



Federação Futebol de Timor Leste

Annual Report
31 December 2023

Prepared by
Solange de Fatima Borges

Prepared on
31 March 2024

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1. Corporate information

The financial report of Federação de Futebol de Timor-Leste (FFTL) for the year ended 31 December 2023 was authorized prepared for issue by the Secretary General as established in paragraph 3, article 66° of the FFTL Statute.

FFTL was registered with the Directorate of Registration and National Notary of the Timor-Leste Ministry of Justice on December 10, 2012 in accordance with article 15 of Ministerial Decree No. 5/2005 on August 3.

The FFTL is a not-for-profit entity.

The headquarters are in the Capital of Timor-Leste, Dili at the Av. Nu Laran N° 4, Bairro Formosa (GRICENFOR) Dili, Timor-Leste.

The head office of the Federation is in Dili and it is a member of International Federation of Association Football (FIFA), Asian Football Confederation (AFC) and ASEAN Football Federation (AFF.).

2. Board of Management

On February 26, 2022, the Federation held a third FFTL congress to elect a board of management for the 2022-2026 period.

The members of the Federation's boards of management as of December 31, 2023 and 2022 are as follows:

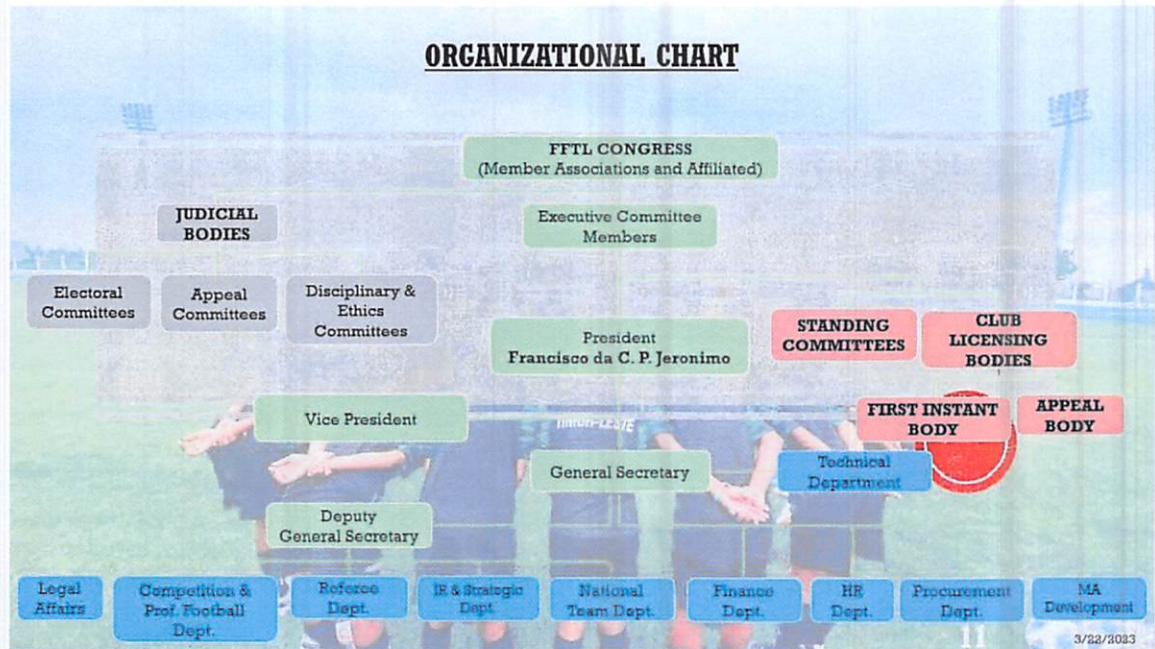
2023

President: Francisco Jeronimo
Vice President: Domingos Raul "Falur Rate Laek"
Exco Member: Engracia Pimentel
Exco Member: Faustino Godinho
Exco Member: Henrique da Costa
Exco Member: Mario Belo

2022

President: Francisco Jeronimo
Vice President: Domingos Raul "Falur Rate Laek"
Vice President: Germano Da Silva
Vice President: Aleixo Da Silva Gama

2.1. Organizational Chart



2.2. Our vision

To be one of the best in its region, with the best teams that will be competing at the highest level of the football tournament.

2.3. Our missions

The reliable process to make the development and improvement of the association to be a success;

Development of football through strengthening the youth and national teams and advancing the facilities and infrastructure.

