
PART II

AUDITED ACCOUNTS

INTERNATIONAL SAILING FEDERATION LIMITED
(Incorporated as a company limited by guarantee and not having a share capital)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDING 31 DECEMBER 2002

Company Number (IOM): 79772



DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 31 December 2002.

REVIEW OF THE BUSINESS

The company is the controlling authority of the sport of sailing in all its forms throughout the world. It is also involved in protecting and promoting the use of International Sailing Classes.

RESULTS FOR THE YEAR

The results for the year are set out on page 4.

DIRECTORS

The directors of the company during the year are shown below:

Paul Henderson
Göran Petersson
George Andreadis
Fernando Bolin
David Kellett
Nucci Novi Ceppellini
Kenneth Ryan
James Schoonmaker
Brian Southcott
Fiona Barron
Ken Ellis
Dierk Thomsen
George Wossala
Kamen Fillyov
Tomasz Holc
Jean-Pierre Champion
Sergio Gaibisso
Zvi Ziblat
Arturo Delgado
Sadi Claeys
Kim Andersen
Bjorn Unger
Alexander Sobolev
Saeed Hareb
Yasuo Hozumi
Heebum Kwon
Teo Ping Low
Joe Butterfield
David Tillett
Maximo Riveiro Kelly
Harry Adler
Jane Moon
Eric Tulla
Charles Cook
David Irish
Stephen Tupper
Ross Robson

DIRECTORS' RESPONSIBILITIES STATEMENT

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the company and the group for that period. In preparing those financial statements, the directors are required to;

- ◆ select suitable accounting policies and then apply them consistently,
- ◆ make judgements and estimates that are reasonable and prudent,
- ◆ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Acts 1931 to 1993. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

A resolution re-appointing haysmacintyre will be proposed at the AGM in accordance with S385(2) of the Companies Act 1985.

BY ORDER OF THE BOARD

A SUNDHEIM
Secretary

3rd Floor
Celtic House
Victoria Street
Douglas
Isle of Man
IM1 2SJ
25 May 2003



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERNATIONAL SAILING FEDERATION LIMITED

We have audited the financial statements of International Sailing Federation Limited for the year ended 31 December 2002 which comprise the Consolidated Income and Expenditure Account, the Consolidated and Parent Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Act 1931 - 1993. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Acts 1931 to 1993. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the

implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of affairs of the company and the group as at 31 December 2002 and of the deficit for the year then ended and have been properly prepared in accordance with the Act 1931 - 1993.

haysmacintyre	Southampton House
Chartered Accountants	317 High Holborn
Registered Auditors	London
	WC1V 7NL

25 May 2003



CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

		2002	2001
	Note	£	£
INCOME			
Subscriptions, fees, and marketing rights		1,252,842	678,344
Sundry Olympic receipts		24,561	26,173
		<u>1,277,403</u>	<u>704,517</u>
DIRECT COSTS		635,312	274,900
OLYMPIC COSTS		53,278	32,165
ADMINISTRATIVE EXPENSES		1,124,164	1,017,016
		<u>(535,351)</u>	<u>(619,564)</u>
OPERATING DEFICIT			
OTHER INCOME	2	88,923	144,950
		<u>(446,428)</u>	<u>(474,614)</u>
DEFICIT BEFORE TAXATION	3		
TAXATION CHARGE	4	(12,323)	(6,350)
		<u>(458,751)</u>	<u>(480,964)</u>
DEFICIT FOR THE YEAR			
Transfer from Olympic Revenue Fund		738,515	738,515
Reserves brought forward		1,248,670	991,119
		<u>£1,528,434</u>	<u>£1,248,670</u>
RESERVES CARRIED FORWARD			
Dealt with in the financial statements of :			
Parent company		(495,776)	(515,061)
Subsidiary company		37,025	34,097
		<u>£(458,751)</u>	<u>£(480,964)</u>

Turnover and operating deficit are derived solely from continuing activities.

All recognised gains and losses are included in the profit and loss account.

