



# **FIFA FINANCIAL REPORT 2003**



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## FOREWORD



*1954 FIFA World Cup™ final competition in Switzerland. Suat of Turkey (left) scores one of his two goals against South Korean goalkeeper Duk Yung Hong.*

Dear members of the FIFA family,

I am delighted to be able to present to you the very first FIFA financial report drawn up in accordance with the requirements laid down by International Financial Reporting Standards (IFRS), which usually only apply to companies listed on the stock exchange. But as you are aware, following a proposal tabled by the Seychelles Football Federation at the 1999 Extraordinary FIFA Congress in Los Angeles, FIFA decided to look into the possibility of converting to IFRS from 2003 onwards. With a view to offering greater transparency, FIFA's members ratified that proposal at the Congress in Zurich in 2000.

In this, the first year of the 2003–2006 FIFA World Cup™ cycle, FIFA had three priorities:

- to strengthen its equity basis;
- to keep to the agreed budget;
- to plan for the future Home of FIFA from a financial point of view.

As a result of the conversion from the cash method of accounting to IFRS, FIFA's equity also had to be recalculated. Fortunately, in this respect FIFA posted only a relatively small deficit of CHF –15 million, backdated to 1 January 2003. This result, like all of the other figures relating to FIFA's balance sheet and income statement, proved wrong those critics

who had predicted a far worse situation for FIFA. Personally, I regarded this as the final and most important piece of evidence that FIFA had been extremely successful from an economic point of view in the preceding four years and that it had survived the considerable difficulties (insolvency of ISL and Kirch, AXA's termination of cancellation insurance for the 2002 FIFA World Cup™) with no lasting damages. By mid-2003, we were able to post equity of approximately CHF 66 million, a figure that had soared to CHF 94 million by the end of the year. FIFA has therefore built up considerable capital reserves at the start of this four-year period, and these funds will allow us to approach the challenges ahead with renewed confidence.

The positive development of FIFA's equity can also be explained by the FIFA administration, led by the General Secretary, adhering to the agreed budget. As the chairman of the Finance Committee will explain, FIFA was able to keep to, or in some cases improve on the budget passed by the 2002 Congress, both in terms of expenses and revenue. You will find more information on this in the main part of this report.

At the Congress in Doha, I was also delighted to be able to inform you that in August 2003, FIFA had

acquired an extensive piece of land for the new Home of FIFA in Zurich. We were able to secure this land, which is in a prime location, at an excellent price. At its meeting in December, the Executive Committee approved the financial details for what will be the largest construction project in FIFA's history. FIFA's sound financial situation will allow us to cover 50% of the ensuing construction costs ourselves. What is more, our federation's excellent creditworthiness will allow us to secure a mortgage at advantageous conditions.

Finally, I am proud to be able to say that I also achieved my own personal objective for 2003: FIFA's financial credibility has been restored in full. We, the world football family, can now celebrate our organisation's Centennial safe in the knowledge that we have built upon our forefathers' legacy and done everything in our power to guarantee a prosperous and successful future.



**Joseph S. Blatter**  
FIFA President

Dear members of the international football family,

Working together with the FIFA General Secretary and the Finance & Controlling Division, over the course of the last 12 months the Finance Committee has made countless decisions at its many meetings and submitted a range of other recommendations to the Executive Committee for approval. Overall, the year 2003, the first in the new four-year period, was a very good one for FIFA – as you will learn from the various figures and explanations presented in this report.

SCORE, a programme launched in mid-2001 to keep costs in check and identify new sources of income, also had a positive effect in 2003. On the one hand, FIFA was able to generate more income, while on the other, costs in several areas were also kept in line with the budget.

Four FIFA competitions took place in 2003 – the FIFA Confederations Cup, the FIFA U-17 World Championship, the FIFA World Youth Championship and the FIFA Women's World Cup. However, each of these tournaments was affected by factors that had a financial impact.

During the semi-final of the FIFA Confederations Cup in France, Cameroon's Marc-Vivien Foé

collapsed without being touched by an opponent and tragically died soon afterwards. In keeping with its humanitarian responsibilities, FIFA decided to set up a foundation with a CHF 1 million donation for the player's wife and three children. The aim of this foundation is to provide them with financial security and in particular to safeguard the children's education.

As a result of the SARS epidemic, the FIFA Women's World Cup had to be relocated from China P.R. to the USA. Although they had fully prepared for the biggest tournament in the women's game, the Chinese organisers supported the FIFA executive's decision. To cover the resultant costs, FIFA agreed to pay the local organising committee USD 1 million in compensation and it was decided that the next edition of the event, in 2007, would be held in China P.R. The USA stepped in to replace China P.R. Led by the US Soccer Federation, the local organising committee was able to repeat the success it enjoyed in 1999 by organising a tournament that was a resounding success in every respect – and not just from a financial point of view. In view of the short timeframe to prepare for and market the tournament, their achievements were all the more remarkable.

Although the FIFA World Youth Championship did not require a new host country, it did have to be postponed. The military conflict in Iraq left the Executive Committee with no choice but to reschedule the competition in the United Arab Emirates from spring to November/December. Flawless infrastructure and the unwavering commitment of the local organisers ensured that this tournament was another highlight.

Finally, the FIFA U-17 World Championship in Finland went ahead as planned, and thanks to the hard work of everyone involved, this event was yet another resounding success.

All of the above helped to secure FIFA's financial position as at the end of December 2003, and as a result, FIFA can confidently look forward to meeting its objectives in 2004, and in the remaining years of the 2003–2006 period. I hope you will enjoy studying this report – and I also hope that you will be as satisfied with the figures as I am.



**Julio H. Grondona**

Chairman of the Finance Committee



Dear members of the international football family,

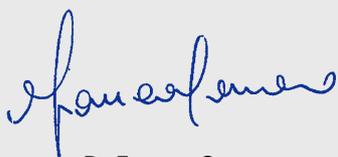
In line with the directives of the 2002 Ordinary FIFA Congress, the Internal Audit Committee took up its duties for the first time in the year 2003. The committee's work can be divided into two areas: checking FIFA's accounts and critically supervising and scrutinising FIFA's financial statements, which since the start of the year 2003 have been drawn up according to International Financial Reporting Standards (IFRS).

During three meetings in 2003, the Internal Audit Committee examined the effects of converting from the cash method of accounting, which had been used until the end of 2002, to IFRS.

We also concentrated on accurately calculating FIFA's equity at the start of the new accounting period. Having studied the documents, examined the books and taken into account all of the comprehensive information provided by the Finance & Controlling Division, we ascertained that in contrast to the concerns expressed by many parties in mid-2002, FIFA's equity was only just in the red as at 1 January 2003, and this figure improved to CHF 94 million over the course of the first year of the 2003–2006 period. We were also able to draw satisfactory conclusions from the other figures in FIFA's balance sheet and income statement for the year 2003.

The report by the Internal Audit Committee for the year 2003 is on page 95 of this Financial Report.

By approving the revised FIFA Statutes at the 2003 Extraordinary Congress in Doha, FIFA's members added this body to the list of standing committees. As the chairman, I will continue to strive to ensure that the committee fully meets all of its responsibilities – for the good of FIFA's reputation, but also for the good of the international football community.



**Dr Franco Carraro**  
Chairman of the Internal  
Audit Committee





## FACTS & FIGURES 2003



*1962 FIFA World Cup™ final competition in Chile. Yugoslavian goalkeeper Soskic makes a flying save to deny Rojas of Chile in the match for third place.*



1930 FIFA World Cup™ Final in Montevideo, Uruguay. Uruguay's Pablo Dorado (out of picture) beats Argentina's goalkeeper Juan Botasso to score the first goal of the match.



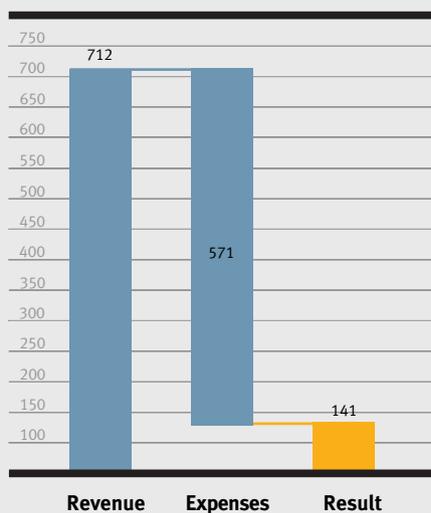
Argentina's Francisco Varallo at the 1930 FIFA World Cup™ final competition in Uruguay.



1934 FIFA World Cup™ in Italy. Swedish goalkeeper Rydberg punches clear under pressure from Argentina's captain De Vincenzi.

## INCOME STATEMENT, 2003

CHF MILLION



## INCOME STATEMENT, 2003

CHF MILLION

<b>Revenue</b>	<b>712</b>
• Event-related revenue	683
• Other operating income	17
• Financial income	12
<b>Expenses</b>	<b>571</b>
• Event-related expenses	297
• Development-related expenses	145
• Other operating expenses*	103
• Financial expenses	26
<b>Result</b>	<b>141</b>

\* Including expenses for personnel, transportation, travel and accommodation, IT, depreciation and amortisation ( shown separately in the Consolidated Income Statement, p. 55)

## INCOME STATEMENT FOR 2003

For the period 1 January 2003 – 31 December 2003, FIFA registered total revenue of CHF 712 million and total expenses of CHF 571 million. This led to a net result of CHF 141 million.

For the first time, FIFA has published its financial statements according to **International Financial Reporting Standards** – IFRS (formerly known as International Accounting Standards – IAS). The proposal to change to IFRS was tabled at the 1999 Congress in Los Angeles. The final decision to change to IFRS was ratified by the 2000 FIFA Congress in Zurich.

