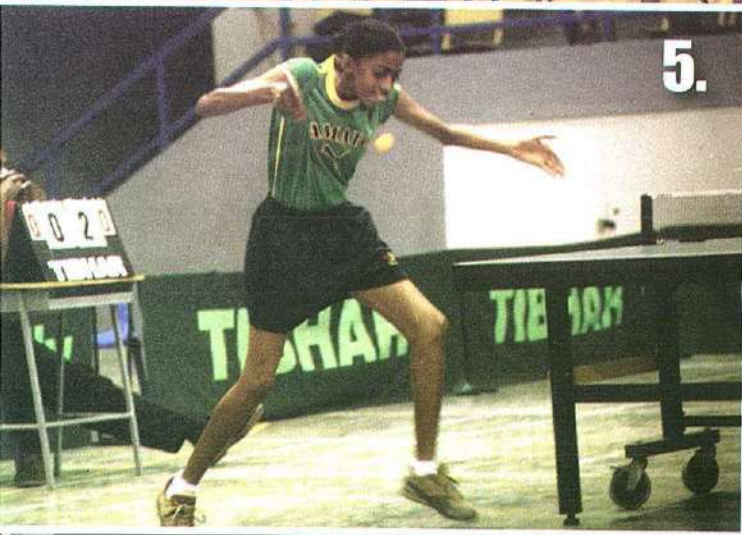
ASAFA POWELL &  
SHERRI-ANN BROOKS  
100M WINNERS AT THE  
COMMONWEALTH GAMES  
IN MELBOURNE, 2006



# Our Athletes







**Captions:**

1. The Jamaica Basketball Association's male and female teams won the 2006 Caribbean Basketball Titles.

2. A Tennis Jamaica player in competitive action

3. Scene from a match in the All Island Primary and All-Age cricket competition co-sponsored by the SDF.

4. Jamaica's Sunshine Girls pose for a team picture just before the start of a game

5. Jamaica's Yvonne Foster in Table Tennis action

6. Jamaica Surfing Association's Icah Wilmot at the 2006 Jupiter Beach Fall Classic in Florida. He placed 7th from 35 competitors.

# Board of Directors

**Howard Aris, O.D.,  
Chairman**



A Physical Therapist, he is currently the Executive Director of the National Council on Sports, where he is actively involved with the formulation of sports policy at the national level. He is the recipient of the Carreras Foundation Award and the International Association of Athletics Federation's (IAAF) veteran's pin for meritorious service. With 30 years experience in sports administration and development, he is a founding member of the Jamaica Association of Sports Medicine, a former Chairman of the Institute of Sports, a Director of the Jamaica Olympic Association and the IAAF High Performance Centre, as well as the President of the Jamaica Amateur Athletic Association Limited.

**Dr. Winston Dawes,  
C.D.**



Senior Medical Officer at the May Pen Hospital and a Past President of the Jamaica Football Federation, he has a long association with sports development and sports medicine in Jamaica. A former President of the Medical Association of Jamaica, he is currently President of the Jamaican Association of Sports Medicine, Chairman of the Board of Directors of the Institute of Sports, Member of the National Council on Sports and serves on the Medical Committee of CONCACAF. The Chairman of the G.C. Foster College of Physical Education and Sport since 1989, he has guided the growth of the institution and the introduction of its coaching and degree programmes.

**Michael Fennell, O.J.,  
C.D.**



A retired business executive and former National Representative for Water Polo, he has been serving as President of the Jamaica Olympic Association since 1977 and is a long serving member of the National Council on Sports. He was awarded the national honour of the Commander of the Order of Distinction in 1994 for his work in sports and industry, and in 2005 the Order of Jamaica for his service to sports. His leadership and contribution to sports in Jamaica have earned him several international positions. Currently, he is also President of the Commonwealth Games Federation, a position he has held since 1994, a Vice President of the Pan American Sports Organization, a member of the IOC Women in Sports Committee, and the IOC Programme Commission.

**Saleem Lazarus,  
J.P.**



A Sports Administrator, he is best known for his contribution to sports in the inner city of West Kingston. This former national representative in Sporting Clay Shooting is the Manager of the Tivoli Gardens football team. He brings his sporting background to the Board of the Sports Development Foundation and serves on the Allocations/Projects Committee. He is a Director of Dealaz Manufacturing Company Limited, a company engaged in paper processing.

**Molly Rhone,  
O.D**



An Information Technology professional, she is best known for her contribution to netball. The former national Vice-Captain served as President of the Jamaica Netball Association for 10 years, during which she guided the development of the Jamaica Netball Team and the work of the Association, promoting national recognition of the sport. A Director of the Jamaica Olympic Association and the G.C. Foster College of Physical Education and Sport, she is also President of the Americas Federation of Netball Associations. In 2003 she was elected President of the International Federation of Netball Associations, a position she still holds.

**Compton Rodney**



A Chartered Accountant, he is the Honourary Treasurer of the Jamaica Olympic Association and the Deputy Chairman of the Multicare Foundation. He also serves as the Registrar of the Public Accountancy Board and as Secretary/Treasurer of the American Chamber of Commerce.