2.4. Objectives

The objectives of FFL are:

- 1) to improve the game of football constantly and promote, regulate and control it throughout the territory of TL in the light of fair play and its unifying, educational, cultural and humanitarian values, particularly through youth and development programs;
- 2) to organize competitions in association football, futsal and beach soccer at national level, by defining precisely, as required, the areas of authority conceded to the various leagues of which it is composed;
- 3) to draw up regulations and provisions and ensure their enforcement;
- 4) to protect the interests of its Members;
- 5) to respect and prevent any infringement of the Statutes, regulations, directives and decisions of FIFA, AFC and FFL as well as the Laws of the Game to ensure that these are also respected by its Members;
- 6) to promote integrity, ethics and fair play with a view to preventing all methods or practices such as corruption, doping or match manipulation, which might jeopardize the integrity of matches, competitions, players, officials and Members or give rise to abuse of association football, futsal and beach soccer;
- 7) to promote and strengthen good governance principles and practices at national level and encourage its Members to adopt their own good governance principles;
- 8) to promote women's football including its development and to advance full inclusion of women throughout at all types of football and at all levels, including in governance and technical roles;
- 9) to control and supervise all friendly football matches of all forms played throughout the territory of Timor-Leste;
- 10) to control and supervise Association football, futsal and beach soccer at national level and to control and supervise all forms of international football matches played throughout the territory of Timor-Leste, in accordance with the relevant Statutes and regulations of FIFA and AFC;
- 11) to manage international sporting relations connected with Association Football in all its forms;
- 12) to host competitions at international and other levels.



FINANCIAL STATEMENTS



Balance Sheet Comparison

As of December 31, 2023

	NOTES	As of Dec. 31, 2023	Total As of Dec. 31, 2022 (PY)
ASSETS			
Current Assets			
BANK ACCOUNT	4	250,294.29	287,639.76
Cash and cash equivalents		0.00	
PETTY CASH		0.00	0.00
Inventory Asset		0.00	0.00
Total Current Assets		250,294.29	287,639.76
Long-term assets			
Accum Depr-Funnr and Equipment	5	-58,891.25	-58,891.25
Accum Depr-Vehicle		-131,951.11	-131,951.11
Accumulated Depr-Building		-811,934.04	-811,934.04
Building - Semi Permanent		11,934.04	11,934.04
Building Permanent		800,000.00	800,000.00
Motor vehicles at cost		131,951.11	131,951.11
Office furniture and equipment at cost		58,891.25	58,891.25
Total long-term assets		0.00	0.00
Total Assets		\$250,294.29	\$287,639.76
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities:			
GST Liabilities Payable		0.00	0.00
Monthly Withholding Tax	6	3,252.00	5,068.00
Social Security - MSS	7	0.00	12,756.40
4% MSS		5,218.00	
6% MSS		7,827.00	
Unexpended Grants		0.00	0.00
Total current liabilities		16,297.00	17,824.40
Shareholders' equity:			
Net Income		-35,818.07	-288,940.51
Opening Balance Equity		7,500.25	7,500.25
Retained Earnings		122,606.23	411,546.74
Unrestricted net Assets		139,708.88	139,708.88
Total shareholders' equity		233,997.29	269,815.36
Total liabilities and equity		250,294.29	287,639.76

General Secretary



 Gregorio Correia

Financial Director



 Solange De Fatima Borges



Profit and Loss Comparison

January - December 2023

	NOTES	Jan. - Dec. 2023	Total Jan. - Dec. 2022 (PY)
INCOME			
AFC	8.1	526,739.00	405,488.00
AFF	8.2	404,849.06	1,017,084.05
FIFA	8.3	2,067,348.33	1,606,070.19
Grants Carry Fwd from Prior Year		0.00	8,974.00
Other Grants	8.4	0.00	74,590.83
Sales		10,611.37	4,816.39
Total Income		3,009,547.76	3,117,023.46
GROSS PROFIT		3,009,547.76	3,117,023.46
OTHER INCOME			
Interest income		0.00	22.13
Total Other Income		0.00	22.13
EXPENSES			
Bank charges and fees			0.00
Depreciation & Amortization Expense			0.00
EXPENSES	9	3,045,365.83	3,405,986.10
Total Expenses		3,045,365.83	3,405,986.10
NET EARNINGS		\$ -35,818.07	\$ -287,639.76