This chapter provides an overview of the key financial figures for 2003. The detailed financial statements for 2003 can be found in the annex of this report on pages 52–92.

Based on a decision taken by the 2003 FIFA Congress in Doha, the renowned international audit company KPMG will be auditing FIFA's annual financial statements for the 2003–2006 financial period. KPMG's report for the year 2003 can be found in the annex on page 93. The report by the Internal Audit Committee is on page 95.

For the year 2003, FIFA's **net result is positive** and amounts to **CHF 141 million**.

FIFA's income statement shows the following structure on the revenue side: event-related revenue, other operating income, and financial income. On the expenses side: event-related expenses, development-related expenses, other operating expenses and financial expenses.

This structure reflects FIFA's main objective, which is to organise international competitions and to constantly improve and promote the game of football through development programmes.



1934 FIFA World Cup™ final competition in Italy. Three Spanish defenders combine to clear the ball from a Brazilian attack.



1938 FIFA World Cup™ final competition in France. Czechoslovakian goalkeeper Burkert prepares to save during goalmouth action against Brazil.



1938 FIFA World Cup™ Final in Paris, France. Italy defend their goal as Hungary attack.

## REVENUE, 2003

CHF MILLION

100% = CHF 712 million

### Financial income

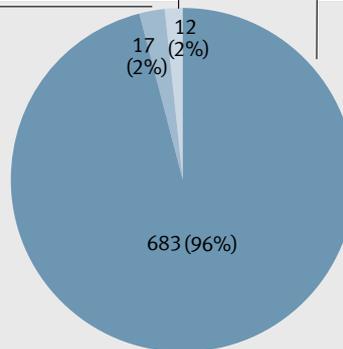
• Foreign exchange effects	0.5
• Currency derivatives	7
• Investments	1.5
• Interest	3

**Total** 12

### Other operating income

• Brand licensing	5
• Quality concept	6
• Other (e.g. penalties, rental income)	6

**Total** 17



### Event-related revenue

• TV broadcasting rights	422
- 2006 FIFA World Cup™	
- FIFA Additional Events	6
• Marketing rights	175
• Licensing rights	12
• Hospitality	65
• Other	3

**Total** 683

### Official Partners of the 2006 FIFA World Cup Germany™



### Official Suppliers of the 2006 FIFA World Cup Germany™



## EXPENSES, 2003

CHF MILLION

100% = CHF 571 million

### Financial expenses

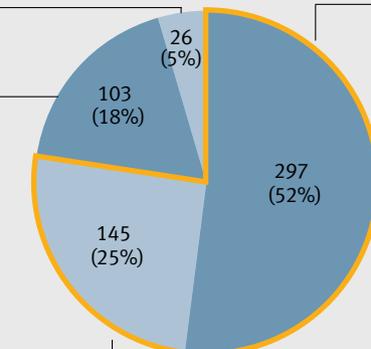
• Foreign exchange effects	10
• Interest	15
• Derivatives	1

**Total** 26

### Other operating expenses

• Personnel expenses	39
• Transportation, travel, residence expenses	13
• IT	9
• Depreciation	6
• Consultancy	16
• Rent of property	4
• Other (e.g. offices, telecommunication, certification)	16

**Total** 103



77% for FIFA events & development



### Event-related expenses

• Contributions to teams	20
• Contributions to LOC	75
• Rights protection/delivery	16
• Other (e.g. teams travel, accommodation, insurance)	35
• Accrued expenses	151

**Total** 297

### Development-related expenses

• Financial Assistance Programme	81
• Confederations	25
• Goal	25
• Other (e.g. courses, e-FIFA)	14

**Total** 145

## REVENUE AND EXPENSES FOR 2003

Of the total revenue recorded in 2003, amounting to CHF 712 million, CHF 683 million (96%) resulted from FIFA events. The lion's share of this amount is attributable to the 2006 FIFA World Cup Germany™ and was mainly generated through the commercialisation of TV broadcasting rights (CHF 428 million) and marketing rights (CHF 175 million). Other operating income totalled CHF 17 million (2%) and financial income amounted to CHF 12 million (2%).

FIFA's revenue and expenses in the year 2003 were determined to a considerable extent by **FIFA events**, and in particular by the **2006 FIFA World Cup Germany™**.

Revenue and expenses directly related to the **FIFA World Cup™** are recognised in the income statement using the **"percentage of completion" method** according to IFRS. This means that they are listed by reference to the stage of completion of the event as at the balance sheet date. The stage of completion of the 2006 FIFA World Cup Germany™ is assessed as incurring evenly over the four-year 2003 to 2006 period. The application of the percentage of completion method requires that revenue and expenses be estimated reliably.

For **FIFA Additional Events**, revenue and expenses are listed in the income statement when the event takes place.

Expenses for **development programmes** such as the Financial Assistance Programme (FAP) or *Goal* are recorded on a straight-line basis over the project period.

On the expenditure side, CHF 297 million (52%) of the overall expenses of CHF 571 million for the year 2003 were assigned to FIFA events. This included contributions for teams & participants and local organising committees. The accrued expenses of CHF 151 million within the event-related expenses related to costs incurred in 2003 but not representing effective cash-out. A quarter (CHF 145 million or 25%) of the expenses related to FIFA development programmes (e.g. *Goal* and the Financial Assistance Programme). This represented a total of 77% of the overall expenses for FIFA events and development. Other operating expenses of CHF 103 million (18%) included, for example, personnel costs. Financial expenses amounted to CHF 26 million (5%) and mainly consisted of foreign exchange and interest effects.



1954 FIFA World Cup™ Final in Berne, Switzerland. West German captain Fritz Walter (facing in white shirt) shakes hands with beaten rival Ferenc Puskas of Hungary.



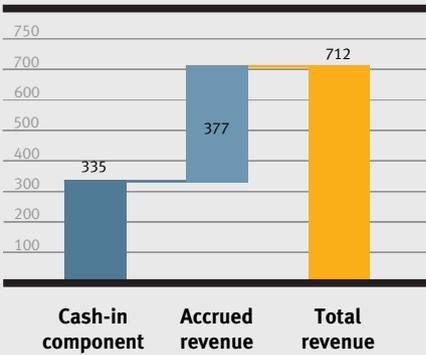
1958 FIFA World Cup™ Final Competition in Sweden. Wales' inside-right Roy Vernon is stopped by Swedish goalkeeper Karl Svennson.



1958 FIFA World Cup™ final competition in Sweden. A Soviet defender stops a shot from Sweden's Simonsson.

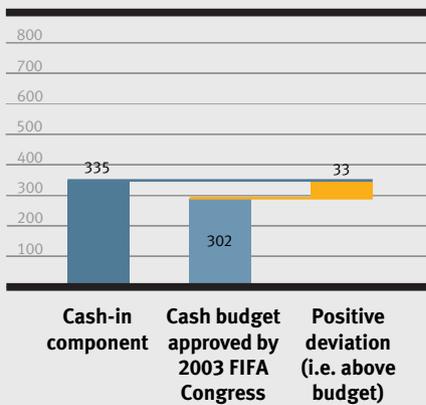
## REVENUE, 2003: COMPONENTS

CHF MILLION



## REVENUE, 2003: BUDGET COMPARISON

CHF MILLION



## ANALYSIS OF REVENUE FOR 2003

The total revenue generated in 2003, amounting to CHF 712 million, can be divided into a cash-in component of CHF 335 million and accrued revenue of CHF 377 million.

Following the changeover to IFRS, it is important to note that not all of the **revenue** generated in 2003 represented effective cash-in for FIFA. The total recognised revenue has to be separated into a **cash-in component** and an **accrued component**. The latter is due to the application of the percentage of completion method according to IFRS.

The annual budgets that are submitted to the FIFA Congress for approval every year are **cash budgets**. A budget deviation analysis therefore needs to be based on a comparison between the approved cash budget and the above-mentioned cash component of the actual figures.

A budget deviation analysis for 2003 shows that the **revenue budget** approved by the FIFA Congress was **surpassed by CHF 33 million**.

The 2003 FIFA Congress approved a revenue cash budget of CHF 302 million (presentation given by the FIFA General Secretary in Doha, Qatar on 19 October 2003). With an effective cash-in component of CHF 335 million, this budget was surpassed by CHF 33 million (11%).



1962 FIFA World Cup™ final competition in Chile. England goalkeeper Ron Springett saves from Argentina's Sachi (2R).



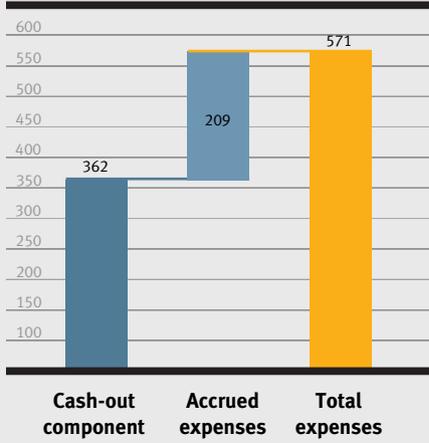
1962 FIFA World Cup™ final competition in Chile. Brazil's Garrincha (left) runs to join the celebrations after Amarildo (20) scored Brazil's first goal in the Final.