**Keith Shervington,  
O.D., J.P.**



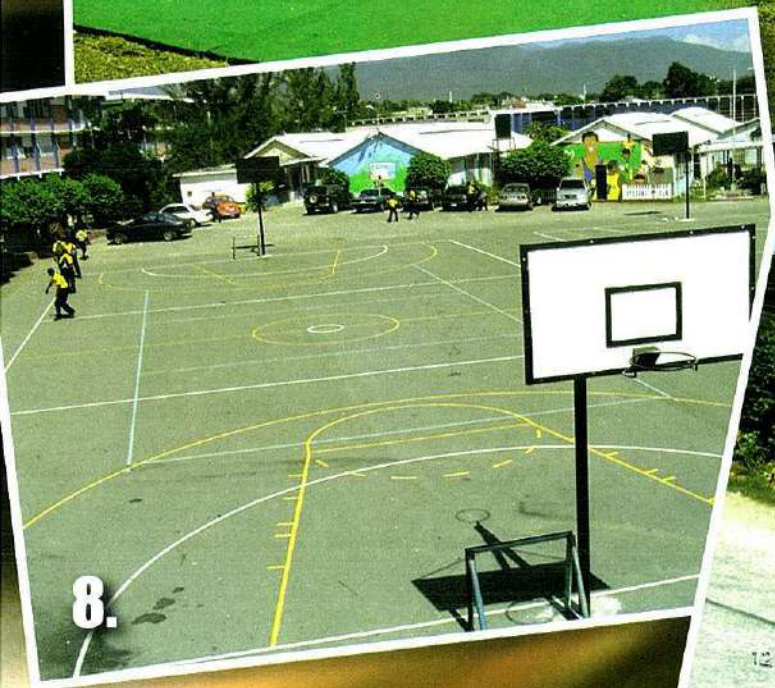
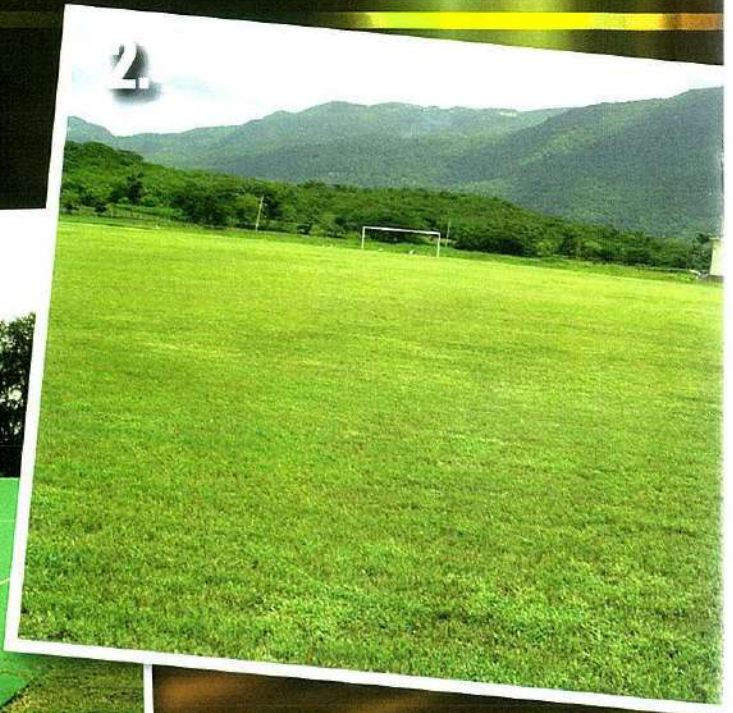
A well-recognized sports administrator, he is a life member of the Jamaica Olympic Association which he has served for more than 60 years, holding the post of Secretary General for some 27 of those years. He has accompanied many Jamaican teams to the Olympics and many other international games as Manager and Head of Delegation. A wrestler and weightlifter, he was the first person in Jamaica to be awarded the Olympic Order (Silver Grade) by the IOC, which has been conferred on only one other Jamaican. He was Chairman of the Sports Committee of the Commonwealth Games held in Jamaica in 1966, with responsibility for the nine sports.

**Emile Spence**



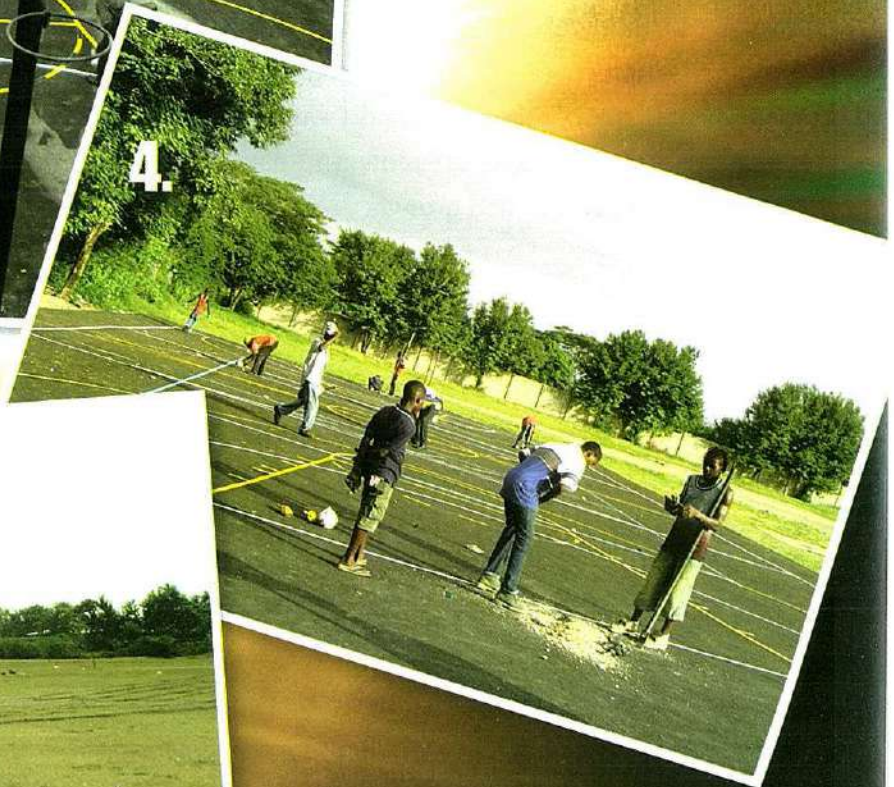
A Senior Executive in the Building Society sector, he has been associated with sports development for many years as an administrator and corporate sponsor. A member of the Jamaica Amateur Athletic Association's Finance Committee during the Road to Atlanta Olympic Campaign, he is the Vice President of the Kingston Cricket Club and a Member of the Marketing Committee of the Jamaica Football Federation. He is a Director of the Institute of Sports and a former Vice President of the Jamaica Men's Hockey Association.