General Secretary

Gregorio Correia

Financial Director

Solange De Fatima Borges



Statement of Cash Flows

January - December 2023

	NOTES	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		328,794.46	620,985.21
Adjustments for non-cash income and expenses:			
Accum Depr-Funn and Equipment			1,775.00
Accum Depr-Vehicle			48,494.11
GST Liabilities Payable		0.00	0.00
MONTHLY WITHOLDING TAX		-1,816.00	5,068.00
SOCIAL SECURITY - MSS		-12,756.40	12,756.40
AFC		0.00	249,710.00
AFF		99,000.00	98,957.00
FIFA		1,167,500.00	396,070.19
Total Adjustments for non-cash income and expenses:		291,448.99	-841,832.21
Net cash from operating activities		-37,345.47	-220,847.00
CASH FLOWS FROM INVESTING ACTIVITIES			
Motor vehicles at cost		0.00	-48,494.11
Office furniture and equipment at cost		0.00	-1,775.00
Net cash used in investing activities		0.00	-50,269.11
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		-37,345.47	-271,116.11
Cash and cash equivalents at beginning of year		287,639.76	558,755.87
CASH AND CASH EQUIVALENTS AT END OF YEAR		250,294.29	287,639.76

General Secretary

Gregorio Correia

Financial Director

Solange De Fatima Borges



Profit and Loss by Class

January - December 2023

	NOTES	AFC	AFF	FIFA	TOTAL
INCOME					
AFC		526,739.00			526,739.00
AFF			404,849.06		404,849.06
FIFA				2,067,348.33	2,067,348.33
Grants Carry Fwd from Prior Year		0.00			0.00
Other Grants		0.00	0.00	0.00	0.00
Sales			10,405.22	206.15	10,611.37
Total Income		526,739.00	415,254.28	2,067,554.48	3,009,547.76
GROSS PROFIT		526,739.00	415,254.28	2,067,554.48	3,009,547.76
OTHER INCOME					
Interest income			24.88		24.88
Total Other Income		0.00	24.88	0.00	24.88
EXPENSES					
EXPENSES		465,336.00	551,147.21	2,028,882.62	3,045,365.83
Total Expenses		465,336.00	551,147.21	2,028,882.62	3,045,365.83
NET EARNINGS		61,403.00	-135,892.93	38,671.86	-35,818.07

General Secretary

Gregorio Correia

Financial Director

Solange De Fatima Borges

Notes to the consolidated financial statements

3. Significant accounting policies

a) Basis of preparation

The FFTL financial report is a report that reports the financial position of the FFTL. FFTL's financial statements were prepared in accordance with International Accounting Standards under the Accrual Accounting System (Accrual Basis), except for the statement of cash flows, and the measurement basis used is historical cost, except for certain accounts that are measured by the regime as described in the respective explanatory notes of this document.

Statements of cash flows presents information on historical changes in cash and cash equivalents entity, showing separately changes during the period from operating, investing and financing activities using the indirect method.

The financial report is presented in American dollars which is also the Timor-Leste functional currency.

b) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in bank, other short-term highly liquid investments with original maturities of three months or less.

Cash and time deposits which are restricted in use, are classified as part of "other assets".

d) Accounts receivable and other receivables

Receivables are stated at estimated realizable value after providing against debts where collection is doubtful.

Bad debts are written off during the period in which they are identified.

e) Inventory

Inventories are assets in the form of equipment for use in Federation operations and not for sale.

f) Fixed assets

Items of fixed assets are stated at cost less accumulated depreciation and impairment losses. The cost of maintenance and repairs is charged to operation as incurred; significant renewals and betterments are capitalized. When assets are retired or otherwise disposed of their carrying values and any resulting gain or loss is reflected in the current operations.



The Federation uses a fixed assets depreciation rate of 100%, which is the useful life of a fixed asset will be determine by board management.

g) Revenue and Expense Recognition

Revenue relating to annual grants FIFA, AFC and AFF are recognized immediately when they are received subject to any restrictions imposed by the grantor. Revenue from other sources such as donation, gate takings, and registrations are recognized when they have been received.

Expense and all other income is recorded on an accrual basis.

h) Taxation

The Federation is exempt from income tax in accordance with Section 29 of the Decree of Law No.: 8/2008 of Democratic Republic of Timor-Leste.

i) Use of estimate

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) that requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amount of revenues and expenses during the reporting period.

Actual results could differ from those estimates.

4. Bank and Cash

Cash in the financial statements position comprises cash at bank and on hand.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Bank Account

	As of Dec. 31, 2023	As of Dec. 31, 2022 (PY)	Total
BANK ACCOUNT	0.00		0.00
ANZ- AFC 107089	114,666.07		53,263.07
MANDIRI AFF - 6010000442205	37,919.79		173,812.72
MANDIRI FIFA - 6010000266117	97,708.43		60,563.97
Total BANK ACCOUNT	250,294.29		287,639.76



5. Long-term assets

Long-term assets are stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment. All repair and maintenance costs are recognized in the profit or loss as incurred.