1962 FIFA World Cup™ in Chile. Brazil's Vava scores his team's third goal during their semi-final match against Chile.

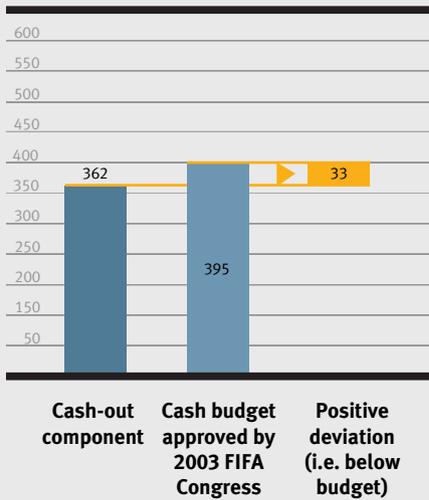
## EXPENSES, 2003: COMPONENTS

CHF MILLION



## EXPENSES, 2003: BUDGET COMPARISON

CHF MILLION



## ANALYSIS OF EXPENSES FOR 2003

The total expenses incurred in 2003, amounting to CHF 571 million, can be divided into a cash-out component of CHF 362 million and accrued expenses of CHF 209 million.

The principle described on the previous page of this report for the revenue side also applies to the **expenditure side**. This means that not all of the total expenses incurred in 2003 represented effective cash-out for FIFA. The total expenses need to be separated into a **cash-out component** and an **accrued component**.

A budget deviation analysis for 2003 shows that the **effective cash-out** was **CHF 33 million lower than the expense budget** approved by the FIFA Congress.

The 2003 FIFA Congress approved an expense cash budget of CHF 395 million (presentation given by the FIFA General Secretary in Doha, Qatar on 19 October 2003). With effective cash-out of CHF 362 million, the expenses incurred were under the budget by CHF 33 million (8%).



1966 FIFA World Cup™ in England. After receiving the Jules Rimet trophy from the Queen following England's victory over West Germany in the Final, captain Bobby Moore is chaired by his team-mates.



1966 FIFA World Cup™ final competition in England. Portugal's Eusebio is stopped by North Korean goalkeeper Li Chang Myung and defender Shin Yunk Kyoo.



Pelé in 1968.

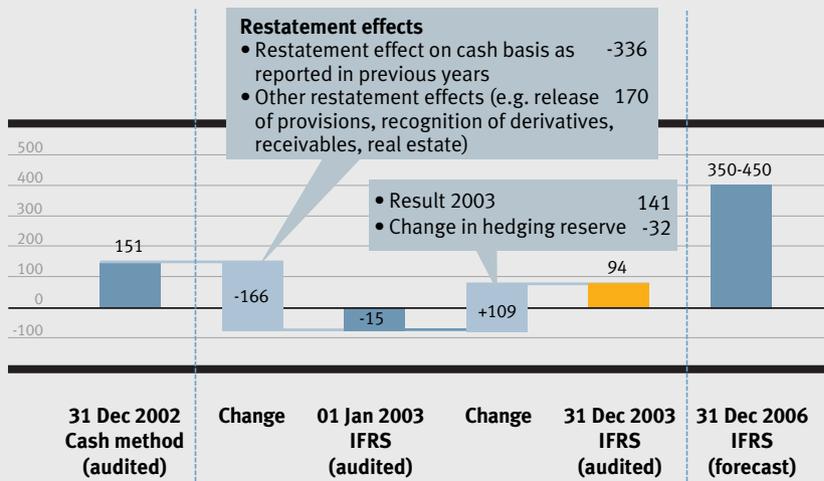
## BALANCE SHEET, 31 DECEMBER 2003

CHF MILLION

ASSETS	845	LIABILITIES AND EQUITY	845
<b>Current assets</b>	<b>631</b>	<b>Current liabilities</b>	<b>524</b>
• Cash & cash equivalents	341	• Payables	30
• Receivables	67	• Income tax liabilities	2
• Prepaid expenses and accrued income	223	• Interest-bearing liabilities	156
		• Derivative financial liabilities	49
		• Accrued expenses and deferred income	287
<b>Non-current assets</b>	<b>214</b>	<b>Non-current liabilities</b>	<b>227</b>
• Property, plant, equipment	99	• Interest-bearing liabilities	226
• Intangible assets	6	• Deferred tax liability	1
• Financial assets	109	<b>Equity</b>	<b>94</b>

## EQUITY DEVELOPMENT

CHF MILLION



## BALANCE SHEET AND EQUITY DEVELOPMENT

FIFA's current assets consist of CHF 341 million cash. Receivables amount to CHF 67 million, prepaid expenses and accrued income to CHF 223 million.

Within the non-current assets, FIFA's property, plant and equipment are valued at a total of CHF 99 million, intangible assets at CHF 6 million and financial assets at CHF 109 million.

Under current and non-current liabilities, both "interest-bearing liabilities" items, with a total of CHF 382 million, refer to the securitisation transaction. Under IFRS, securitisation is considered as a financing transaction, more specifically as a loan towards third party investors.

FIFA's equity as at 31 December 2002, based on the cash-method of accounting, amounted to CHF 151 million. With the introduction of IFRS, several restatement effects had to be considered, such as the recognition of revenue of CHF 336 million in relation to the securitisation transaction (see FIFA Financial Report 2002, p. 78), release of provisions, recognition of derivatives, receivables and real estate. These restatement effects led to negative equity in the opening balance sheet as of 1 January 2003 of CHF -15 million. Based on the positive 2003 annual result of CHF 141 million and a change in the hedge reserve of CHF -32 million, the equity as at 31 December 2003 amounted to CHF 94 million. By the end of 2006, equity of between CHF 350 and 450 million is expected.

FIFA's **balance sheet** as at 31 December 2003 **totaled CHF 845 million**, including current assets of CHF 631 million and non-current assets of CHF 214 million. FIFA's current liabilities amount to CHF 524 million and non-current liabilities to CHF 227 million. This led to **equity of CHF 94 million** as at 31 December 2003.

Starting with equity of CHF 151 million at the end of 2002 (see FIFA Financial Report 2002), the conversion to IFRS implied several restatement effects, which led to a reduced equity of CHF -15 million in the opening balance sheet as at 1 January 2003. From then on, equity will continuously increase over the four-year period with a value of CHF 94 million as at 31 December 2003 and an **equity forecast of CHF 350 to 450 million by December 2006**.



## FIFA ADDITIONAL EVENTS

The FIFA Confederations Cup 2003 was meticulously organised by the French Football Federation and the action on the pitch exceeded all expectations. Champions in 2001, France claimed the crown for the second time, with Thierry Henry's golden goal securing a 1-0 victory over Cameroon in a Final overshadowed by the tragic death of Marc-Vivien Foé.

The FIFA U-17 World Championship in Finland literally broke new ground in more than one respect. Not only did Finland receive the honour of hosting its first FIFA competition, but for the very first time in the history of FIFA final competitions, a number of matches were also played on an artificial pitch (in the Töölö stadium, Helsinki).

Following the success of the event in 1999, the FIFA Women's World Cup 2003 was once again held in the USA. This competition was originally due to be held in China P.R., but the outbreak of the SARS epidemic left FIFA with no option but to move the tournament to another country. Fortunately, despite the limited preparation time, the FIFA Women's World Cup was once again a success in terms of attracting spectators and generating revenue.

The FIFA World Youth Championship (U-20) in the United Arab Emirates rounded off the FIFA footballing year. This event had originally been scheduled to be the first of 2003, but the hostilities in Iraq led to it being moved from spring 2003 to November/December. However, the postponement had no effect on the tournament's eventual success.

FIFA's events in 2003 will long be remembered for their logistical challenges, as well as for the goals and tears of joy and sadness. **Four final competitions were held in 2003:** the FIFA Confederations Cup in France, the FIFA U-17 World Championship in Finland, the FIFA World Youth Championship in the United Arab Emirates and the FIFA Women's World Cup in the USA.

Thanks to the excellent cooperation with the local organisers and FIFA's partners in the areas of marketing and television, these events were a **resounding success, especially from a financial point of view.**

- 1 – 3 FIFA Confederations Cup France 2003
- 4 – 6 FIFA U-17 World Championship Finland 2003
- 7 – 9 FIFA Women's World Cup USA 2003
- 10 – 12 FIFA World Youth Championship UAE 2003



## GOAL PROGRAMME

Examples of *Goal* projects:

- 1 Seychelles: artificial turf pitches in Mahé, inaugurated on 19 February 2003.
- 2 Uganda: association headquarters in Kampala, inaugurated on 4 May 2003.
- 3 Bahrain: association headquarters and technical centre in Manama, inaugurated on 11 May 2003.
- 4 Fiji: national football academy with two pitches in Namosau, Ba, inaugurated on 8 February 2003.
- 5 Finland: artificial turf pitch for Töölö Finnair Stadium in Helsinki, inaugurated on 11 June 2003.
- 6 Myanmar: multi-functional centre in Mandalay with two training pitches and one pitch for competitive football, inaugurated on 23 May 2003.
- 7 Surinam: national training centre in Paramaribo, including offices, classrooms, dormitory and pitch, inaugurated on 1 November 2003.
- 8 Namibia: association headquarters in Windhoek, inaugurated on 20 September 2003.
- 9 Slovakia: technical centre in Senec, inaugurated on 6 September 2003.
- 10 Central Africa: renovation of the Barthélemy Boganda national stadium in Bangui, work completed.
- 11 Mongolia: artificial turf pitch in Ulan Baatar, inaugurated on 24 October 2002.
- 12 Netherlands Antilles: technical centre including association headquarters in Brevengat, inaugurated on 24 January 2003.

The **Goal Programme initiated by FIFA President Joseph S. Blatter** was adopted at the FIFA Congress in Los Angeles in 1999. By launching *Goal*, FIFA heralded a new era in development work. *Goal* is based on the vision of a “House of Football” – not a single house, but a house in every country and a house for each of our 204 member associations. A house that is open to all those who are involved in football and all supporters of the game.

