

Federacao de Futebol de Timor Leste

Annual Report 2022



FINANCIAL STATEMENTS

Prepared by

Solange Borges

Prepared on

30 April 2023

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1. Corporate information

The financial report of Federação de Futebol de Timor-Leste (FFTL) for the year ended 31 December 2022 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 FFFTL is a not-for-profit entity.

The headquarters are in the Capital of Timor-Leste, Dili at the Av. Nu Laran Nº 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 24, 2018, the Federation held a third FFTL congress to elect a board of management for the 2018-2022 period.

The members of the Federation's boards of management as of December 31, 2021 and 2020 are as follows:

2022

President: Francisco Jeronimo

Vice President: Domingos Raul "Falur Rate Laek"

2021

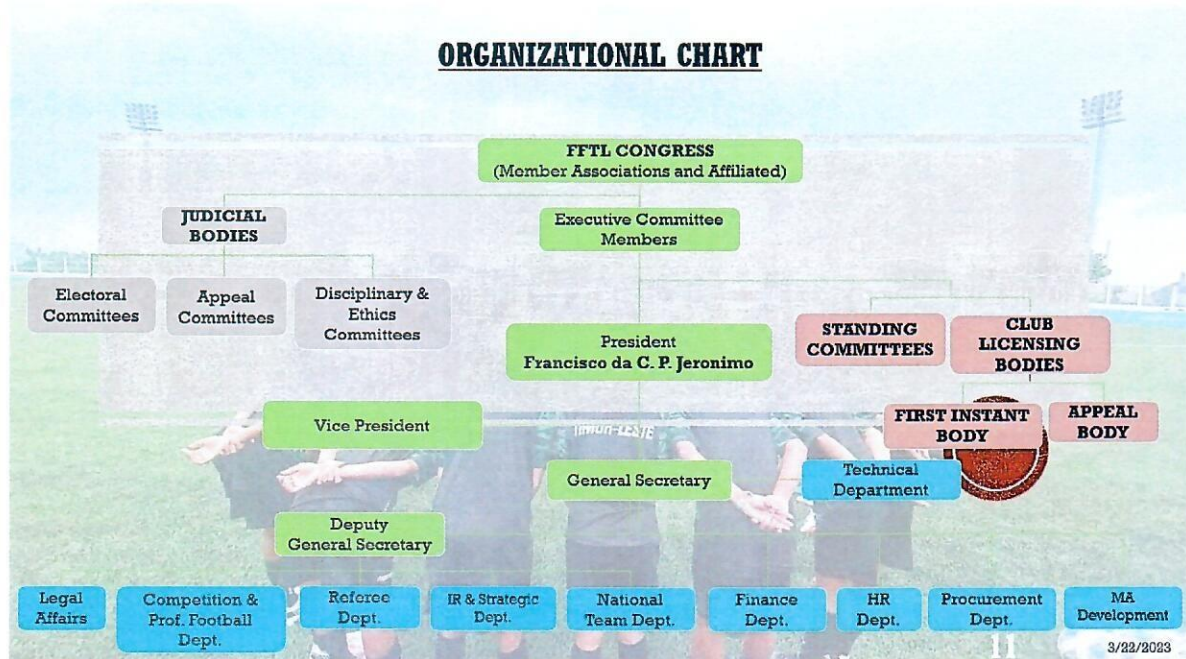
President: Francisco Jeronimo

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

What to be achieved by 2022

- To continue promote football in this region
- Set a strong basic of football from the beginning for a better future

2.3. Our missions

Is to bring football to be played in all regions of Timor-Leste. Enhancing a professional work environment by organizing more local competitions for both males and females throughout the regions, and focusing on grassroots and youth development in order to achieve a national objective and international achievement through an optimal use of available limited resource.

- To bring football out to the all regions
- To develop a strong basic skill of our football talented
- Increasing the number of qualified coaches for all level of player's ages
- A well-managed of technical development
- Professional League Structure Management
- Infrastructure development
- Efficient, trustful and professional football administration
- To reach a greater result in South East Asian Regions

2.4. Objectives

The objectives of FFTL 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 FFTL 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, 2022