The Federation uses a fixed assets depreciation rate of 100%, which is the useful life of a fixed asset will be determine by board management.

The Federation basically has land and buildings.

The land was obtained from a Timor-Leste Government grant in 2006, but the Federation has not yet conducted a Land Transfer Document because there are no regulations relating to it and the value of the land has also not been assessed.

In 2008, the Prime Minister of Timor-Leste, Xanana Gusmão asked FIFA to help the development of football in East Timor by building the FFL House and Sport Training Center on the land.

The construction contract was agreed at a price of \$ 400,000 for the FFL House building and \$ 400,000 for the Sport Training Center. However, management cannot provide Minutes of Construction Completion.

Based on the management review, there were no events or changes in circumstances which indicated an impairment in the value of fixed asset as at December 31, 2023 and 2022 are may not be the recoverable.

6. Monthly withholding tax

On December 31, 2023, FFL had to pay the amount of 3,252.00 relating to withholding taxes on employees' salaries corresponding to the months of December and 13th Period month 2023.

Memo/Description	Account	Amount
Withholding tax for December	MONTHLY WITHHOLDING TAX	1,626.00
Withholding tax for 13 th Period	MONTHLY WITHHOLDING TAX	1,626.00
Total		3,252.00

7. Social security

On December 31, 2023, FFL had to pass on to the National Institute of Social Security (INSS) the contribution relating to Social Security in the amount of 5,140.60, corresponding to the months of December and 13th Month Salary.

Memo/Description	Account	Amount
Withholding social security 6% for May	SOCIAL SECURITY - MSS	1,658.28
Withholding social security 6% for October	SOCIAL SECURITY - MSS	1,542.18
Withholding social security 6% for November	SOCIAL SECURITY - MSS	1,542.18
Withholding social security 6% for December	SOCIAL SECURITY - MSS	1,542.18
Withholding social security 6% for 13 th Period	SOCIAL SECURITY - MSS	1,542.18



Employer's contribution of 4% for May	SOCIAL SECURITY - MSS	1,105.52
Employer's contribution of 4% for October	SOCIAL SECURITY - MSS	1,028.12
Employer's contribution of 4% for November	SOCIAL SECURITY - MSS	1,028.12
Employer's contribution of 4% for December	SOCIAL SECURITY - MSS	1,028.12
Employer's contribution of 4% for 13 th Period	SOCIAL SECURITY - MSS	1,028.12
Total		13,045.00

8. Revenue

a) Grants

Grant revenues are recognized once the grant funds have been utilized for expenditure on grant-related activities or any specific performance obligations noted in the contract.

b) Other Revenues

Other revenues from renting space, commissions or generated by the sale of rights held by FFTL are recognized as they occur or are realized.

8.1. AFC

In 2023, FFTL received a total of USD 526,739.00 in Grants from the Asian Football Confederation (AFC) to finance its planned activities for the year. As an AFC Enhance Member Association Advantage program member, FFTL received USD 107,886.00 from the program. It also received USD 240,434.00 from the AFC Enhance Member Association Extra-Time Program 2022 and USD 49,938.00 from other sources within the program as well as of USD \$124,481.00 for infrastructure funds.

	Total	
	Jan. - Dec. 2023	Jan. - Dec. 2022
AFC	240,434.00	249,710.00
Enhance Advantage Funds	107,886.00	116,990.00
Enhance Extra Time	49,938.00	38,788.00
Enhance Stadium	124,481.00	
Total AFC	526,739.00	405,488.00

8.2. AFF

The ASEAN Football Federation (AFF) provided a Grants of USD 404,849.06 to FFTL for funding airfare ticket for National team and Government's program on Youth Academic in Municipality.



		Total
	Jan. - Dec. 2023	Jan. - Dec. 2022
AFF	99,000.00	217,494.30
AFF - Airfare Funds	72,097.56	
GOV - Academia Futebol Juvenil AFJ	79,728.50	
Gov - Treinador Koica	6,000.00	
Gov Fund	73,010.00	
JFA Funds	15,000.00	
Telkomcel Funds	37,000.00	
UEFA Funds	20,613.00	
Other Grants	2,400.00	146,529.11
Total AFF	404,849.06	44,960.00

8.3. FIFA

In 2023, the FFTL received a total of USD 2,067,348.33 in Grants from International Federation of Association Football (FIFA) to finance its planned activities for the year. This amount was allocated to various scheduled activities. As a member of FIFA, the FFTL received USD 1,167,500.00. Additionally, the FFTL received USD 250,000.00 from FIFA's COVID-19 program, and USD 590,000.00 from FIFA's Travel Funds Program. It's also received USD \$56,848.33 for special project funds which are known infrastructure funds, and other grants for participant of FIFA Annual Congress was USD \$3,000.