As of the end of 2003, a total of **162 countries have benefited from the Goal Programme**, with 59 projects already inaugurated and another 30 scheduled for early 2004. Of the total number of projects to date, 40% have been for headquarters, 40% for technical centres, and 20% for artificial turf pitches.

In view of the astounding success of the programme, the 2002 FIFA Congress in Seoul voted to **continue** the programme **for another four years with a total budget of CHF 100 million**.

The 2nd phase of *Goal* was approved by the 2003 Doha Congress, enabling member associations with a completed *Goal* project to apply for a second project. The objectives for the second phase are the same as for the first: to provide the infrastructure for administration work and footballing activities. Over the course of 2004, some 20–25 countries will be selected for a **second Goal project**.



1970 FIFA World Cup™ final competition in Mexico. A Peruvian player is carried off the pitch by enthusiastic fans at the end of his team's victory over Bulgaria.



1970 FIFA World Cup™ in Mexico. West Germany's Gerd Müller scores the winning goal past England's Peter Bonetti during extra-time in their World Cup quarter-final.



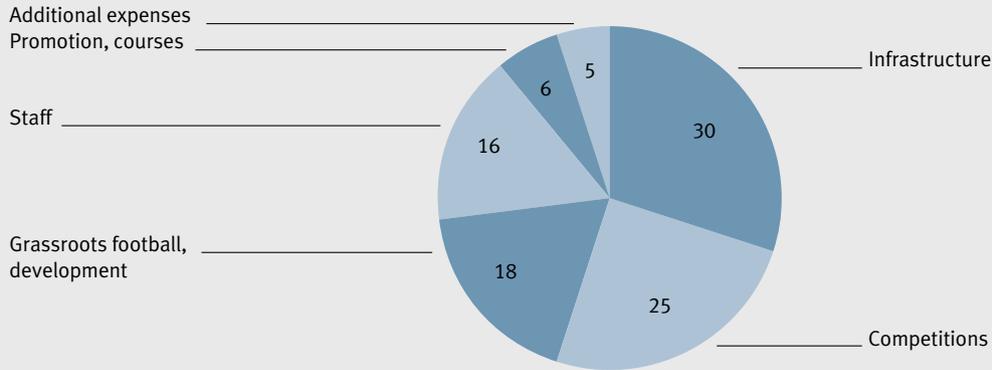
1974 FIFA World Cup™ final competition in Germany FR. Dutch playmaker Johan Cruyff leaves a Uruguayan opponent trailing in his wake.

## FINANCIAL ASSISTANCE PROGRAMME: USE OF FUNDS BY ASSOCIATIONS

PER CENT\*



100% = USD 255 million\*\*

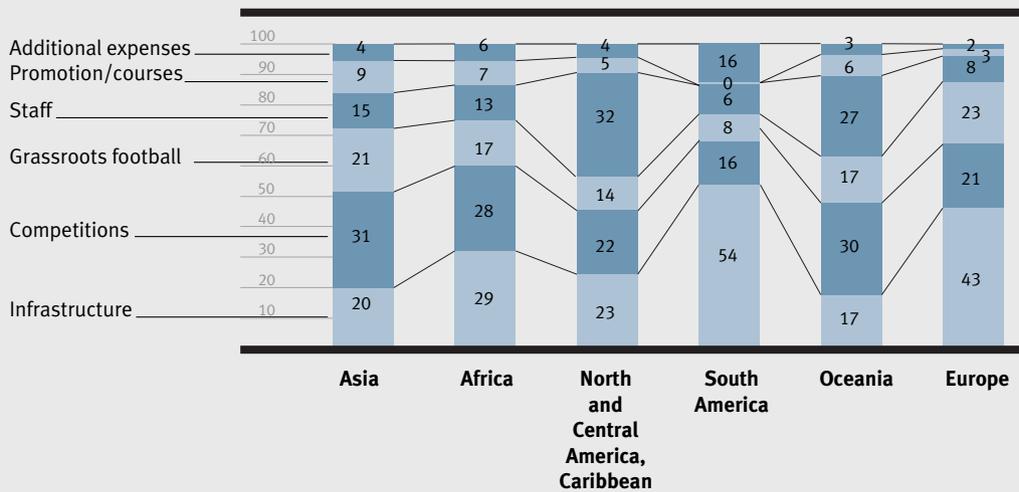


\* Distribution for 2001-2003

\*\* Total FAP funds distributed to Associations from 1999-2003

## FINANCIAL ASSISTANCE PROGRAMME: USE OF FUNDS BY ASSOCIATIONS

PER CENT\*



\* Distribution for 2001-2003

## FINANCIAL ASSISTANCE PROGRAMME

A large part of the funds from the Financial Assistance Programme (FAP), 30%, was invested in building/renovating football infrastructure. Consequently, the vision of the House of Football has been realised, often together with the *Goal* Programme. 25% of the funds were used to enable national teams to take part in the numerous competitions staged by FIFA and the confederations, with a considerable share going towards youth teams.

There is no uniform pattern for deployment of the funds in the different footballing regions. South America used 54% of the financial assistance for infrastructure; for Europe, the figure was 43%. In Oceania (27%) and also in North and Central America and the Caribbean (32%), the main emphasis for use of the funds was specifically targeted to set up an efficient football administration for the associations.

In 1999, **FIFA President Joseph S. Blatter** brought to fruition the **Financial Assistance Programme (FAP)** that had been launched by the previous FIFA President Dr João Havelange in 1996 for the benefit of all associations. In the four years from 1999–2002, **each association**, irrespective of its size, **received USD 1 million**, which was to be used for football development. The six **confederations each received USD 10 million** during the same period.

Based upon the experience gained during the programme's first four years, FIFA drew up **revised FAP Regulations** in 2003. As well as focusing on optimising procedures, the revision concentrated on (1) optimising the use of funds by improving planning and increasing coordination with FIFA's other development programmes, and (2) increasing transparency in the use of funds by standardising all parts of the process (application, approval and compliance). As a result, in addition to the central audit of 10% of member associations, the revised regulations introduce a local audit requirement for all member associations and the six confederations. As such, each FIFA member will appoint a local auditor to conduct an audit of its FAP account with FIFA each year.



## 2003–2006 PERIOD



*1966 FIFA World Cup™ Final in England. England's captain Bobby Moore (C) appeals for a decision with Ray Wilson and goalkeeper Gordon Banks at full stretch in a vain attempt to stop West Germany's Wolfgang Weber scoring a dramatic late goal to take the match into extra time.*



1974 FIFA World Cup™ in West Germany. Jubilant West German captain Franz Beckenbauer celebrates his team's second World Cup title.



1978 FIFA World Cup™ final competition in Argentina. Scotland's Martin Buchan puts pressure on the Dutch player Rene van der Kerkhof.

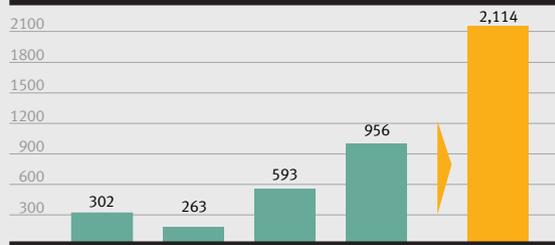


1982 FIFA World Cup™ final competition in Spain. Italy's goalkeeper Dino Zoff throws the ball out during the match against Cameroon.

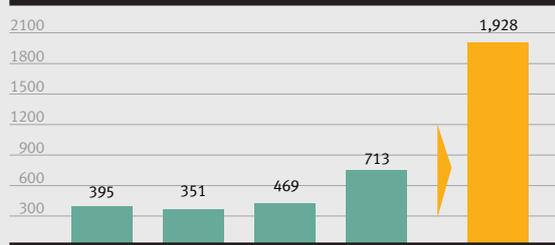
## CASH FORECAST 2003–2006

CHF MILLION

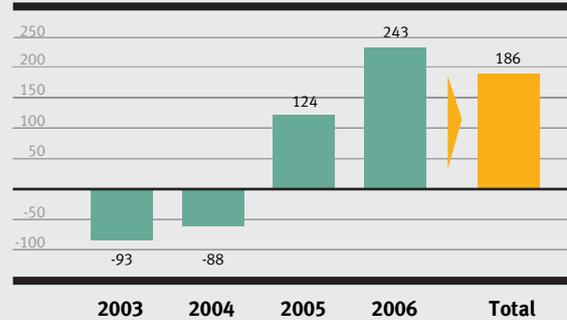
### Revenue\*



### Expenses\*



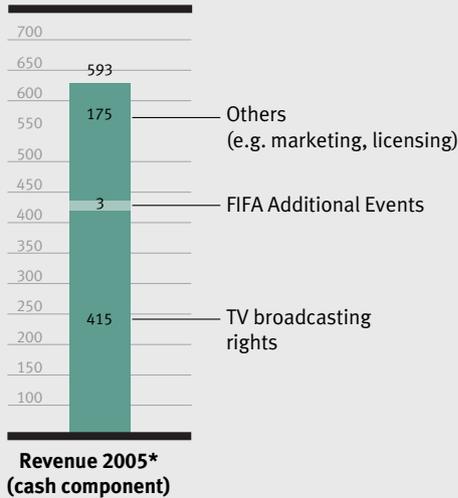
### Result (revenue – expenses)



\* Excluded: Additional revenue of CHF 270 million out of 2006 FIFA World Cup™ Hospitality Programme used to refinance additional support of CHF 250 million for the German Organising Committee

## BUDGET 2005

CHF MILLION



\* Excluding budget for FIFA Club World Championship 2005 (final decision to be taken by the FIFA Executive Committee)

## ANNUAL FORECAST (CASH METHOD)

The four-year forecast is based on minimum contractual revenue and contractual obligations. For each new financially-relevant contract concluded, the forecast needs to be updated. Compared to the cash forecast presented in the 2002 FIFA Financial Report, which showed a result of CHF 169.9 million, the following additional effects (in relation to the 2006 FIFA World Cup™) have been taken into account (examples):

- Acceleration of revenue from TV rights
  - Net revenue from Hospitality Programme
  - Revenue from Ticketing & Accommodation
- Including these effects, FIFA anticipates a cash result of CHF 186 million for the 2003–2006 period.