	NOTES	As of Dec. 31, 2022	Total As of Dec. 31, 2021 (PY)
ASSETS			
Current Assets			
BANK ACCOUNT	4	288,639.76	558,755.87
Cash and cash equivalents		0.00	
PETTY CASH		0.00	0.00
Inventory Asset		0.00	0.00
Total Current Assets		288,639.76	558,755.87
Long-term assets			
	5		
Accum Depr-Funr and Equipment		-58,891.25	-57,116.25
Accum Depr-Vehicle		-131,951.11	-83,457.00
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	83,457.00
Office furniture and equipment at cost		58,891.25	57,116.25
Total long-term assets		0.00	0.00
Total Assets		\$288,639.76	\$558,755.87
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities:			
GST Liabilities Payable		0.00	0.00
Monthly Withholding Tax	6	5,068.00	
Social Security - MSS	7	12,756.40	
Unexpended Grants		0.00	0.00
Total current liabilities		17,824.40	0.00
Shareholders' equity:			
Net Income		-287,940.51	223,101.75
Opening Balance Equity		7,500.25	7,500.25
Retained Earnings		411,546.74	188,444.99
Unrestricted net Assets		139,708.88	139,708.88
Total shareholders' equity		270,815.36	558,755.87
Total liabilities and equity		288,639.76	558,755.87

General Secretary

Gregorio Correia

Financial Director

Solange De Fatima Borges



Profit and Loss Comparison

January - December 2022

	NOTES	Jan. - Dec. 2022	Total Jan. - Dec. 2021 (PY)
INCOME			
AFC	8.1	405,488.00	455,317.00
AFF	8.2	364,023.41	44,960.00
FIFA	8.3	1,606,070.19	2,295,109.46
Grants Carry Fwd from Prior Year		8,974.00	0.00
Other Grants	8.4	390,771.49	191,414.37
Sales		342,693.62	
Total Income		3,118,020.71	2,986,800.83
GROSS PROFIT		3,118,020.71	2,986,800.83
OTHER INCOME			
Interest income		24.88	
Total Other Income		24.88	0.00
EXPENSES			
Bank charges and fees			140.90
Depreciation & Amortization Expense			9,627.00
EXPENSES	9	3,405,986.10	2,753,931.18
Total Expenses		3,405,986.10	2,763,699.08
NET EARNINGS		\$ -287,940.51	\$223,101.75

General Secretary

Gregorio Correia

Financial Director

Solange De Fatima Borges



Statement of Cash Flows

January - December 2022

	NOTES	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		556,551.77	-9767.90
Adjustments for non-cash income and expenses:			
Accum Depr-Funr and Equipment		1,775.00	8,970.00
Accum Depr-Vehicle		48,494.11	657.00
GST Liabilities Payable		0.00	0.00
MONTHLY WITHOLDING TAX		5,068.00	0.00
SOCIAL SECURITY - MSS		12,756.40	0.00
AFC		249,710.00	455,317.00
AFF		217,494.30	44,960.00
FIFA		396,070.19	2,295,109.46
Total Adjustments for non-cash income and expenses:		-776,398.77	242,496.65
Net cash from operating activities		-219,847.00	232,728.75
CASH FLOWS FROM INVESTING ACTIVITIES			
Motor vehicles at cost		-48,494.11	-657.00
Office furniture and equipment at cost		-1,775.00	-8,970.00
Net cash used in investing activities		-50,269.11	-9,627.00
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		-270,116.11	223,101.75
Cash and cash equivalents at beginning of year		558,755.87	335,654.12
CASH AND CASH EQUIVALENTS AT END OF YEAR		288,639.76	558,755.87

General Secretary

Gregório Correia

Financial Director

Solange De Fatima Borges



Profit and Loss by Class

January - December 2022

	NOTES	AFC	AFF	FIFA	TOTAL
INCOME					
AFC		405,488.00			405,488.00
AFF			364,023.41		364,023.41
FIFA				1,606,070.19	1,606,070.19
Grants Carry Fwd from Prior Year		8,974.00			8,974.00
Other Grants		1,944.00	317,549.83	71,277.66	390,771.49
Sales			342,693.62		342,693.62
Total Income		416,406.00	1,024,266.86	1,677,347.85	3,118,020.71
GROSS PROFIT		416,406.00	1,024,266.86	1,677,347.85	3,118,020.71
OTHER INCOME					
Interest income			24.88		24.88
Total Other Income		0.00	24.88	0.00	24.88
EXPENSES					
EXPENSES		364,956.64	851,205.11	2,189,824.35	3,405,986.10
Total Expenses		364,956.64	851,205.11	2,189,824.35	3,405,986.10
NET EARNINGS		51,449.36	173,086.63	-512,476.50	-287,940.51

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 Cash Accounting System (Cash 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% in accordance with Section 36 and Schedule VII of the Decree of Law No. 8/2008 of the Democratic Republic of Timor-Leste.