# Featured Projects





3.



4.



5.



6.

**Captions:**

1. Astro Turf - Mona Hockey Field, Kingston
2. Playfield - Braes River, St. Elizabeth
3. Multipurpose Court - Black River High School, St. Elizabeth
4. Multipurpose Court - Horizon Park All-Age School, Spanish Town, St. Catherine
5. Playfield - Four Paths, Clarendon
6. Multipurpose Court - Holy Family School, Central Kingston
7. Multipurpose Court - Rose Hall Community Centre, Montego Bay, St. James
8. Multipurpose Courts - Denham Town High School

# CHAIRMAN'S MESSAGE

In pursuit of fulfilling our mandate to contribute to the development of our nation through sport, we have been able to prioritize our support within the context of our resources, while attempting to plan for future sports development and growth.

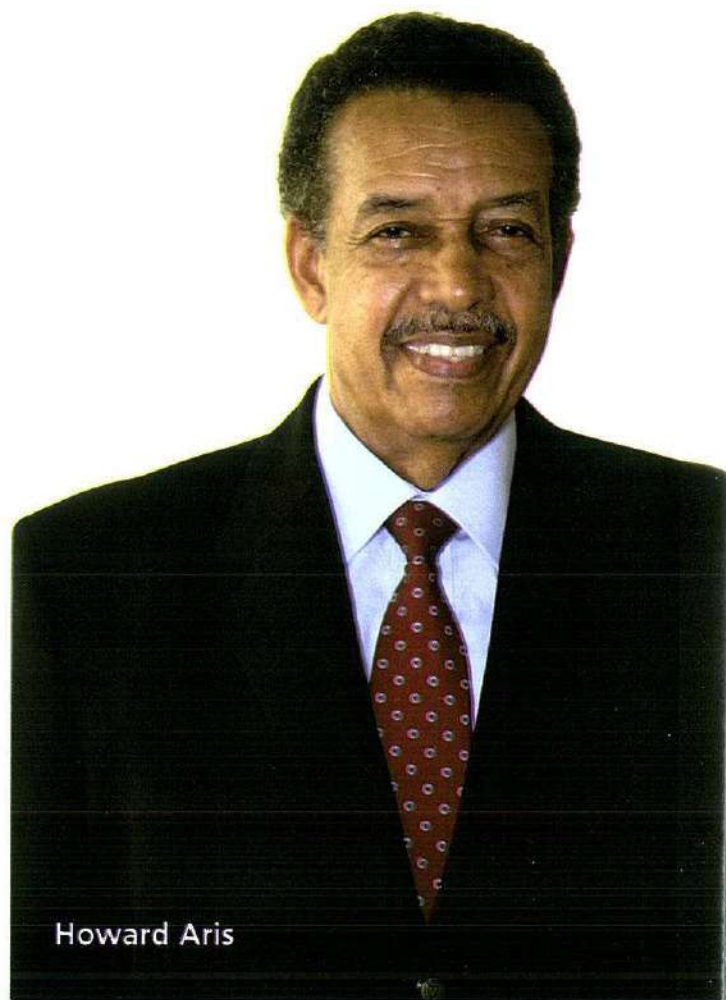
During 2006, which marked the start of the second decade of operation of the SDF, we continued to build on what is already a proud record of achievement by disbursing some \$247 million towards infrastructure development, national associations and government agencies, as well as making allocations for special projects. It is our belief that we have created an avenue for sports infrastructure and the development of technical and administrative capabilities which are integral elements that contribute to the continued high-level performances of our sportsmen and sportswomen.

We would not wish to give the impression that we have been able to meet the majority of the requests received from the various sporting areas. There are numerous projects in excess of \$100 million dollars which cannot be funded. Therefore, as we look to the future, fully recognizing the value of sports in nation building, it is our hope that additional funds will be made available to the SDF.

I would like to thank my fellow directors and staff at the SDF for their continued commitment, dedication and support in ensuring that we achieve our objectives within our capabilities.