In 2002, a **forecast for the 2003–2006 period** was presented to the FIFA Congress in Seoul, based on the cash method that FIFA had always used thus far. A revised cash forecast was presented to the FIFA Congress in Doha, Qatar in 2003.

For reasons of consistency and internal budget control, the **forecast** and the **individual annual budgets** will continue to be submitted as **cash budgets** to the Congress for approval.

The **annual financial statements** for the years 2004 to 2006 will be in accordance with **IFRS**, as for the year 2003.

The **comparison** between the budget and the IFRS financial statement will be drawn by separating the financial statement into an **accrued component** and a **cash component** and comparing the latter with the approved cash budget (see pages 18–21 of this report).

The budgeted revenue for 2005 amounts to CHF 593 million (cash method) with CHF 415 million (70%) coming from TV broadcasting rights, CHF 3 million (1%) from FIFA Additional Events and CHF 175 million (29%) from other revenue (e.g. licensing).

The budgeted expenses for 2005 amount to CHF 469 million (cash method). Details on the expense budget can be found on the following page.



1982 FIFA World Cup™ final competition. West Germany's goalkeeper Harald Schumacher bellows instructions.



1986 FIFA World Cup™ in Mexico. Belgium's goalkeeper Jean-Marie Pfaff.



1986 FIFA World Cup™ Final in Mexico. Argentina's Diego Maradona kisses the trophy after his team's victory over West Germany.

## BUDGET 2005: EXPENSES

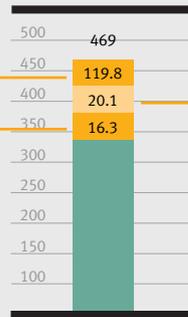
CHF MILLION

### FIFA operational expenses and services 119.8

• Executive Office of the President	3.9
• General Secretary	4.5
• Committees	12.3
• HR & Services	
– Personnel	51.0
– Services	13.6
• Communications	16.1
• Stadiums & Security	0.1
• Finance & Controlling	11.8
• Legal	6.5

### Associations & Football Administration 16.3

• Congress	10.0
• Relations with Associations	3.0
• CIES	1.7
• Other	1.6



Expenses 2005 (cash component)

### Marketing & TV 20.1

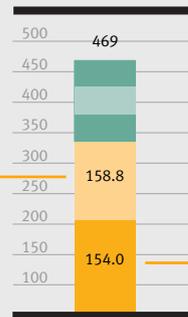
• Account management & rights delivery	10.9
• Licensing	0.9
• TV/New Media	1.2
• Official Music	0.8
• FIFA Brand	0.6
• Quality concept	1.0
• Beyond 2006	1.0
• Other	3.7

## BUDGET 2005: EXPENSES

CHF MILLION

### Competitions 158.8

• 2006 FIFA World Cup™	115.7
• 2010 FIFA World Cup™	0.3
• FIFA Confederations Cup 2005	25.0
• FIFA World Youth Championship 2005	9.2
• FIFA U-17 World Championship 2005	8.0
• Blue Stars/FIFA Youth Cup	0.6



Expenses 2005 (cash component)

### Development 154.0

• Financial Assistance Programme	81.6
• Confederations payments	24.4
• Goal	25.0
• Humanitarian Support Fund	2.0
• F-MARC	2.0
• Refereeing	2.0
• Other (e.g. courses)	17.0

## BUDGETED EXPENSES FOR 2005 (CASH METHOD)

The budget for 2005 was proposed to and approved by the **FIFA Finance Committee** and the **FIFA Executive Committee**. Ratification of this budget rests with the **2004 FIFA Congress**.

In **2005**, FIFA will again be able to meet all of its financial obligations towards all of its interest groups in full. FIFA will be able to maintain the same level of financial support in 2005 as in the preceding years, particularly through **development projects** for the associations, such as the **Financial Assistance Programme** and *Goal*.



## SPECIAL TOPICS



1970 FIFA World Cup™ final competition in Mexico. Italy's Gigi Riva (left) shoots past Mexico goalkeeper Ignacio Calderon to score his side's fourth and final goal.



1990 FIFA World Cup™ final competition in Italy. Colombian playmaker Carlos Valderrama during his country's national anthem.



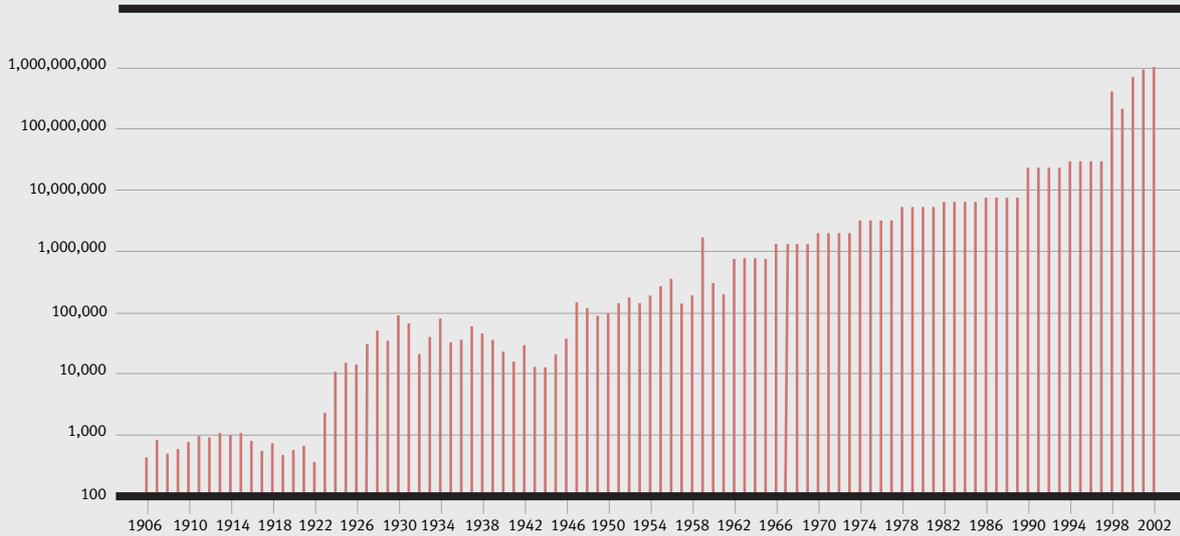
1990 FIFA World Cup™ final competition in Italy. Cameroon's march continues with an extra-time victory over Colombia in the round of 16 match after a mistake by Colombian goalkeeper René Higuita (right), who is outpaced by Roger Milla (left).



1994 FIFA World Cup™ final competition in the USA. Nigeria's Rashidi Yekini celebrates in the net after scoring his country's first goal in a World Cup final competition against Bulgaria.

## DEVELOPMENT OF FIFA'S REVENUE 1906–2002

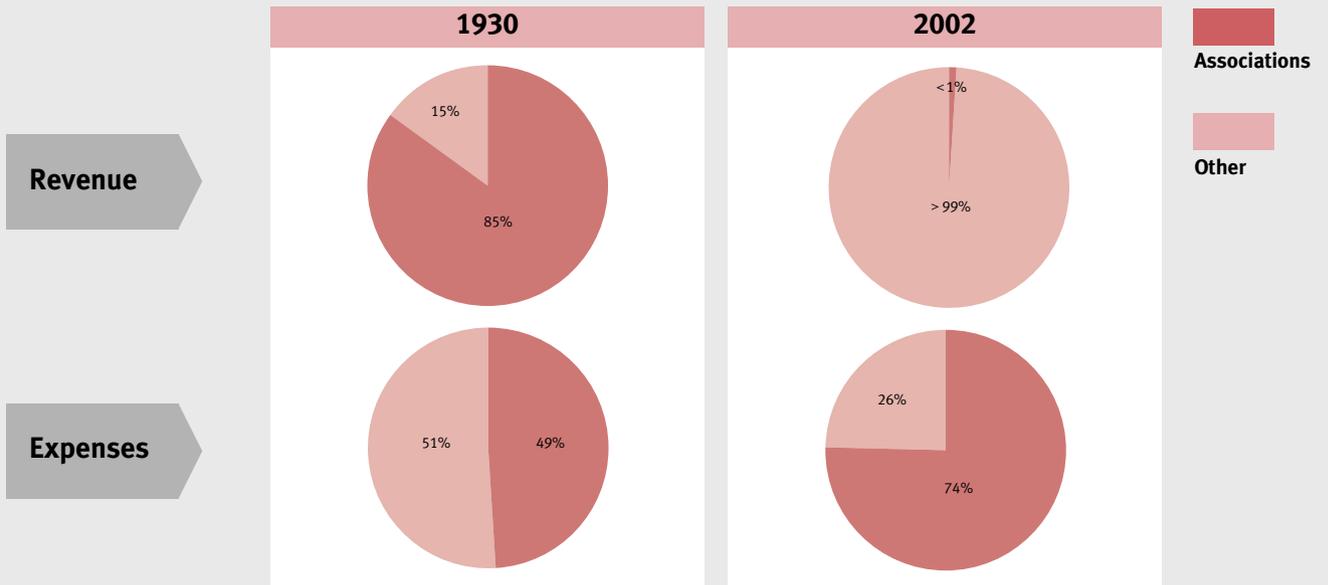
CHF



## COMPARISON 1930 vs. 2002

CHF MILLION

SIMPLIFIED



## DEVELOPMENT OF FIFA'S FINANCIALS SINCE 1906

When illustrating the development of FIFA's revenue from 1906 to the present day, a logarithmic scale is needed to depict the significant financial growth.