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.

j) Deferred Taxes

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that there will be sufficient future taxable profit to allow the total or partial use of the deferred tax asset. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow recovery of the deferred tax asset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted. on the reporting date.

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, 2022	Total As of Dec. 31, 2021 (PY)
BANK ACCOUNT	0.00	
ANZ- AFC 107089	53,263.07	1,813.71
MANDIRI AFF - 6010000442205	31,566.04	1,726.09
MANDIRI AFF - 6010000442205	143,246.68	
Total MANDIRI AFF - 6010000442205	174,812.72	1,726.09
MANDIRI FIFA - 6010000266117	60,563.97	555,216.07
Total BANK ACCOUNT	288,639.76	558,755.87

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.

In 2022, FFTL acquired tangible assets totaling 50,269.11, with the acquisition of vehicles amounting to 48,494.11, and with Furniture and Equipment 1,775.00 respectively.

The Federation uses a fixed assets depreciation rate of 100% in accordance with Section 36 and Schedule VII of the Decree of Law No. 8/2008 of the Democratic Republic of Timor-Leste.

	2021	2022		
	Beginning balance	Additions	Deductions	balance
Acquisition cost				
Building - permanent	800,000.00	-	-	800,000.00
Building - semi permanent	11,934.04	-	-	11,934.04
Furniture and equipment	57,116.25	1,775.00	-	58,891.25
Vehicles	83,457.00	48,494.11	-	131,951.11
Total Acquisition	952,507.29	50,269.11	0.00	1,002,776.40
Accumulated Depreciation				
Building - permanent	-800,000.00	-	-	-800,000.00
Building - semi permanent	-11,934.04	-	-	-11,934.04
Furniture and equipment	-57,116.25	-1,775.00	-	-58,891.25
Vehicles	-83,457.00	-48,494.11	-	-131,951.11
Total Depreciation	-952,507.29	-50,269.11	0.00	-1,002,776.40
Total Fixed Asset	0.00	0.00	0.00	0.00



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 FFTL House and Sport Training Center on the land.

The construction contract was agreed at a price of \$ 400,000 for the FFTL 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, 2021 and 2020 are may not be the recoverable.

6. Monthly withholding tax

On December 31, 2022, FFTL had to pay the amount of 5,068.00 relating to withholding taxes on employees' salaries corresponding to the months of October, November and December 2022.

Memo/Description	Account	Amount
Withholding tax for October	MONTHLY WITHHOLDING TAX	1,018.00
Withholding tax for November	MONTHLY WITHHOLDING TAX	1,604.00
Withholding tax for December	MONTHLY WITHHOLDING TAX	1,311.00
Withholding tax 13 ^o Salary	MONTHLY WITHHOLDING TAX	1,135.00
Total		5,068.00

7. Social security

On December 31, 2022, FFTL had to pass on to the National Institute of Social Security (INSS) the contribution relating to Social Security in the amount of 12,756.40, corresponding to the months of October, November and December.

Memo/Description	Account	Amount
Employer's contribution towards staff social security (6%) for October	SOCIAL SECURITY - MSS	2,120.16
Withholding SS for October (4%)	SOCIAL SECURITY - MSS	1,413.44
Employers' contribution of 6% towards staff social security for November	SOCIAL SECURITY - MSS	2,120.16
Withholding Social Security (4%) for November	SOCIAL SECURITY - MSS	1,413.44
Withholding social security 4% for December	SOCIAL SECURITY - MSS	1,137.84
Employer's contribution of 6% for 13th period salary	SOCIAL SECURITY - MSS	1,706.76
Employer's contribution of 6% for December	SOCIAL SECURITY - MSS	1,706.76
Withholding SS (4%) for 13th period	SOCIAL SECURITY - MSS	1,137.84
Total		12,756.40

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 2022, FFTL received a total of USD 405,488.00 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 116,990.00 from the program. It also received USD 249,710.00 from the AFC Enhance Member Association Extra-Time Program 2022 and USD 38,788.00 from other sources within the program.