Howard Aris, Chairman



Howard Aris

*The great value of sport is that it teaches us to recognize the difference between winning and striving for excellence – the better but much harder achievement.*

# GENERAL MANAGER'S REPORT

The year under review saw the Sports Development Foundation (SDF) once again making significant contributions toward fulfilling our mandate to contribute to the development of the nation, through sport. This is despite limitations caused by the fact that the funding the SDF receives is able to satisfy only about 35% of the development needs in the sports sector. Notwithstanding, the Foundation was able, during 2006, to fund the construction of 25 multi-purpose courts, to complete four playfields and take another three to various stages of completion, and to undertake work on several other fields – inclusive of providing fencing for ten properties, installing a well and irrigation system on a playfield and erecting seating and lights at others.

## Selection of Projects

As usual, projects were selected on the bases of requests and needs, while ensuring that there was equitable distribution of benefits throughout the country. Four facilities, including three multi-purpose courts, were constructed in St. Elizabeth and six were constructed in Kingston & St. Andrew. Clarendon and St. Catherine each received three; St. James, Hanover and St. Mary each received two; Portland got one. At the end of the year under review, work was in progress on fields in Portland and Manchester. A total of \$82.5M was spent on the various infrastructural projects that have been enumerated above. However, the level of funding avail-



Ludlow Watts

able to the SDF meant that we were not able to fully satisfy the needs of the country, especially in providing major regional facilities.

## National Associations

In 2006, 38 national associations benefited from funding from the SDF. The sum of \$65.7M was disbursed to National Associations to assist in various aspects of their operations. These ranged

## Partnerships

from assisting with development programmes (inclusive of identifying and training administrators and coaches) to funding participation of athletes in competitions/championships, and assisting the organizations in meeting their operating expenses. Funding is apportioned on the bases of participation, impact, development and achievement.

### **Contributions to Institutional Partners/ Government Agencies**

During 2006, the SDF disbursed \$55.6M to the Institute of Sports (INSPORTS), Social Development Commission (SDC) and G.C. Foster College of Physical Education and Sport.

The Institute of Sports is engaged in organizing and funding primary schools and regional competitions, with emphasis on the major sports – cricket, football, netball, basketball and track and field athletics. INSPORTS also promotes coaching programmes in a variety of sports at all levels throughout the country. Our contribution to this entity was \$41.2M.

The SDF contributed some \$7.6M to the SDC, the government entity which focuses on community sports activities – particularly in inner city areas. The SDF's contribution was in keeping with our commitment and support for community development.

It is significant that G.C. Foster College of Physical Education and Sport, to which the SDF disbursed \$6.77M in 2006, has produced the majority of highly-successful coaches who are now sharing their talents in schools, clubs and communities across Jamaica. The consistent improvement in the competitiveness

of rural athletes who participate in basketball, track & field, cricket and football is testimony to the value that these trained sports personnel are adding to Jamaica's sports landscape. Many of our national coaches, especially in track & field athletics, are products of this institution which is the only one of its kind in the English-speaking Caribbean.

### **Athlete's Welfare**

The Sports Development Foundation contributed \$4.5M to the Athlete's Welfare Fund. The use of these funds varies from training grants, to assisting in covering the medical expenses of injured athletes.

### **Youth Development**

In addition to the support that the SDF provided for Jamaica's youth through major funding for projects undertaken by the Institute of Sports, the Foundation also made \$2M available for the staging of the All-Island Primary Schools Cricket competition, as well as \$.75M in support of the All-Island Primary Track & Field championships.

### **Major Projects**

#### ***Railway Oval (Kingston)***

*This was the final portion – involving the installation of seating at a cost of \$2.8M – of a 4-year, \$15M project which also included constructing and fencing the field, erecting lighting and installing an irrigation system.*

#### ***St. Richards Primary School (Kingston)***

*This \$3.5M project involved the erection of a multi-purpose court and upgrading the playfield.*



### **Four Paths Community Centre (Clarendon)**

Completed at a cost of \$6.7M, this project included a fenced multi-purpose court and field, as well as fencing of the compound.

### **Braes River (St. Elizabeth)**

SDF funding led to fencing and upgrading of this field. The sum of \$3.3M spent in 2006 was the final portion of a \$5.2M project.

### **Total Expenditure for 2006**

Our total expenditure of \$240.9M comprised:

	\$M
Projects	82.5
National Associations	65.7
Government Agencies	55.6
Athlete's Welfare	4.5
Special Projects	32.6
<b>Total</b>	<b>240.9</b>

### **The Future**

The SDF shall expand our promotional efforts to create greater awareness of our activities, while continuing to complete and hand over facilities on a timely basis. We have redesigned our signs and, commencing in 2007, we shall be installing these at all newly-constructed facilities and at selected, existing locations. During the 2007/2008 period, we shall undertake a major project which may involve completing and/or enhancing the regional complexes or erecting a new facility. We shall also actively

seek an increase in our level of funding to satisfy the several requests held in abeyance, pending the availability of funds.

### **Staff**

The Sports Development Foundation's staff complement of 13 is organized in four divisions:

#### ● **The Office of the General Manager**

This comprises the General Manager and the Administrative Assistant. Reporting directly to the Board of Directors, the General Manager's role is to coordinate the activities of Projects, Accounting and Administration and Association Services to ensure efficient delivery of services.

#### ● **Accounting and Administration**

This comprises a staff complement of six persons to manage the daily operations of the organization.

#### ● **Projects**

The Projects Department comprises a Project Manager, two Project Officers and a Secretary. They assess project proposals and liaise with suppliers, contractors and engineers to determine the suitability of facilities for specific areas and to establish construction costs. They also monitor work-in-progress and conduct periodic visits, after construction, to ensure that facilities are being properly maintained.