A separate movement of shareholders' funds statement has not been provided since there are no movements other than the retained deficit for the current period.



CONSOLIDATED BALANCE SHEET

		2002		2001	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	6		110,328		116,020
CURRENT ASSETS					
Debtors	7	139,386		174,802	
Cash on deposit	8	2,433,609		2,499,465	
Cash at bank and in hand		388,177		165,877	
		<u>2,961,172</u>		<u>2,840,144</u>	
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR					
	9	(692,183)		(200,465)	
NET CURRENT ASSETS					
			<u>2,268,989</u>		<u>2,639,679</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			2,379,317		2,755,699
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR					
	10		(106,739)		(30,000)
PROVISION FOR LIABILITIES AND CHARGES					
	11		(5,630)		-
NET ASSETS					
			<u>£2,266,948</u>		<u>£2,725,699</u>
MEMBERS' FUNDS					
Accumulated fund	18		1,528,434		1,248,670
Olympic Revenue Fund	18		738,514		1,477,029
			<u>£2,266,948</u>		<u>£2,725,699</u>

Approved by the Council on 25 May 2003 and signed on its behalf by :-

PAUL HENDERSON

President



PARENT BALANCE SHEET

		2002		2001	
	Note	£	£	£	£
CURRENT ASSETS					
Debtors	7	111,784		128,733	
Cash on deposit	8	2,433,609		2,499,465	
Cash at bank and in hand		382,475		162,319	
		<u>2,927,868</u>		<u>2,790,517</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(633,653)</u>		<u>(147,258)</u>	
NET CURRENT ASSETS			<u>2,294,215</u>		<u>2,643,259</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			2,294,215		2,643,259
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	10		<u>(106,739)</u>		<u>(30,000)</u>
NET ASSETS			<u>£2,187,476</u>		<u>£2,613,259</u>
MEMBERS' FUNDS					
Accumulated fund			1,448,962		1,136,230
Olympic Revenue Fund			738,514		1,477,029
			<u>£2,187,476</u>		<u>£2,613,259</u>

Approved by the Council on 25 May 2003 and signed on its behalf by:-

PAUL HENDERSON

President



CASH FLOW STATEMENT

		2002		2001	
	Note	£	£	£	£
Net cash inflow/(outflow) from operating activities	15		144,605		(479,876)
Returns on investments and servicing of finance					
Interest received		88,923		144,950	
		<u> </u>		<u> </u>	
Net cash inflow from returns on investments and servicing of finance			88,923		144,950
Taxation					
UK corporation tax paid			-		(19,000)
Capital expenditure and financial investment					
Payments to acquire fixed assets		(77,084)		(121,736)	
		<u> </u>		<u> </u>	
Net cash outflow from capital expenditure and financial investment			(77,084)		(121,736)
INCREASE/(DECREASE) IN CASH	17		£156,444		£(475,662)
			<u> </u>		<u> </u>



NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

ACCOUNTING BASIS

The financial statements are prepared on the historical cost basis and in accordance with applicable accounting standards.

FOREIGN EXCHANGE

Income and expenditure in currencies other than sterling are translated at the rate of exchange ruling on the date of receipt of payment.

Assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. Differences arising on exchange are written off to the profit and loss account.

DEPRECIATION

Depreciation is calculated to write down the cost of the assets over their expected useful lives at the following rates:

Furniture, fixtures and equipment 20% per annum or 33 1/3% per annum on cost

DEFERRED TAXATION

Deferred tax is provided using the full provision method. Deferred tax is recognised in respect of all timing differences which have originated but not reversed at the balance sheet date. It is the company's policy not to discount deferred tax to reflect the time value of money.

The adoption of FRS 19 has resulted in a change in the deferred taxation accounting policy. Before 2002, the company provided for deferred tax using the liability method under SSAP 15. The change in accounting policy has not necessitated a prior year adjustment.