	Total	
	Jan. - Dec. 2022	Jan. - Dec. 2021
AFC	249,710.00	455,317.00
Enhance Advantage Funds	116,990.00	
Enhance Extra Time	38,788.00	
Total AFC	405,488.00	455,317.00

8.2. AFF

The ASEAN Football Federation (AFF) provided a Grants of USD 364,023.41 to FFTL for the intensive training and friendly matches of the Sub-23 team in Indonesia from January 20 to February 11, 2022, in preparation for the AFF Sub-23 Championship 2022 held in Cambodia from February 14 to 26, 2022.

	Total	
	Jan. - Dec. 2022	Jan. - Dec. 2021
AFF	217,494.30	44,960.00
Other Grants	146,529.11	
Total AFF	364,023.41	44,960.00

8.3. FIFA

In 2022, the FFTL received a total of USD 1,606,070.19 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 396,070.19. Additionally, the



FFTL received USD 750,000.00 from FIFA's COVID-19 program, and USD 460,000.00 from FIFA's Travel Funds Program.

	Total	
	Jan. - Dec. 2022	Jan. - Dec. 2021
FIFA	396,070.19	2,295,109.46
Covid-19 Funds	750,000.00	
Travel Funds	460,000.00	
Total FIFA	1,606,070.19	2,295,109.46

8.4. Other Grants

Subsidies received from the Government are recognized when there is reasonable assurance that the subsidy will be received and that all related conditions will be met. When the subsidy relates to an expense item, it is recognized as income on a systematic basis during the periods in which the related costs, for which compensation is intended, are incurred.

FFTL received from the State Secretariat for Youth and Sport of Timor-Leste Grants in the amount of USD 390,771.49 to finance activities that were planned for the year 2022.

	Total	
	Jan. - Dec. 2022	Jan. - Dec. 2021
Other Grants	390,771.49	191,414.37
Total Other Grants	390,771.49	191,414.37



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. 2022	Jan. - Dec. 2021
EXPENSES		
Administrative Staff Salary	450,251.80	681,051.00
Administrative Costs	693,366.70	259,763.36
Advantage Expenses	85,799.00	
Beach Soccer/Futsal Activities	59,256.00	27,836.00
Covid-19 Expenses	746,520.06	
Domestic Competition - Boys		1,425.00
Domestic Competition - Men's	74,867.00	374,864.87
Domestic Competition - Women's	105,954.70	174,754.50
Extra Time Expenses	37,714.00	
Financial Management (incl. Audit Fees)		25,115.58
Governance	57,422.62	87,902.60
Grassroots Activities	130,156.00	199,288.50
Infrastructure and Maintenance	10,391.00	27,837.50
Marketing and Communication (incl. Websites)	23,163.70	26,875.00
National Teams - Men's (Senior & Youth)	405,783.74	659,075.32
National Teams - Women's (Senior & Youth)	68,825.00	21,440.00
Other		28,621.00
Training 01 - Technical and Coaching	9,759.00	78,527.00
Training 02 - Administrative		3,906.00
Training 03 - Refereeing	18,315.00	72,873.95
Training 04 - Other		2,774.00
Travel Solidarity Funds	428,440.78	
Total EXPENSES	3,405,986.10	2,753,931.18



b) Expenses by Class

	AFC	AFF	FIFA	TOTAL
EXPENSES				0.00
Administrative Staff Salary	69,960.00	4,735.00	375,556.80	450,251.80
Administrative Costs	35,311.44	381,499.65	276,555.61	693,366.70
Advantage Expenses	85,799.00			85,799.00
Beach Soccer/Futsal Activities		11,119.00	48,137.00	59,256.00
Covid-19 Expenses			746,520.06	746,520.06
Domestic Competition - Men's	71,797.00		3,070.00	74,867.00
Domestic Competition - Women's	64,375.20	2,850.00	38,729.50	105,954.70
Extra Time Expenses	37,714.00			37,714.00
Governance			57,422.62	57,422.62
Grassroots Activities		43,000.00	87,156.00	130,156.00
Infrastructure and Maintenance			10,391.00	10,391.00
Marketing and Communication (incl. Websites)		66.00	23,097.70	23,163.70
National Teams - Men's (Senior & Youth)		348,263.46	57,520.28	405,783.74
National Teams - Women's (Senior & Youth)		54,630.00	14,195.00	68,825.00
Training 01 - Technical and Coaching		3,380.00	6,379.00	9,759.00
Training 03 - Refereeing		1,662.00	16,653.00	18,315.00
Travel Solidarity Funds			428,440.78	428,440.78
Total EXPENSES	364,956.64	851,205.11	2,189,824.35	3,405,986.10

10. Commitments assumed and not paid in 2022

on December 31, 2022, FFTL assumed commitments that were not paid in the amount of 45,172.71, which were not accounted for in the 2022 financial statements.