#### ● **Association Services**

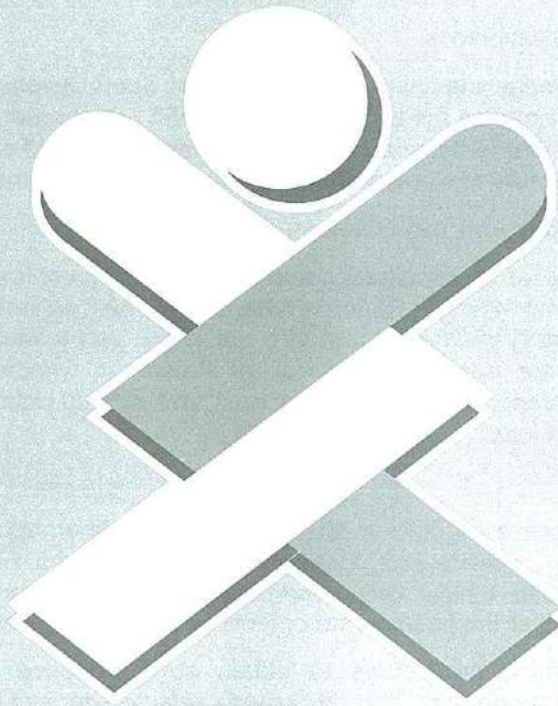
The Foundation also provides facilities for sports associations to conduct meetings and assists them in aspects of their planning activities. Additionally, the Association Services Officer analyses the annual development plans of the various associations and conducts annual reviews of their operations. ●

# Our Staff



**Front Row, L-R** - Charmaine Hanson, Financial Controller; Corinne Clarke, Association Services Officer; Ludlow Watts, General Manager; Deloris Thomas, Office Attendant; Milton Scott, Accounting Officer; Andrea Williams, Secretary, Projects Department

**Back Row, L-R** - Devon Raffington, Bearer/Driver; Andrew Pearson, Project Officer; Marion Russell, Administrative Assistant to General Manager; Joy Davis, Receptionist; Ewan Fowler, Caretaker; Donald McNaughton, Project Officer



**Sports Development Foundation**

(A Company Limited by Guarantee)

**Financial Statements**  
**31 December 2006**

## **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 22 to 40, which comprise the balance sheet as of 31 December 2006 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 company as of 31 December 2006 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.

*PricewaterhouseCoopers*

Chartered Accountants

4 July 2007

Kingston, Jamaica

# Sports Development Foundation

(a company limited by guarantee)

## Statement of Changes in Sports Development Fund

Year ended 31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2006 \$'000	2005 \$'000
Contributions from Culture Health Arts Sports and Education Fund for the year		312,823	251,661
Additional contributions from Culture Health Arts Sports and Education Fund	12	99,144	-
Income from Jamaica International Track Meet		40	11,041
Investment income		10,600	9,182
Other income		1,926	11,029
		<u>424,533</u>	<u>282,913</u>
Less: Disbursements	5	(246,738)	(224,216)
Administration Expenses		<u>(41,104)</u>	<u>(26,725)</u>
<b>SURPLUS FOR YEAR</b>		<u><u>136,691</u></u>	<u><u>31,972</u></u>

# Sports Development Foundation

(a company limited by guarantee)

## Balance Sheet

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

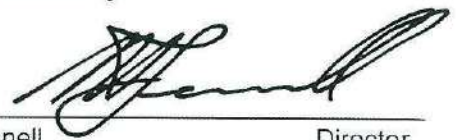
	Note	2006 \$'000	2005 \$'000
<b>Non-Current Assets</b>			
Intangible assets	8	178	254
Property, plant and equipment	9	27,987	26,764
Investment securities	10	16,760	19,931
Long term receivable	11	16,000	16,000
<b>Current Assets</b>			
Accounts receivable - Due from the Culture Health Arts Sports and Education Fund	12	110,828	-
Other accounts receivable and prepayments	13	5,291	2,340
Taxation recoverable		4,139	2,547
Cash and cash equivalents	14	86,284	64,057
		206,542	68,944
<b>Current Liabilities</b>			
Accounts payable and accrued charges		6,147	7,264
		6,147	7,264
<b>Net Current Assets</b>			
		200,395	61,680
		261,320	124,629
<b>Financed By</b>			
Sports Development Fund	15	261,320	124,629

Approved for issue by the Board of Directors on 4 July 2007 and signed on its behalf by:



Howard Aris

Director



Michael Fennell

Director

# Sports Development Foundation

(a company limited by guarantee)

## Statement of Changes in Funds

**Year ended 31 December 2006**

(expressed in Jamaican dollars unless otherwise indicated)

	Sport Development Fund \$'000	Total \$'000
Balance as at 1 January 2005	92,657	92,657
Surplus for year	31,972	31,972
<b>Balance at 31 December 2005</b>	<b>124,629</b>	<b>124,629</b>
Surplus for year	136,691	136,691
<b>Balance at 31 December 2006</b>	<b>261,320</b>	<b>261,320</b>



# Sports Development Foundation

(a company limited by guarantee)