		Total
	Jan. - Dec. 2023	Jan. - Dec. 2022
FIFA	1,167,500.00	396,070.19
Covid-19 Funds	250,000.00	750,000.00
Travel Funds	590,000.00	460,000.00
Special Project	56,848.33	
Other received	3,000.00	
Total FIFA	2,067,348.33	1,606,070.19



9. Expenses

Non-profit organizations are not required to submit statements of expenses by category and by nature.

Expenses are presented as required by donors.

a) Total Expenses

	Total	
	Jan. - Dec. 2023	Jan. - Dec. 2022
EXPENSES		
Administrative Staff Salary	432,161.03	450,251.80
Academia Futebol Juvenil Expenses	81,885.00	
Administrative Costs	243,641.72	693,366.70
Advantage Expenses	94,646.00	85,799.00
Beach Soccer/Futsal Activities	25,018.00	59,256.00
Covid-19 Expenses	245,000.00	746,520.06
Enhance Stadium	95,156.00	
Enhance Kick off	89,348.20	
Enhance Pass	71,101.00	
Enhance Volley	64,442.00	
Extra Time Expenses	49,947.80	37,714.00
FFTL Telkomcel Cup Expenses	19,200.00	
Domestic Competition - Men's		74,867.00
Domestic Competition - Women's		105,954.70
Financial Management (incl. Audit Fees)	10,000.00	
Fine/Penalty Disciplinary	127,323.30	
Gov (U12) - Youth Football Tournament	40,810.00	
Gov - Domestic League Men	213,942.50	
Governance	73,663.25	57,422.62
Grassroots Activities	124,500.00	130,156.00
Grassroots Festival Expenses	2,480.00	
Infrastructure and Maintenance	56,848.33	10,391.00
Marketing and Communication (incl. Websites)	30,875.00	23,163.70
National Teams - Men's (Senior & Youth)	130,644.00	405,783.74
National Teams - Women's (Senior & Youth)	43,961.00	68,825.00
Other	4,935.00	
Training 01 - Technical and Coaching		9,759.00
Training 02 - Administrative	1,180.00	
Training 03 - Refereeing	39,738.00	18,315.00
Travel Solidarity Funds	535,976.70	428,440.78
Treinador Koica Expenses	6,000.00	
UEFA Expenses	13,266.00	
Total EXPENSES	3,045,365.83	3,405,986.10



b) Expenses by Class

	AFC	AFF	FIFA	TOTAL
EXPENSES				0.00
Academia Futebol Juvenil Expenses		81,885.00		81,885.00
Administrative Staff Salary			432,161.03	432,161.03
Administrative Costs	695.00	75,652.71	167,294.01	0.00
Advantage Expenses	94,646.00			94,646.00
Airfare Expenses for Nat Team		77,676.00		77,676.00
Beach Soccer/Futsal Activities			25,018.00	25,018.00
Covid-19 Expenses			245,000.00	245,000.00
Enhance - Stadium	95,156.00			95,156.00
Enhance Kick off	89,348.20			89,348.20
Enhance Pass	71,101.00			71,101.00
Enhance Volley	64,442.00			64,442.00
Extra Time Expenses	49,947.80			49,947.80
FFTL Telkomcel Cup Expenses		19,200.00		19,200.00
Financial Management (incl. Audit Fees)			10,000.00	10,000.00
Fine/Penalty Disciplinary			127,323.30	127,323.30
Gov (U12) - Youth Football Tournament		40,810.00		40,810.00
Gov - Domestic League Men		213,942.50		213,942.50
Governance			73,663.25	73,663.25
Grassroots Activities			124,500.00	124,500.00
Grassroots Festival Expenses		2,480.00		2,480.00
Infrastructure and Maintenance			56,848.33	56,848.33
Marketing and Communication (incl. Websites)			30,875.00	30,875.00
National Teams - Men's (Senior & Youth)		18,300.00	112,344.00	130,644.00
National Teams - Women's (Senior & Youth)			43,961.00	43,961.00
Other		1,935.00	3,000.00	4,935.00
Training 02 - Administrative			1,180.00	1,180.00
Training 03 - Refereeing			39,738.00	39,738.00
Travel Solidarity Funds			535,976.70	535,976.70
Treinador Koica Expenses		6,000.00		6,000.00
UEFA Expenses		13,266.00		13,266.00
Total EXPENSES	465,336.00	551,147.21	2,028,882.62	3,045,365.83



10. Commitments assumed and not paid in 2023

on December 31, 2023, FFTL assumed commitments that were not paid in the amount of 23,392.60, which were not accounted for in the 2023 financial statements.