Account	Memo/Description	Amount
Electricity Bills	Electricity bills of Nov 2022-Dez 2022-EDTL	2,786.88
	Referee equipment (2022)-Pacific Agency	384.33
Office Supply/Furniture	Office stationery (2022)-Zeon International	6,035.50
	Office Stationery (2022)-Sylvia Dili	3,331.00
Other MA's Monthly Subsidy/Salary	Youth Academic Staff Salary for Nov-Dec 2022	500.00
	Youth Academic Staff Salary for Nov-Dec 2022	7,260.00
	Youth Academic staff salary Nov 2022-March 2023	1,250.00
Grassroots Activities	Monthly Subsidy to 11 MAs - Dec 2022	16,500.00
Marketing and Communication (incl. Websites)	Internet Monthly Fees Oct-Nov 2022-Telekomunikasi Indonesia International (TL)	4,750.00
	Internet service of Dec 2022 and Feb 2023)-Telekomunikasi Indonesia	2,375.00
Total		45,172.71



11. Completion of The Financial Statements

The Federation's Managements are responsible for the preparation of the financial statements and completed on April 30, 2022.



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, 2022.

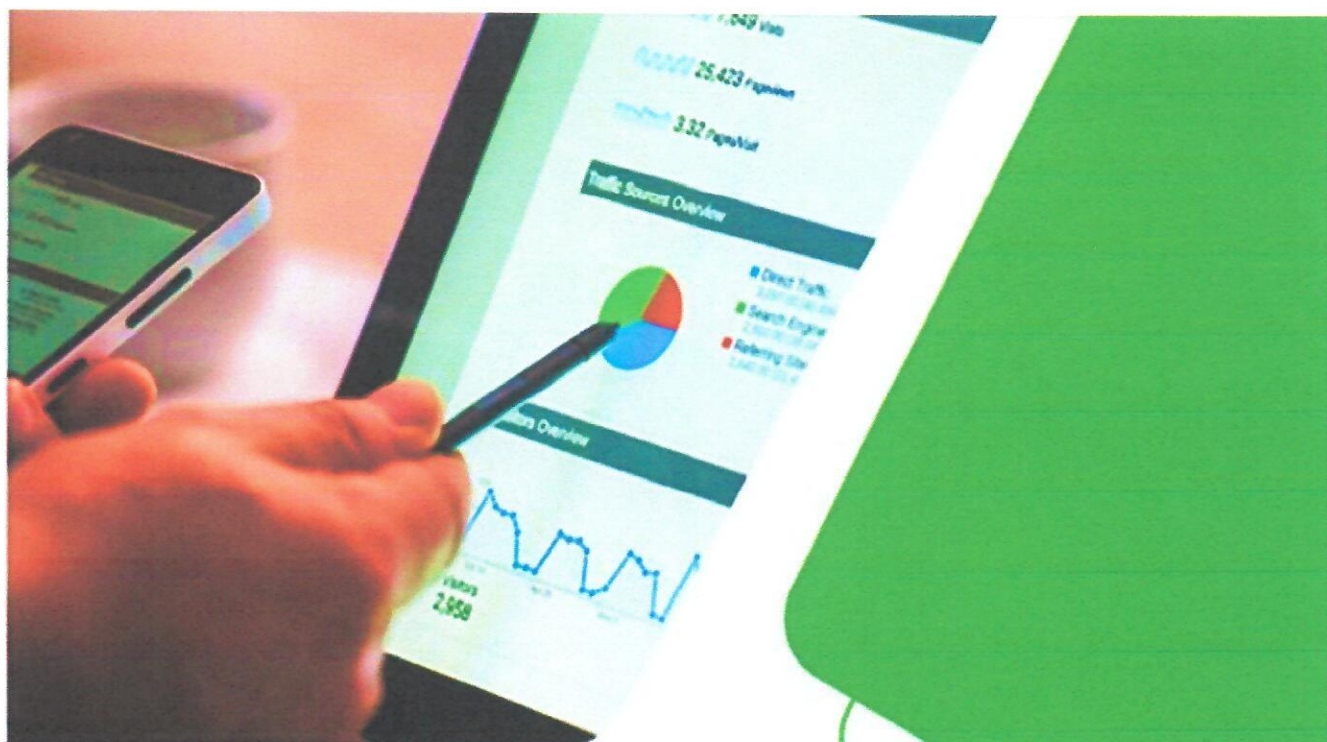
1. The financial statements, as set out on pages 01 to 18.
 - a) Present the financial statements of Federação de Futebol de Timor-Leste, which comprise the balance sheets, statement of financial results that were prepared in accordance with the International Financial Reporting Standards (IFRS) and 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, 2022 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, April 30, 2023