2. OTHER INCOME	2002 £	2001 £
Bank interest received	88,923	141,654
Loan interest	-	3,296
	<u>£88,923</u>	<u>£144,950</u>
3. DEFICIT FOR THE YEAR BEFORE TAXATION		
This is stated after charging:		
Auditors' remuneration	10,300	10,100
Depreciation	82,776	52,367
Operating lease rentals	67,582	34,804
	<u> </u>	<u> </u>



NOTES TO THE FINANCIAL STATEMENTS CONT'D

4.	TAX ON PROFIT ON ORDINARY ACTIVITIES	2002	2001
		£	£
4a	UK Corporation tax on profits for the year		
	Corporation tax at 19.25% (2001: 20%)	13,043	6,350
	Overprovision in prior year	(6,350)	-
		<u> </u>	<u> </u>
	Total current tax (note 4(b))	6,693	6,350
	Deferred tax	5,630	-
		<u> </u>	<u> </u>
		<u>£12,323</u>	<u>£6,350</u>
		<u> </u>	<u> </u>
4b	Tax charge reconciliation		
	Profit/(loss) on ordinary activities before tax		
	- Parent	(495,781)	(515,061)
	- Subsidiary	49,353	40,447
		<u> </u>	<u> </u>
		<u>£(446,428)</u>	<u>£(474,614)</u>
		<u> </u>	<u> </u>
	Profits on ordinary activities multiplied by the standard rate of corporation tax 20% - subsidiary	9,871	8,089
	Effects of:		
	Depreciation in excess of capital allowances	7,077	(1,748)
	Expenses not deductible for tax purposes	1,347	9
	Utilisation of tax losses	(4,742)	-
	Over provision in the previous year	(6,350)	-
	Marginal year relief	(510)	-
		<u> </u>	<u> </u>
		<u>£6,693</u>	<u>£6,350</u>
		<u> </u>	<u> </u>
	The parent company is not subject to UK corporation tax.		
5a	STAFF COSTS	2002	2001
		£	£
	Wages and salaries	402,138	396,753
	Social security costs	33,014	32,236
	Pension costs	26,603	57,083
		<u> </u>	<u> </u>
		<u>£461,755</u>	<u>£486,072</u>
		<u> </u>	<u> </u>
		No.	No.
	The average monthly number of employees during the year was	18	17
		<u> </u>	<u> </u>
5b	DIRECTORS' EMOLUMENTS		
	No director received any emoluments during the year.		



NOTES TO THE FINANCIAL STATEMENTS CONT'D

6. TANGIBLE ASSETS – GROUP

	Furniture, fittings and equipment
	£
At 1 January 2002	256,077
Additions	77,084
	<u>333,161</u>
At 31 December 2002	333,161
DEPRECIATION	
At 1 January 2002	140,057
Charge for year	82,776
	<u>222,833</u>
At 31 December 2002	222,833
NET BOOK VALUE	
At 31 December 2002	£110,328
	<u>£116,020</u>
At 31 December 2001	£116,020
	<u>£116,020</u>

7. DEBTORS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Subscriptions and international class fees receivable	30,454	46,527	26,825	42,625
Other debtors	65,920	75,816	65,920	65,920
Prepayments and accrued income	43,012	52,459	19,039	20,188
	<u>£139,386</u>	<u>£174,802</u>	<u>£111,784</u>	<u>£128,733</u>
	<u>£139,386</u>	<u>£174,802</u>	<u>£111,784</u>	<u>£128,733</u>

Within other debtors is an amount of £65,920 owed by A. Sundheim a director of the wholly owned subsidiary ISAF (UK) Limited on which interest is being charged at 5.0% per annum, and is repayable over 15 years.