Account	Memo/Description	Amount
Advantage – Ops Cost	Coaching Course A certificate	15,000.00
	Total	15,000.00

11. Completion of The Financial Statements

The Federation's Managements are responsible for the preparation of the financial statements and completed on April 31, 2024.



STATEMENT OF RESPONSIBILITY OF FEDERAÇÃO DE FUTEBOL DE TIMOR-LESTE

The following statement is intended to explain the responsibilities of the Board of Directors of Federação de Futebol de Timor-Leste, in relation to the Financial Statements for the fiscal year ended December 31, 2023.

1. The financial statements, as set out on pages 01 to 18.
 - a) Present the financial statements of Federação de Futebol de Timor-Leste, which comprise the balance sheets, statement of financial results that were prepared in accordance with the International Financial Reporting Standards (IFRS) and the flow of Cash were prepared on a cash basis with measurement at historical cost;
 - b) Demonstrate a true and fair view of the financial position on December 31, 2023 and the performance for the year ended on that date Federação de Futebol de Timor-Leste.
2. In the opinion of the Directors there are reasonable grounds to believe that Federação de Futebol de Timor-Leste will be able to pay its debts as they become due and payable and the internal controls exercised are appropriate and effective in accounting for all receipts and payments.

On behalf of the Board of Federação de Futebol de Timor-Leste

Dili, March 31, 2024


Domingos Raul "Falur Rate Laek"
Presidente da FFTL



**FEDERAÇÃO DE FUTEBOL DE TIMOR-LESTE (FFTL)
INDEPENDENT AUDITOR'S REPORT TO THE SECRETARIA GERAL DA
FEDERAÇÃO DE FUTEBOL DE TIMOR-LESTE (FFTL)**

Opinion

We have audited the financial report of Federação de Futebol de Timor-Leste (FFTL) (the Entity), which comprises the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and the Executive Committee's statement.

In our opinion, the accompanying financial report of Federação de Futebol de Timor-Leste (FFTL) present fairly, in all material respects, the financial position of Federação de Futebol de Timor-Leste (FFTL) as of 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) and the regulations and standards applicable in Timor-Leste.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Information Other than the Financial Report and Auditor's Report Thereon

The Secretary-General is responsible for the other information. The other information comprises the information included in the entity's annual report for the year ended 31 December 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 3 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Entity's financial reporting responsibilities. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Secretary-General for the Financial Report

The Secretary-General of Federaçao de Futebol de Timor-Leste (FFTL, E.P.) is responsible for the preparation of the financial report that gives a true and fair view in accordance with International Accounting Standards and for such internal controls as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Secretary-General is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

FEDERAÇÃO DE FUTEBOL DE TIMOR-LESTE (FFTL)
INDEPENDENT AUDITOR'S REPORT TO THE SECRETARIA GERAL DA
FEDERAÇÃO DE FUTEBOL DE TIMOR-LESTE (FFTL)

As part of an audit in accordance with the International Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtaining appropriate and sufficient audit evidence regarding the entity's financial information of business activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the audit of the entity.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Auditor's name and signature:

Owen Houston, Registered Company Auditor No 4548 (Australia)

Address:

Rua Presidente Nicolau Lobato, Timor Plaza - CBD3 #308, Dili, Timor-Leste

Dated this

10th July 2024



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10th July 2024

The Finance Director
Federação de Futebol de Timor-Leste (FFTL)
Lolaborges1102@gmail.com

Dear Sirs

Management Letter on the Federação de Futebol de Timor-Leste "FFTL" for the period 1 January 2023 to 31 December 2023

Our audit for the period commencing 1 January 2023 to 31 December 2023 is complete. This letter outlines:

- matters of governance interest we identified during the audit
- matters we are required to communicate under International Auditing Standards.

We planned and carried out our audit to obtain reasonable assurance the financial reports are free from material misstatement. Because our audit is not designed to identify all matters that may be of governance interest to you, there may be other matters that did not come to our attention.

For each matter in this letter, we have included our observations, risk assessment and recommendations. The risk assessment is based on our understanding of your business. Management should make its own assessment of the risks to the organisation.

As soon as practicable, we recommend you:

- assign responsibility for implementing the recommendations
- develop an action plan, including a timetable, to implement the recommendations
- nominate an individual or establish a committee to monitor and report on progress.

If you would like to discuss any of the matters raised in this letter, please contact Owen au.team@primosboot.com

Yours faithfully

Owen Houston
Auditor Manager
Primo's Boot Unipessoal Lda



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We have rated the risk of each issue as 'Extreme', 'High', 'Moderate' or 'Low' based on the likelihood of the risk occurring and the consequences if the risk does occur.