In the first 20 years after its foundation, FIFA generated annual revenue of approximately CHF 500–1,300, mainly consisting of subscriptions from its associations and match levies. With an increasing number of associations and matches, as well as growing revenue from the FIFA World Cup™ (e.g. entries) and other receipts, by 1970 FIFA's revenue had increased to CHF 1.5 million.

From 1982 onwards, FIFA increasingly developed its commercial activities, including merchandising and advertising. The most significant increase in revenue was recorded with the commercialisation of TV and marketing rights for the 1998, 2002 and 2006 editions of the FIFA World Cup™.

The fundamental change in FIFA's funding can be illustrated by comparing the financial situation in the World Cup years 1930 and 2002.

In 1930, FIFA was 85% funded by its associations (subscriptions and match levies). In return, 49% of the resources went back to the associations in the form of expenses for the 1930 FIFA World Cup™.

By 2002, the situation had completely changed. Today, less than 1% of FIFA's total revenue stems from the associations. On the other hand, FIFA provides significant funding (74% of its total revenue for the associations through its development programmes and competitions).

FIFA's financial situation was documented for the first time in the minutes of the 4th FIFA Congress in 1907. Since then, FIFA's financial situation has undergone a **unique growth** that can best be depicted using a **logarithmic scale**. Starting with total annual **revenue of CHF 500 in 1906**, FIFA's revenue increased to almost CHF 10 million in 1989 and CHF 33 million in 1997. From then on, revenue exploded to CHF 389 million in 1998 and FIFA was able to generate the impressive amount of **CHF 963 million in the year 2002** (or CHF 2.7 billion for the entire 1999–2002 period). This tremendous growth – most evident during the last 5 years – can be attributed to the successful commercialisation of the marketing and TV rights for the FIFA World Cup™.

Thanks to the continuous development and professional commercialisation of its properties, FIFA was also able to transform from an organisation mostly funded by its associations into an organisation that helps to **actively fund its associations and the confederations**.

## Fédération Internationale de Football Association.

Monsieur,

J'ai l'honneur de vous communiquer que le 4<sup>th</sup> Congrès de la Fédération Internationale de Football Association se tiendra à Amsterdam (American Hotel, Leidsche Plein) les 19 et 20 Mai 1907.

Ouverture du Congrès le 19 Mai à 9 h. du matin.

Ordre du jour:

1. Appel.
2. Lecture et ratification du procès-verbal.
3. Rapport du Secrétaire-trésorier.
4. Nouveaux Statuts de la F. I. F. A.
5. Adhésion de fédérations.
6. Fixation des matches internationaux 1907-8.
7. Nomination du Comité.
8. Divers.

Les fédérations affiliées sont priées de me faire part au plus tôt possible par quels délégués elles seront représentées.

C. A. W. HIRSCHMAN.  
Sec.-Trés. F. I. F. A.

Amsterdam, 25 Avril 1907.  
76 N. C. HOFFSTRAAT.

## Fédération Internationale de Football Association.

### THE 4<sup>TH</sup> CONGRESS

on the 19<sup>th</sup> and 20<sup>th</sup> May 1907.

#### ORDER OF 19<sup>TH</sup> MAY

The President of the Federation in the Chair. The following were present:

	HUGO MEHL.
Belgium:	L. MIBLINGHAM.
Bohemia:	GRS. PAYNE.
	MILOSLAV HORACEK.
Denmark:	E. SYLOW.
England:	D. B. WOODFELL.
	H. WALKER.
	G. S. SHERRINGTON.
France:	ANDRÉ ESPIR.
Germany:	E. F. PROTZEL.
Hungary:	JULIUS VON MESSA.
Italy:	C. A. W. HIRSCHMAN.
Netherlands:	C. A. W. HIRSCHMAN.
	J. HJELSTEN.
Sweden:	F. J. WALL.
Switzerland:	C. A. W. HIRSCHMAN.

The minutes of the last Congress held at Bern on the 2<sup>nd</sup> and 4<sup>th</sup> June 1906 were read and confirmed.

**Official language.** Sweden proposes that English should be the language of the Federation for the minutes, official correspondence and communications. This proposal was adopted, each Association to be responsible for its own translation.

Above: Invitation and agenda for the 1907 FIFA Congress, including, for the first time, the agenda item "Report by the Secretary-treasurer"

Right: Minutes of the 1907 FIFA Congress mentioning that the report of the Secretary-treasurer had been read and confirmed (see pages 42-43).

**The report of the Secretary-treasurer was read and confirmed.**

The Constitution for the Federation as projected by the Commission named for this purpose at the Congress of Bern was adopted with some alterations and will be published separately.

**Affiliation of Associations:**

The application of the **Finland Association** for membership was referred to the Emergency Committee.

The **Hungarian Association** were elected members.

The **Austrian Association** were elected members.

The application of the **Bohemian Association** was considered.

The Austrian representative objects to recognizing the **Cesky Svaz Football** as an independent association: Bohemia being a province of Austria, whilst the C. S. F. only represents a part of the population of this province; he admits however that the Bohemians have done a lot for the popularisation of football in Austria.

The German representative accords the objections of the Austrian F.A. he fears that if the C. S. F. be recognized as independent, other associations belonging to national associations will apply for admission.

The Bohemian representative demonstrates that the question should be considered from a sporting not from a political point of view and if that be done, he is sure that there are no objections to admitting the C. S. F.

The Congress having heard the opinions of the associations concerned decides to take its resolution in the next session.

The following officers were elected for **1907-8**:

President: **D. B. WOODFALL.**

1st Vice-President: **VICTOR E. SCHNEIDER.**

2nd Vice-President: **ANDRÉ ESPIR.**

Secretary-treasurer: **C. A. W. HIRSCHMAN.**

**Place next Congress.** The Austrian representative proposes to hold next year's congress at Vienna in connection with the 60 years' jubilee of the Austrian Emperor and the exhibition at Vienna. Adopted unanimously.

**SESSION OF 20th MAY.**

**Affiliation Bohemia.** The Football Association representative proposes to continue the provisional affiliation of Bohemia for another year.

Bohemia proposes an amendment to admit definitely the **Cesky Svaz Football**.

The voting for this proposal was 6 for, 5 against.

Austria protests against the votes of Switzerland and Italy being recorded.

**1907-8.**

arranged:

Bohemia—Hungary.

England—Holland.

Switzerland—France.

Belgium—Holland.

Hungary—Bohemia.

France—Belgium.

Holland—Belgium.

Holland—France.

the articles of the Federation were only settled at international matches arranged for the season 1907-8 and 1908-9."

that the **Cesky S. F.** was boycotted by the Union concerning the referee. He wishes to declare his protest."

**Date next congress** is fixed on 7<sup>th</sup> and 8<sup>th</sup> June 1908 (Wittenside).

France informs the Congress that a sentence in the minutes of the last Congress with regard to the position of the **U. S. F. S. A.** in France had been wrongly interpreted, he proposes the following motion:

"On the demand of the **U. S. F. S. A.** it is stated that this Union is recognized by the Congress as the only body controlling the football sport in France," which motion was adopted.

Germany asks a same assurance for his country, the President pointing to article 1 of the new constitution considers this unnecessary.

**Mons. Esprit** and **Mons. Schneider** thank the President for his leading of the Congress and they also thank the **Ned. V. B.** for their kind reception of the representatives attending the Congress.

**C. A. W. HIRSCHMAN,**  
Am. Secretary-treas. **F. I. F. A.**

## RAPPORT du Secrétaire-trésorier sur la Fédération Internationale de Football Association.

Messieurs,

Si je prends la parole en ce moment dans le but de vous donner par mon rapport suivant un exposé complet sur la situation de la Fédération Internationale de Football Association, j'y tiens, avant de procéder à la partie essentielle de mon discours, de vous souhaiter le bienvenu dans la capitale de la Hollande. Je suis touché de la preuve, que vous donnez du grand intérêt dans notre sport, je m'en félicite, je vous en remercie.

Il m'est surtout agréable de pouvoir constater ici, que la tâche, que vous avez bien voulu me confier, a eu toute mon attention et j'ai tâché de la remplir de toutes mes forces, le plus consciencieusement possible.

Or, c'est un fait incontestable, que notre Fédération se réjouit d'une situation prospère, que nous pouvons remarquer distinctement et non sans grande satisfaction un développement croissant, bien que j'avoue que ce développement ne doit donner lieu aux illusions trop tendues. Je prétends pourtant que des progrès faits d'un pas sûr et ferme et non trop pressé nous mènent en général à la fin à une victoire et succès certain.

Le nombre des associations affiliées, qui, dans l'année précédente s'éleva à onze, fut augmenté par une force nouvelle par l'affiliation de la Svenska Fotboll Förbundet à notre Fédération. Parmi les 12 associations, qui font partie actuellement de notre Fédération, il y a une seule, la Český Svaz Footballový, que nous avons cru devoir accepter provisoirement.