8. CASH ON DEPOSIT

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Sterling balances	2,433,469	2,499,328	2,433,469	2,499,328
US Dollar balances	140	137	140	137
	<u>£2,433,609</u>	<u>£2,499,465</u>	<u>£2,433,609</u>	<u>£2,499,465</u>
	<u>£2,433,609</u>	<u>£2,499,465</u>	<u>£2,433,609</u>	<u>£2,499,465</u>

The exchange rate used at the year end is \$1.6819 (2001:\$1.49266)



NOTES TO THE FINANCIAL STATEMENTS CONT'D

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Trade creditors	20,170	33,390	598	3,848
Other creditors	31,635	15,473	29,435	13,192
Other taxes and social security	45,268	10,377	-	-
Amount owed to subsidiary undertaking	-	-	28,692	17,051
UK Corporation tax	13,043	6,350	-	-
Accruals and deferred income	582,067	134,875	574,928	113,167
	<u>£692,183</u>	<u>£200,465</u>	<u>£633,653</u>	<u>£147,258</u>
10. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR				
Other creditors	60,000	30,000	60,000	30,000
Accruals and deferred income	46,739	-	46,739	-
	<u>£106,739</u>	<u>£30,000</u>	<u>£106,739</u>	<u>£30,000</u>
11. PROVISION FOR LIABILITIES AND CHARGES				
Deferred taxation				
Accelerated capital allowances				
At 1 January 2002	-	-	-	-
Charge for year	5,630	-	-	-
	<u>£5,630</u>	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>
At 31 December 2002	<u>£5,630</u>	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>
12. LIABILITY OF MEMBERS				
Every Full Member of the Federation undertakes to contribute such amount as may be required not exceeding £1 to the assets of the Federation if it should be wound up while they are a Full Member or within one year after they cease to be a Full Member, for payment of the Federation's debts and liabilities contracted before they cease to be a Full Member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors among themselves.				
The number of full members on 31 December 2002 was 197 (2001 : 201).				
13. OPERATING LEASES - GROUP	Land and buildings		Other	
	2002	2001	2002	2001
	£	£	£	£
Annual commitment under operating leases expiring within one year				
Expiring after one year but within five years				
Expiring after five years	73,447	22,846	-	-
	<u>73,447</u>	<u>22,846</u>	<u>-</u>	<u>-</u>
14. SUBSIDIARY COMPANY				
At 31 December 2002 the company owned the whole of the issued share capital of ISAF (UK) Limited which is incorporated in Great Britain.				



NOTES TO THE FINANCIAL STATEMENTS CONT'D

15. RECONCILIATION OF OPERATING DEFICIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		2002	2001
		£	£
Operating deficit		(535,351)	(619,564)
Depreciation		82,776	52,367
Decrease in debtors		35,416	12,638
Increase in creditors		561,764	74,683
		<u> </u>	<u> </u>
Net cash inflow/(outflow) from operating activities		£144,605	£(479,876)
		<u> </u>	<u> </u>
16. ANALYSIS OF CHANGES IN CASH	At 1 January 2002	Cashflow	At 31 December 2002
	£	£	£
Cash at bank and in hand	165,877	222,300	388,177
Cash on deposit	2,499,465	(65,856)	2,433,609
	<u> </u>	<u> </u>	<u> </u>
	£2,665,342	£156,444	£2,821,786
	<u> </u>	<u> </u>	<u> </u>
17. RECONCILIATION OF NET CASH OUTFLOW TO MOVEMENT IN NET FUNDS			£
Increase in cash for year			156,444
			<u> </u>
Movement for the year			156,444
Net funds at 1 January 2002			2,665,342
			<u> </u>
Net funds at 31 December 2002			£2,821,786
			<u> </u>
18. MEMBERS' FUNDS	Accumulated Fund	Olympic Revenue Fund	Total
	£	£	£
At 1 January 2002	1,248,670	1,477,029	2,725,699
Deficit for the year	(458,751)	-	(458,751)
Transfer to Olympic Revenue Fund	738,515	(738,515)	-
	<u> </u>	<u> </u>	<u> </u>
	£1,528,434	£738,514	£2,266,948
	<u> </u>	<u> </u>	<u> </u>

A donation from the International Olympic Committee was received during 2000 after the completion of the 2000 Olympic Games. The directors determined that the whole of the donation would be credited to a separate fund and released to the Income and Expenditure account in equal instalments in 2000, 2001, 2002 and 2003.