## Statement of Cash Flows

Year ended 31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

	2006 \$'000	2005 \$'000
<b>Cash Flows from Operating Activities</b>		
Surplus for year	136,691	31,972
Adjustments:		
Investment income	(10,600)	(9,182)
Exchange gain on foreign balances	(10)	(41)
Gain on sale of fixed assets	(677)	-
Depreciation and amortisation	2,247	1,659
	<u>127,651</u>	<u>24,408</u>
Changes in operating assets and liabilities:		
Due from Culture Health Arts Sports and Education Fund	(110,828)	2,991
Other accounts receivable and prepayments	(2,951)	(1,956)
Taxation recoverable	(1,592)	(596)
Accounts payable and accrued charges	(1,117)	57
Cash provided by operating activities	<u>11,163</u>	<u>24,904</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of property, plant and equipment	677	-
Purchase of property, plant and equipment	(3,377)	(3,575)
Purchase of intangible assets	(17)	(47)
Investment income received	10,967	8,731
Investment securities (net)	2,804	(10,347)
Cash provided by/(used in) investing activities	<u>11,054</u>	<u>(5,238)</u>
Increase in cash and cash equivalents	22,217	19,666
Effects of exchange rate changes on cash and cash equivalents	10	41
Cash and cash equivalents at beginning of year	<u>64,057</u>	<u>44,350</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 13)</b>	<u><u>86,284</u></u>	<u><u>64,057</u></u>

# Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

**31 December 2006**

(expressed in Jamaican dollars unless otherwise indicated)

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## 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.

Up to 31 December 2002, the Foundation received its funding from the Jamaica Lottery Company (JLC), in accordance with the terms of a special license granted by the Government of Jamaica for lottery games' operations.

As of 1 January 2003, the Government of Jamaica changed the source of funding of the Foundation with the incorporation of the Culture Health Arts Sports and Education Fund (Chase Fund). The Chase Fund is the recipient of 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 management's best knowledge of current events and actions, 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.

### *Interpretations and amendments to published accounting standards effective in 2006*

Certain interpretations and amendments to existing standards that became effective during the current financial year have been published. The Foundation has assessed the relevance of the following new interpretations and amendments, and has determined that they are not relevant to its operations.

- IAS 19 (Amendment) Employee Benefits
- IAS 21 (Amendment) Net Investment in a Foreign Operation
- IAS 39 (Amendment) Cash Flow Hedge Accounting of Forecast Intragroup Transactions
- IAS 39 (Amendment) The Fair Value Option
- IAS 39 and IFRS 4 (Amendment) Financial Guarantee Contracts
- IFRS 1 (Amendment) First-time Adoption of International Financial Reporting Standards and IFRS 6 Exploration for and Evaluation of Mineral Resources
- IFRS 6 Exploration for and Evaluation of Mineral Resources
- IFRIC 4 Determining whether an Arrangement contains a Lease
- IFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IFRIC 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

# Sports Development Foundation

(a company limited by guarantee)

Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (Continued)

### (a) Basis of preparation (Continued)

#### ***Standards, interpretations and amendments to published accounting 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 were not yet 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 not be relevant to its operations:

- IFRS 7, Financial instrument; Disclosure and a complementary Amended to IAS 1, presentation of financial statements – Capital Disclosure (effective 15 January 2007).
- IFRS 8, Operating segment (effective for annual periods beginning on or after 1 January 2009).
- IFRIC 7, Applying the Restatement Approach under IAS 29, Financial Reporting in Hyper Inflationary Economies (effective from 1 March 2006).
- IFRIC 8, Scope of IFRS 2 (effective for annual periods beginning on or after 1 May 2006).
- IFRIC 9, Reassessment of Embedded Derivatives (effective for annual periods beginning on or after 1 June 2006).
- IFRIC 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006).
- IFRIC 11, IFRS 2 - Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007).
- IFRIC 12 Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008).

### (b) Foreign currency translation

Foreign currency transactions are converted into Jamaican dollars at appropriate rates of exchange ruling on transaction dates. Assets and liabilities denominated in foreign currencies are converted at appropriate rates ruling on the balance sheet date. Gains and losses arising from fluctuations in exchange rates are reflected in the Sports Development Fund.

### (c) Sports Development Fund

Contributions received from the Culture Health Arts Sports and Education Fund (the 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

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.

# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

#### (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, other accounts receivable and prepayments and amounts due from Culture Health Arts Sports and Education Fund 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 from equity and recognised in the income statement.

##### **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 accounts payable 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).

# Sports Development Foundation

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## Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

#### (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%

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 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. 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.

# Sports Development Foundation

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Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (Continued)

### (k) Other accounts receivable and prepayments

Other accounts receivable and prepayments 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 company 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) Accounts payable and accrued charges

Accounts payable 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.

## 3. Financial Risk Management

The Foundation's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk and cash flow interest rate 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

Management seeks to minimise potential adverse effects on the financial performance of the Foundation by applying procedures to identify, evaluate and manage these risks based on guidelines set by the Board of Directors.

### (a) Financial risk factors

#### (i) Market risk

##### *Currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from recognised assets and liabilities. The balance sheet at 31 December 2006 include aggregate net foreign assets of approximately US\$10,643 (2005 – US\$3,530) in respect of such transactions.

The Foundation manages its foreign exchange risk by ensuring that the net exposure to foreign currency assets and liabilities is kept to an acceptable level by monitoring currency positions.

# Sports Development Foundation

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Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

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## 3. Financial Risk Management (Continued)

### (a) Financial risk factors (Continued)

#### (i) Market risk (continued)

##### *Price risk*

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. At 31 December 2006, the Foundation had no significant exposure to such risks.

#### (ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Foundation has no significant concentrations of credit risk due to the nature of its receivables. Cash transactions are limited to high credit quality financial institutions. The Foundation has policies that limit the amount of credit exposure to any financial institution.