Dans l'intérêt de notre Union, j'ai soumis le mouvement sportif en Norvège et en Russie à une enquête minutieuse et il en résulte que l'organisation norvégienne du football ne me semble pas assez avancée pour que nous puissions compter sur l'affiliation immédiate du premier pays.

Quant à la Russie, elle ne possède pour le moment aucune association nationale, je suis cependant bien aise de pouvoir vous informer, que par l'intermédiaire de la Fédération internationale une telle société se constituera probablement bientôt en Russie.

Le revers de notre médaille laisante, nous montre que nous avons dû rayer l'Espagne de notre liste de fédérations reconnues; ceci est fait à notre grand regret parce que le dit pays ne possède pas encore jusqu'aujourd'hui une association nationale quel-

et statué ainsi au Congrès de Berne en 1906 pour être

un autre désappointement par le profond silence, que le

leur intention de faire partie de notre Fédération; espérons

passée, particulièrement dans l'intérêt de l'organisation de

avons pu fortifier la cause de la première.

Frères ont licé la commission chargée d'établir de nouveaux

le retarder l'achèvement de son travail jusqu'à hier.

J'espère que ce Congrès voudra bien apprécier le résultat de ce travail par sa confirmation bienveillante.

Quant à la situation financière le bilan ci-dessous vous montrera, que nos moyens ont été assez suffisants pour nos besoins, d'ailleurs peu considérables jusqu'à présent.

Espérons, Messieurs, que bien qu'ayant à surmonter de nombreuses et grandes difficultés, nous réussissons dans notre entreprise par une ferme et bonne volonté.

Malgré sa jeune existence jusqu'aujourd'hui notre Fédération a pu prouver suffisamment la grande utilité pour le sport et particulièrement le profit, que le football a su en tirer.

Espérons qu'elle réussira de faire de notre sport virile et sain un exercice populaire parmi tous les peuples et que partiellement grâce à elle le football deviendra un moyen de transmettre peu à peu la lutte entre les nations — si utile et si nécessaire pour le progrès de la civilisation — sur un terrain moins sanglant et plus civilisé. La cause du progrès du football, c'est une cause de civilisation, c'est une source de la paix.

Je prononce l'ardent désir de voir réussir à l'avenir les beaux projets de notre Fédération.

J'ai dit,

C. A. W. HIRSCHMAN.

AMSTERDAM, le 19 Mai 1907.

*Report of the Secretary-treasurer at the 1907 FIFA Congress, indicating that the finances were sufficient to satisfy the needs (which at that time were not significant), as could be seen from the attached financial statements.*

Situation financière au 1<sup>er</sup> Mai 1907.

<i>RECETTES.</i>		<i>DÉPENSES.</i>	
Solde au 30 Juin 1906 . . . . .	frs. 42.—	Insignes . . . . .	frs. 105.—
Cotisations :		Imprimés . . . . .	„ 21.95
Football Association Ld. 1905/7 . . . . .	„ 100.—	Frais de correspondance . . . . .	„ 32.65
Federazione Italiana d.F. 1905/7 . . . . .	„ 100.—	Frais divers . . . . .	„ 16.50
Oesterreich. Fussb. Verband 1905/6 . . . . .	„ 50.—	Solde . . . . .	„ 415.90
Magyar Labdar. Szöv. 1906/7 . . . . .	„ 50.—		
Dansk Boldspil Union 1906/7 . . . . .	„ 50.—		
Svenska Fotb. Förb. 1906/7 . . . . .	„ 50.—		
Assoc. Suisse de F. 1906/7 . . . . .	„ 50.—		
Un. de Soc. Franç. d. Sp. Athl. 1906/7 . . . . .	„ 50.—		
Nederl. Voetb. Bond 1906/7 . . . . .	„ 50.—		
	frs. 592.—		frs. 592.—
<i>ACTIF.</i>		<i>PASSIF.</i>	
En caisse . . . . .	frs. 415.90	Factures imprimés . . . . .	frs. 18.75
Debiteurs divers :		Solde . . . . .	„ 647.15
Deutscher Fussb. Bund . . . . .	„ 100.—		
Un. Belge des Soc. de Sp. Athl. . . . .	„ 50.—		
Cesky Svaz Footballovy . . . . .	„ 50.—		
Oesterreich. Fussb. Verband . . . . .	„ 50.—		
	frs. 665.90		frs. 665.90

Certifié exact:

AMSTERDAM, 1 Mai 1907.

C. A. W. HIRSCHMAN,

*Secrét. trésor. Fed. Int. de Footb. Ass.*

# Fédération Internationale de Football Association.

## REPORT FROM THE TREASURER

1930.

I have the honour to submit the statement of accounts concerning the year 1930 and a balance sheet per 31st December 1930.

As you will see from the figures given hereunder the past year has been a very satisfactory one, chiefly through the income from the matches held in connection with the tournament for the World's Cup at Montevideo from July 13th to July 26th 1930.

### STATEMENT OF ACCOUNTS

1930.

RECEIPTS.		EXPENDITURES.	
Bankbalance 1st Jan. 1930	R. 512.90	Printed matter	R. 553.08
Subscriptions 1927-28	49.40	Official Bulletin	1779.58
Subscriptions 1929	462.90	Handbook 1929-30	2067.43
Subscriptions 1930	4738.51	Stamps, telegrams, etc.	579.60
Levies Intern. Matches 1929	2422.09	Travelling and Hotel-expenses	2557.61
Levies Intern. Matches 1930	9286.81	Office	1423.08
Sale Handbook 1928-29	11.15	Salaries	3000.—
Sale Handbook 1929-30	243.24	International Board	407.38
Sale Handbook 1931	2.46	Consultative Committee	239.45
Sale Jubileebook	91.38	Creditors	444.42
Off. Bulletin 1929	19.89	World's Cup	11251.48
Off. Bulletin 1930	242.18	Olympic Congress	285.34
Off. Bulletin 1931	15.—	Commission British relations	382.84
Sale printed matter	1.60	Surplus	25.75
Creditors	238.78	Bankbalance 31st December 1930	26206.08
Fines	270.28		
World's Cup, entries	4494.27		
World's Cup, payment matches	2996.14		
Installation Fund	1730.35		
Interest	722.35		
	R. 51399.17		R. 51399.17

#### RECEIPTS.

Bankbalance 1st January 1930 needs no comment.

Subscriptions. On 31st December 1930 subscriptions were due by the National Associations of Costa Rica, Lithuania, Palestine, Peru and Turkey.

Some of these payments have been settled since.

ever given by the Paris Congress 1924 the Emergency Com- a reduction of the fee to small and young Associations, 7 years preceding 1930 have all been paid.

staken 1929 and 1930. The contributions to this amount in 1930 were as follows:

Switzerland	(1)	R. 530.84	Poland	(2)	R. 26.43
Hungary	(5)	— 514.—	Bulgaria	(4)	— 73.66
Austria	(5)	— 511.07	Finland	(2)	— 66.32
Sweden	(3)	— 461.60	Estonia	(5)	— 48.27
Czechoslovakia	(4)	— 300.64	Roumania	(1)	— 42.16
Spain	(1)	— 239.15	Luxembourg	(2)	— 40.81
Portugal	(2)	— 201.67	Latvia	(2)	— 40.15
Greece	(2)	— 142.90	Japanais	(2)	— 24.65

ackets denote the number of international matches played. se from the following international matches Lithuania— (1930) Latvia—Estonia (Kaunas, Aug. 16th 1930), Lithu- (17th 1930) and Lithuania—Estonia (Kloipeda, September

e payments have been settled.

international matches in 1929 have relation chiefly to matches ampionship at Buenos Aires in November 1930.

Handbook.

*Jubileebok.* Sale of the Jubileebok issued in 1929.

*Official Bulletin.* Subscriptions and advertisements received.

*Printed Matter.* Sale of printed matter.

*Creditors.* Amounts received from creditors.

*Fines.* Needs no comment.

*World's Cup.* Entry-fees (8 200.— per team) received from National Associations participating in the competition for the World's Cup at Montevideo.

Three Associations paid their fees already in 1929, whilst one Association settled the payment with the Uruguayan Association. This amount is still to receive.

From the gross receipts received during the tournament 5 % went to the F. I. F. A. The receipts from each match separately have been published in *World's Football* No. 22 (January 28th 1931).

*Installation Fund.* On occasion of the 25th anniversary of the F. I. F. A. several National Associations presented to the Federation an amount for a proper installation of its office.

Report of the Treasurer in 1930. Comprehensive, separate financial report from the treasurer including detailed income statement, notes, balance sheet and budget. The treasurer concluded from the figures that the past year had been very satisfactory.

*Olympic Congress.* Travelling- and hotelexpenses for the delegates (Dr. E. E. BUERO and C. A. W. HIRSCHMAN) to the Olympic Congress held at Berlin from 25th to 30th May 1930.

*Commission for the British relations.* Hotel- and travelling expenses for the Commission in connection with a meeting held at Brussels on August 30th 1930.

*Sundries.* Needs no comment.