Francisco Martins da C. P. Jerónimo

President of da FFTL



EXTERNAL AUDIT OF FINANCIAL STATEMENTS

Federação de Futebol de Timor-Leste



PRIMO'S BOOT
10 years growing with Timor-Leste

2023

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To Secretária Geral da Federação de Futebol de Timor-Leste (FFTL, E.P.).

Opinion

We have audited the accompanying financial statements of the Football Federation of Timor-Leste (FFTL), which comprise the statement of financial position as of December 31, 2022, the statement of comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended, and the Notes to the financial statements, which include a summary of significant accounting policies and the Executive Committee's statement.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibility for the Audit of the Financial Statements" section, and we express an opinion on these financial statements based on our audit report.

We are independent of FFTL in accordance with the ethical requirements of the International Code of Ethics for Professional Accountants, which are relevant to our audit of the financial statements. We have fulfilled our ethical responsibilities in planning and performing the audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FFTL as of December 31, 2022, 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 3, Significant Accounting Policies, which states that the financial statements of FFTL have been prepared in accordance with International Accounting Standards (IAS) on a Cash Basis, except for the statement of cash flows, and the measurement basis used is historical cost, except for certain

accounts that are measured on a different basis as described in the respective explanatory notes to this document.

The statement of cash flows is prepared using the direct method and presents cash receipts and payments classified into operating, investing, and financing activities.

Responsibility of the Secretary-General for the Financial Statements

The Secretary-General of FFTL is responsible for the preparation and presentation of the financial report and financial statements, which should provide a true and fair view in accordance with International Accounting Standards (IAS) on a Cash Basis, except for the statement of cash flows. The measurement basis used is historical cost, except for certain accounts described in the explanatory notes to this document.

The Secretary-General is also responsible for implementing internal control determined by the directors that may enable the preparation of financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary-General is responsible for using the appropriate accounting basis, assessing the FFTL's ability to continue as a going concern when preparing the financial report. They must disclose matters relating to going concern, as applicable, and use the assumption of going concern unless the directors intend to cease operations or have no realistic alternative but to do so.

Responsibility of the Auditor for the Audit of the Financial Statements

Our responsibility is to express an opinion on the financial statements based on the tests we have performed during our audit process. We conducted our audit in accordance with International Standards on Auditing (ISAs), and these standards require us to comply with ethical, planning, and execution requirements to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error, and subsequently issue an audit report that includes our opinion.

Reasonable assurance means a high level of assurance but does not guarantee that an audit conducted in accordance with International Standards on Auditing will always detect any material misstatements when they exist. Misstatements may arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably influence decisions based on these financial statements.

In accordance with International Standards on Auditing, as part of an audit, we exercise professional judgment that involves performing procedures to obtain audit evidence. The selected procedures depend on our assessment and judgment, including:

- ✚ Identifying and assessing the risks of material misstatement in the financial statements due to fraud or error, planning and performing audit procedures to respond to those risks, and obtaining audit evidence that is sufficient and appropriate to support our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, false statements, or override of internal controls.

- ✚ Evaluating the overall presentation, structure, and content of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- ✚ Obtaining an understanding of the relevant internal controls for the audit to plan appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.
- ✚ Assessing the adequacy of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ✚ Concluding on the appropriateness of the directors' use of the going concern assumption and, based on the audit evidence obtained, whether there is a relevant uncertainty 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 there is a relevant uncertainty, we must draw attention in our audit report to the respective disclosures in the financial report or, if such disclosures are inadequate, modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report.
- ✚ Obtaining appropriate and sufficient audit evidence regarding the entity's financial information or 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 are solely responsible for our audit opinion, which is based on the audit evidence obtained up to the date of our audit report.

We communicate with the responsible individuals within the entity about the work methodology, among other matters, the planned objective and schedule of the audit, as well as the significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

Dili, May, 17 2023.

Primo's Boot Unip. Lda.

João Mendes

PRIMO'S BOOT Unipessoal Lda.
Audit Team Leader