#### (iii) Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Financial assets subject to interest rate risk include investment securities and cash and cash equivalents as discussed in Notes 10 and 13.

#### (iv) Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in raising funds to meet commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The management of the Foundation aims at maintaining flexibility in funding by maintaining adequate cash and marketable securities and keeping committed lines of credit available.

# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (b) Fair value estimation

Fair value represents estimates of "arms length" consideration that would be currently agreed between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market price, if one exists.

The amounts included in the financial statements for cash and cash equivalents, investment securities, amounts due from Culture Health Arts Sports and Education Fund, other accounts receivable and prepayments and accounts payable and accrued charges reflect their approximate fair values because of the short-term maturity of these instruments.

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

	2006		2005	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
Long term receivable	16,000	12,846	16,000	11,181

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.

### 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

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## Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

### 5. Disbursements

	2006	2005
	\$'000	\$'000
<b>Construction of:</b>		
Buildings	2,240	503
Equipment	678	546
Fences/walls	7,450	4,331
Field upgrading	26,865	8,811
Lights	5,790	6,714
Multi-purpose courts	35,948	33,616
Seating facilities	3,561	1,200
	<u>82,532</u>	<u>55,721</u>
<b>Grants to National Associations</b>		
Amateur Swimming Association of Jamaica	2,579	1,920
Equestrian Federation of Jamaica	208	180
International Association of Athletics Federations High Performance Centre	540	180
Jamaica Amateur Athletic Association	3,756	3,240
Jamaica Amateur Basketball Association	7,166	2,040
Jamaica Amateur Bodybuilding & Fitness Association	578	240
Jamaica Association of Sports Medicine	418	360
Jamaica Badminton Association	1,422	1,640
Jamaica Bobsleigh Federation	557	480
Jamaica Boxing Board of Control	1,000	970
Jamaica Chess Federation	280	60
Jamaica Cricket Association	8,961	8,000
Jamaica Cycling Federation	831	600
Jamaica Football Federation	17,919	15,360
Jamaica Golf Association	696	600
Balance carried forward to next page	<u>46,911</u>	<u>35,870</u>

# Sports Development Foundation

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Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

## 5. Disbursements (Continued)

	2006 \$'000	2005 \$'000
<b>Grants to National Associations (Continued)</b>		
Balance brought forward from previous page	46,911	35,870
Jamaica Gymnastics Association	626	540
Jamaica Hockey Federation	1,512	1,450
Jamaica Intercollegiate Sports Association	180	60
Jamaica Netball Association	5,011	6,302
Jamaica Paraplegic Association	974	840
Jamaica Racing Commission	-	200
Jamaica Rifle Association	180	260
Jamaica Rugby Union	982	618
Jamaica Skeet Club	180	60
Jamaica Ski Federation	180	60
Jamaica Softball Association	258	280
Jamaica Squash Association	208	180
Jamaica Surfing Association	830	740
Jamaica Table Tennis Association	1,094	1,278
Jamaica Tae Kwon Do Association	139	120
Jamaica Triathlon Association	60	30
Jamaica Visually Impaired Cricket Association	694	240
Jamaica Volleyball Association	1,503	2,710
Jamaica Women's Cricket Association	398	1,300
National Association of Domino Bodies	180	60
Special Olympics Foundation	1,810	1,560
Tennis Jamaica	1,810	1,860
	<u>65,720</u>	<u>56,618</u>
<b>Grants to Government Agencies</b>		
G. C. Foster College	6,771	5,040
Institute of Sports	41,267	39,878
Social Development Commission	7,603	7,370
	<u>55,641</u>	<u>52,288</u>
<b>Grants to Special Projects</b>		
Cricket World Cup 2007	-	2,991
Cricket World Cup 2007 Liaison Project	4,298	4,691
Jamaica Invitational Track Meet	24,761	39,227
Sports Research Project	3,495	-
	<u>32,554</u>	<u>46,909</u>

# Sports Development Foundation

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## Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

### 5. Disbursements (Continued)

	2006	2005
	\$'000	\$'000
<b>Other Grants:</b>		
Special Allocation (Grants made through the Ministry of Sports)	5,838	8,031
Athletes' Welfare Fund	4,453	4,649
	<u>10,291</u>	<u>12,680</u>
<b>Total Disbursements</b>	<u>246,738</u>	<u>224,216</u>

### 6. Expenses by Nature

Total disbursements and administration expenses:

	2006	2005
	\$'000	\$'000
Advertising and promotion	1,898	433
Audit fees	750	720
Depreciation and amortisation	2,247	1,659
Directors' expenses	938	885
Foreign travel	2,086	149
Insurance	736	634
Legal and professional fees	1,127	387
Motor vehicle expense	723	1,372
Other expenses	1,389	1,024
Project disbursements (Note 5)	246,738	224,216
Repairs and maintenance	1,465	870
Security	1,297	1,212
Staff costs (Note 7)	24,960	16,061
Utilities	1,488	1,319
	<u>287,842</u>	<u>250,941</u>

# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

### 7. Staff Costs

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	12,567	11,689
Payroll taxes – employer's portion	1,227	1,188
Pension contributions (Note 17)	7,294	480
Others (Health, Uniform and Welfare)	3,872	2,704
	<u>24,960</u>	<u>16,061</u>