		CONSEQUENCE			
		Low	Medium	High	Very high
LIKELIHOOD	Almost certain	M	M	H	E
	Likely	L	M	H	H
	Possible	L	M	M	H
	Rare	L	L	M	M

The risk level is a combination of the consequences and likelihood. The position within the matrix corresponds to the risk levels below.

RISK LEVELS	MATRIX REFERENCE
Extreme:	E
High:	H
Moderate:	M
Low:	L



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For each issue identified, we have used the consequence and likelihood tables from above to guide our assessment.

Consequence levels and descriptors

Consequence level	Consequence level description
Very high	<ul style="list-style-type: none"> Affects the ability of your entire entity to achieve its objectives and may require third party intervention; Arises from a fundamental systemic failure of governance practices and/or internal controls across the entity; or May result in an inability for the auditor to issue an audit opinion or issue an unqualified audit opinion.
High	<ul style="list-style-type: none"> Affects the ability of your entire entity to achieve its objectives and requires significant coordinated management effort at the executive level; Arises from a widespread failure of governance practices and/or internal controls affecting most parts of the entity; or May result in an inability for the auditor to issue an unqualified audit opinion.
Medium	<ul style="list-style-type: none"> Affects the ability of a single business unit in your entity to achieve its objectives but requires management effort from areas outside the business unit; or Arises from ineffective governance practices and/or internal controls affecting several parts of the entity.
Low	<ul style="list-style-type: none"> Affects the ability of a single business unit in your entity to achieve its objectives and can be managed within normal management practices; or Arises from isolated ineffective governance practices and/or internal controls affecting a small part of the entity.

Likelihood levels and descriptors

Likelihood level	Frequency	Probability
Almost certain	The event is expected to occur in most circumstances, and frequently during the year	More than 99 per cent
Likely	The event will probably occur once during the year	More than 20 per cent and up to 99 per cent
Possible	The event might occur at some time in the next five years	More than 1 per cent and up to 20 per cent
Rare	The event could occur in exceptional circumstances	Less than 1 per cent



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Summary of issues


Issue	Detail	Likelihood	Consequence	Risk assessment
Prior year matters not resolved by management				
Current year matters				
1	Transaction Authorisations	Almost certain	Medium	⊖ Moderate
2	Fixed Assets	Likely	Medium - High	⊖ Moderate
3	Social Security	Possible	Medium	⊖ Moderate
4	Acquittal Reports	Possible	Medium	⊖ Moderate



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Current year matters

Issue 1: Transaction Authorisation

Likelihood	Consequence	Systemic issue	Risk assessment
Almost Certain	Medium	Yes	 Moderate

Observation

We observed a number of instances when procurement authorisations are not in accordance with the procurement policy.

Transaction Reference	Amount	Required	Actual
P656866589500274	80,117.00	Executive Committee & President	Procurement Manager General Secretary
P656866589500272	30,000.00	Executive Committee & President	General Secretary
P65187138950	29,968.80	Executive Committee & President	General Secretary
60100	40,810.00	Executive Committee & President	Secretary General President
799045	21,780.00	General Secretary or President	General Secretary
799035	5,000.00	President	None
700788	550.00	General Secretary	Human Resources
23052	7,000.00	General Secretary & President	None
808231	40,810.00	Executive Committee & President	None
23051	53,000.00	Executive Committee & President	None
	7,300.00	General Secretary & President	None
P656866589500197	6,250.00	General Secretary & President	Procurement Manager General Secretary
P656866589500103	56,848.33	Executive Committee & President	None
P656866589500194	20,800.00	General Secretary & President	None
P656866589500182	93,711.00	Executive Committee & President	Procurement Manager General Secretary



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Recommendation

We recommend that procurements be made in accordance with the procurement policy.

Management response

We acknowledge the observations regarding instances where procurement authorisations were not in accordance with the established procurement policy. Ensuring adherence to procurement protocols is critical for maintaining transparency, accountability, and proper financial management.


Person responsible:

Carlos Freitas – Senior Procurement Manager

Date (to be) actioned:

31 December 2024

Issue 2: Fixed Assets

Likelihood	Consequence	Systemic issue	Risk assessment
Likely	Medium - High	No	 Moderate

Observation

- i) We were unable to obtain a fixed asset register as at 31 December 2023.
- ii) We observed that FFTL uses a depreciation rate of 100% as per the *Taxes and Duties Act: Decree Law no.: 8/2008*. The legislation is only relevant for the purposes of taxation rather than financial reporting.
- iii) We understand that FFTL received land from the Timor-Leste government in 2006, but the land remains in the ownership of the Timor-Leste government.

Recommendation

- i) We recommend that a fixed asset register be maintained, even if the written down value is \$0, to allow the effective monitoring of fixed assets.
- ii) We recommend the Board create a company policy that determines the useful life of fixed assets.
- iii) We recommend that FFTL conduct a land transfer with the Timor-Leste government to limit the risk if the Timor-Leste government decides to rescind your entitlement to the property.

Management response

We acknowledge the observations related to fixed assets and appreciate the recommendations provided. We understand the importance of proper fixed asset management and are committed to addressing the issues identified.

1. **Fixed Asset Register:** We recognize the need for a comprehensive fixed asset register to effectively monitor and manage our assets.
 - o **Action Plan:** We will develop and maintain a fixed asset register that includes all assets, even those with a written-down value of \$0. This register will be regularly updated to ensure accuracy and completeness.



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And We acknowledge that using a 100% depreciation rate as per the Taxes and Duties Act: Decree Law no.: 8/2008 is not appropriate for financial reporting purposes.


- **Action Plan:** We will establish a company policy that determines the useful life of fixed assets in alignment with standard accounting practices. This policy will be approved by the Board and implemented promptly.

Also, we understand the risk associated with the current arrangement regarding the land received from the Timor-Leste government.

- **Action Plan:** We will initiate discussions with the Timor-Leste government to conduct a formal land transfer process. This will secure the ownership of the land for FFL and mitigate any potential risks of the entitlement being rescinded.

Person responsible:	Date (to be) actioned:
Carlos Freitas – Senior Procurement Manager	31 December 2024
Solange Borges – Finance Director	
Gregorio Correia – General Secretary	

Issue 3: Social Security

Likelihood	Consequence	Systemic issue	Risk assessment
Possible	Medium	No	 Moderate

Observation

i) We observed that the social security in the monthly wage reconciliation did not reconcile with the social security payable.

	Actual	Monthly Salary Reconciliation
Social security 4% May	1,105	1,210
Social security 6% May	1,658	2,082
Social security 4% October	1,028	1,181
Social security 6% October	1,542	1,771
Social security 4% November	1,028	1,044
Social security 6% November	1,542	1,565
Social security 4% December	1,028	1,044
Social security 6% December	1,542	1,565
Social security 4% 13 th month	1,028	1,044
Social security 6% 13 th month	1,542	1,565
Total	13,045	14,071



ii) We note that there are a number of monthly social security payable at December 2023, including May 2023. We are aware that social security issues monthly invoices inconsistently.

Recommendation

- i) We recommend that wages reconciliations reconcile with reported figures.
- ii) We recommend that the outstanding social security be paid upon receipt of the invoices.

Management response

We recognize the discrepancies between the actual social security amounts and the monthly salary reconciliation figures.

Action Plan: We will implement a rigorous review and reconciliation process to ensure that wage reconciliations align accurately with reported social security figures. This will involve cross-verifying the payroll calculations with social security obligations on a monthly basis to identify and rectify any discrepancies promptly.


We acknowledge the issue of outstanding social security payments and the inconsistent issuance of invoices by social security.

- **Action Plan:** We will establish a process to ensure that all outstanding social security amounts are paid upon receipt of invoices. Additionally, we will maintain regular communication with the social security office to ensure timely receipt of invoices and address any inconsistencies in their issuance.

We are committed to implementing these measures to ensure accurate wage reconciliations and timely payment of social security obligations, thereby maintaining compliance with regulatory requirements and financial best practices.

Person responsible:	Date (to be) actioned:
Rosa Pereira – Finance Officer	30 July 2024
Solange Borges – Finance Director	

Issue 4: Acquittal Reports

Likelihood	Consequence	Systemic issue	Risk assessment
Possible	Medium	No	 Moderate

Observation



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i) We requested for the acquittal reports for FIFA, AFF and AFC as at 31 December 2023 to confirm any grant monies to be carried forward to the following financial period.

We were unable to review the documents due to confidentiality.

Recommendation

i) We recommend that all documents be made available for audit.

Management response

We acknowledge the observation regarding the acquittal reports for FIFA, AFF, and AFC as at 31 December 2023. Due to confidentiality agreements, these documents were not made available for review.

However, we understand the importance of transparency and accountability in financial reporting. Moving forward, we will ensure that necessary measures are taken to make these documents accessible for audit purposes while adhering to confidentiality requirements.

Person responsible:

Date (to be) actioned:

Solange Borges – Finance Director

30 July 2024