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

	<b>2006</b>	<b>2005</b>
	<b>No.</b>	<b>No.</b>
Full-time	<u>12</u>	<u>12</u>

### 8. Intangible assets

	<b>Computer Software \$'000</b>
At Cost -	
1 January 2005	400
Additions	<u>47</u>
31 December 2005	447
Additions	<u>17</u>
31 December 2006	<u>464</u>
Amortisation -	
1 January 2005	104
Amortisation for the year	<u>89</u>
31 December 2005	193
Amortisation for the year	<u>93</u>
31 December 2006	<u>286</u>
Net Book Value -	
31 December 2006	<u>178</u>
31 December 2005	<u>254</u>

# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

**31 December 2006**

(expressed in Jamaican dollars unless otherwise indicated)

### 9. Property, Plant and Equipment

	Computers	Office Furniture and Equipment	Motor Vehicles	Buildings	Land	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At Cost -						
At 1 January 2004	1,232	5,352	5,042	14,265	10,572	36,463
Additions	130	1,207	2,238	-	-	3,575
Disposals	-	-	(2,045)	-	-	(2,045)
At 31 December 2005	1,362	6,559	5,235	14,265	10,572	37,993
Additions	38	925	2,414	-	-	3,377
Disposals	(19)	-	(2,746)	-	-	(2,765)
At 31 December 2006	1,381	7,484	4,903	14,265	10,572	38,605
Depreciation -						
At 1 January 2004	523	3,541	4,783	2,857	-	11,704
Charge for the year	222	632	359	357	-	1,570
Relieved on disposals	-	-	(2,045)	-	-	(2,045)
At 31 December 2005	745	4,173	3,097	3,214	-	11,229
Charge for the year	209	689	899	357	-	2,154
Relieved on disposals	(19)	-	(2,746)	-	-	(2,765)
At 31 December 2006	935	4,862	1,250	3,571	-	10,618
Net Book Value -						
31 December 2006	446	2,622	3,653	10,694	10,572	27,987
31 December 2005	617	2,386	2,138	11,051	10,572	26,764

# Sports Development Foundation

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## Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

### 10. Investment Securities

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

These repurchase agreements are held as follows:

	2006	2005
	\$'000	\$'000
Pan Caribbean Financial Services Limited -		
Government of Jamaica instruments – 12% - 14% (2005 – 13% - 17%)	43,206	44,370
JN Fund Managers Limited -		
Government of Jamaica LRS – 12% (2005 – 13%)	35,742	29,820
Accrued Interest	745	1,236
	<u>79,693</u>	<u>75,426</u>
Transferred to cash and cash equivalents (Note 13)	<u>62,933</u>	<u>(55,495)</u>
	<u>16,760</u>	<u>19,931</u>

### 11. Long Term Receivable

This represents a loan to the Jamaica Cricket Association to assist in funding the Jamaican portion of Cricket World Cup 2007 which is being held in the West Indies. The amount is repayable on the 31 December 2008 and is interest free if repaid by the specified period.

### 12. Accounts Receivable - Due from the Culture Health Arts Sports and Education Fund

Included in the amount of \$110,828,000 due from Culture Health Arts Sports and Education Fund (Chase Fund) is \$99,144,000 unpaid by the Chase Fund for the period January 2003 to December 31, 2006. This entire amount is reflected in the Statement of Changes in Sports Development Fund as additional contributions from Culture Health Arts Sports and Education Fund in the current year.

### 13. Other Accounts Receivable and Prepayments

	2006	2005
	\$'000	\$'000
Deposit on property, plant and equipment	4,523	-
Jamaica Football Federation	-	1,279
Prepayment	294	297
Other	474	764
	<u>5,291</u>	<u>2,340</u>

The amount due from the Jamaica Football Federation represents advance payment of their 2006 grant from the Foundation.

# Sports Development Foundation

(a company limited by guarantee)

## Notes to the Financial Statements

31 December 2006

(expressed in Jamaican dollars unless otherwise indicated)

### 14. Cash and Cash Equivalents

	2006 \$'000	2005 \$'000
Cash at bank and in hand	23,351	8,562
Investment securities with original maturities of 3 months or less (Note 10)	62,933	55,495
	<u>86,284</u>	<u>64,057</u>

Included in investment securities with original maturities of 3 months or less is interest receivable of \$380,000 (2005 - \$504,000). Cash at bank includes \$18,000,000 reserved for the purchase of property (Note 19).

### 15. 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.

### 16. Related Party Transactions

The following transactions were carried out with related parties:

#### Key management compensation

	2006 \$'000	2005 \$'000
Salaries and other short-term employee benefits	4,540	3,586
Payroll taxes – employer's portion	429	340
Pension	1,672	93
	<u>6,641</u>	<u>4,019</u>
Directors' emoluments -		
Fees	<u>938</u>	<u>885</u>

### 17. Taxation

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

# Sports Development Foundation

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## Notes to the Financial Statements

**31 December 2006**

(expressed in Jamaican dollars unless otherwise indicated)

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### 18. 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 \$7,294,000 (2005 - \$480,000) in the current year.

As the pension scheme became operational after the majority of the current employees joined the Foundation, the Board of Directors of the Foundation took a decision during the year to include the prior service of these employees as pensionable service. The additional contributions in respect of this prior service, which amounted to \$6,854,000, was made to the fund during the year.

### 19. Capital Commitment

Capital expenditure contracted for at the balance sheet date, but not recognised in these financial statements, is as follows:

	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Purchase of property	<u>18,000</u>	<u>-</u>





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