### BALANCE SHEET 31st DECEMBER 1930.

ASSETS.		LIABILITIES.	
Bankbalance .....	fl. 26206,08	Creditors.....	fl. 996,74
Reservefund .....	.. 24000,00	Capital.....	.. 51429,69
Subscriptions to receive .....	.. 440,00		
Levies International matches to receive.....	.. 50,00		
Office installation .....	.. 1730,35		
	<u>fl. 52426,43</u>		<u>fl. 52426,43</u>

### BUDGET 1931.

The Treasurer has the honour to submit the following budget for 1931:

Subscriptions .....	fl. 5000,—	Printed matter .....	fl. 700,—
Levies Intern. matches.....	.. 9000,—	Official bulletin .....	.. 2000,—
Official bulletin .....	.. 150,—	Handbook .....	.. 2200,—
Handbook .....	.. 500,—	Stamps, telegrams, etc.....	.. 600,—
Fines.....	.. 250,—	Travelling and hotelexpenses .....	.. 5000,—
Interest.....	.. 700,—	Salaries.....	.. 3800,—
Deficit .....	.. 1650,—	International Board.....	.. 600,—
	<u>fl. 17250,—</u>	Committees.....	.. 700,—
		Office expenses.....	.. 1400,—
		Sundries.....	.. 250,—
			<u>fl. 17250,—</u>

The attention may be drawn upon the fact that no account has been kept of course, with expenses in connection with measures to be taken by the present Congress.

C. A. W. HIRSCHMAN,  
*hon. Secretary-treasurer.*



1998 FIFA World Cup™ Final in France. French goalkeepers Fabien Barthez (right) and Lionel Charbonnier celebrate victory over Brazil in the Final.

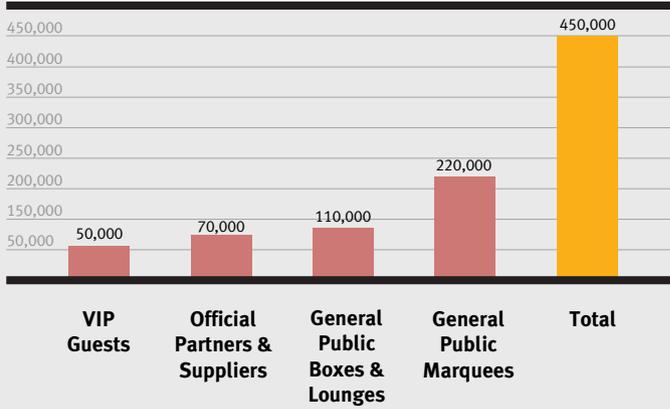


1998 FIFA World Cup™ final competition in France. France's David Trezeguet (right), who has just scored France's third goal against Saudi Arabia, celebrates with Thierry Henry.

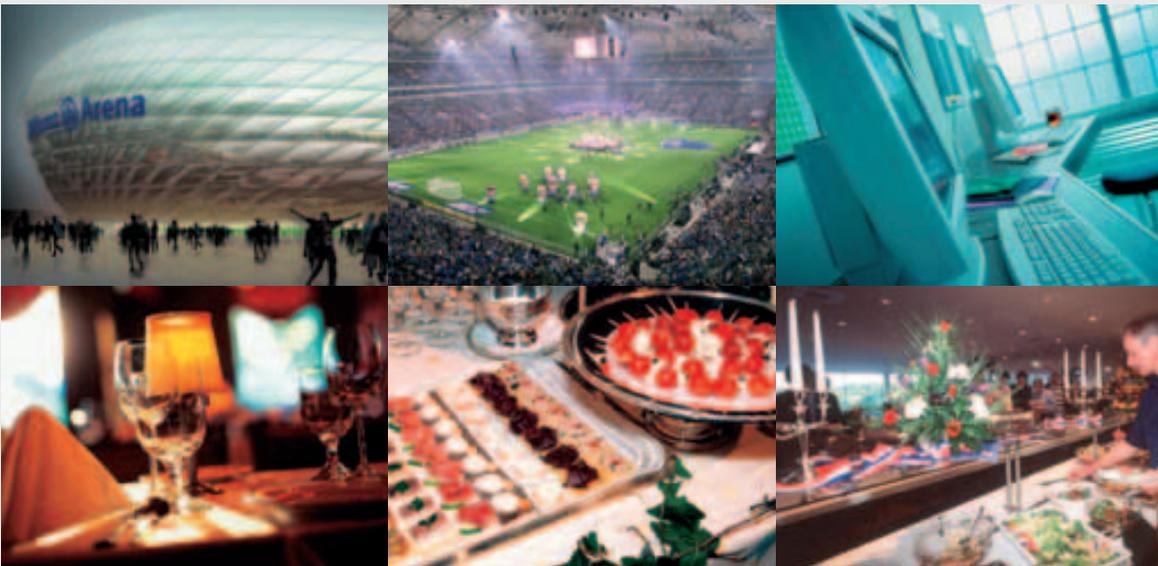


2002 FIFA World Cup™ final competition in Korea/Japan. Korean players wave their country's flag after defeating Italy.

## EXPECTED GUEST VOLUME



## 2006 FIFA WORLD CUP™ HOSPITALITY PROGRAMME



## 2006 FIFA WORLD CUP™ HOSPITALITY PROGRAMME

The general public, including companies and individuals as well as Official Partners and Suppliers, can use the hospitality services at the 2006 FIFA World Cup™. In addition, guests invited by FIFA and the 2006 FIFA World Cup Organising Committee Germany will have receptions in dedicated areas inside or close to the stadiums. Overall, more than 450,000 guests are expected to attend the 2006 FIFA World Cup™ Hospitality Programme.

As the world's leading single sport event, the **FIFA World Cup™** is a **major promotional** and **networking event**. Many leading corporations, as well as private individuals, have taken advantage of this extraordinary platform in recent years. The FIFA World Cup™ Hospitality Programme therefore plays a key role in setting the right stage for promotional and networking activities around this event.

FIFA has appointed the marketing agency **International Sports and Entertainment AG (iSe)** to conduct the sale and management of the FIFA Commercial Hospitality Programme for the 2006 FIFA World Cup Germany™. On an exclusive worldwide basis, iSe will organise and manage all the hospitality needs of FIFA, the Local Organising Committee and the Commercial Affiliates of the event.

The 2006 FIFA World Cup™ Hospitality Programme will offer the guests a range of world-class hospitality services. Traditionally, the packages include a top category match ticket and a wide range of catering and entertainment programmes. Furthermore, the guests will have access to multimedia terminals, large TV screens, high-quality souvenir gifts, information and tourism services, match programmes, accreditation and top parking locations.



1991 FIFA Women's World Cup final competition in China. Danish defender Karina Seifron (left) and China PR forward Lijie Nju pursue the ball.



1999 FIFA Women's World Cup in the USA. Mia Hamm kisses the trophy after winning the FIFA Women's World Cup against China PR.



2003 FIFA Women's World Cup in the USA. Germany celebrate their first ever Women's World Cup title.

## 2006 FIFA WORLD CUP™ EVENT PROTECTION

8 October 2003

US\$ 260,000,000

Golden Goal Finance Limited  
2006 FIFA World Cup™  
Cancellation Risk Protection

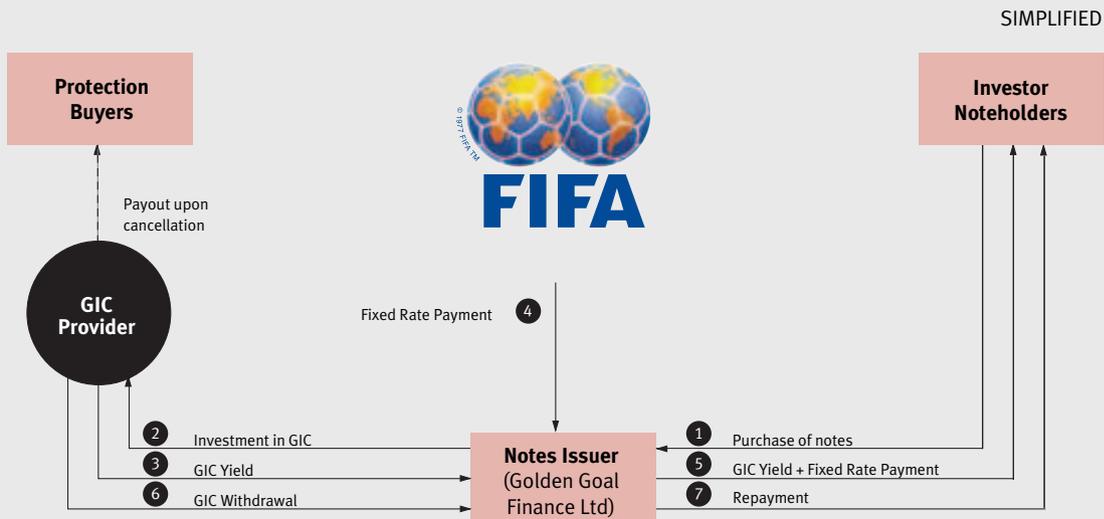
Asset Backed Notes due 2009

Credit Suisse First Boston acted as Sole Arranger to Fédération Internationale de Football Association in this transaction

Class	Size	% of total	Moody's rating	Coupon
A1	USD 210 m	80	A3	150 bp over 3 m USD Libor
A2	CHF 30 m	9	A3	2.851% fixed rate
A3	EUR 16 m	7	A3	150 bp over 3 m Euribor
A4	USD 10 m	4	A3	3.895% fixed rate

## 2006 FIFA WORLD CUP™ EVENT PROTECTION

CHF MILLION



GIC = Guaranteed Investment Contract

## 2006 FIFA WORLD CUP™ EVENT PROTECTION

The USD 260 million 2006 FIFA World Cup™ cancellation bond was successfully launched in October 2003. This transaction transfers the risk of the 2006 FIFA World Cup™ being cancelled to the capital markets. Investors will assume the risk of the cancellation of the 2006 FIFA World Cup™ for any reason other than certain specified events, such as World War or boycott.

This highly innovative transaction structure represents a significant development in the securitisation market. Credit Suisse First Boston was the sole lead manager and sole book runner for the transaction. Swiss Re Capital Markets was a co-lead manager.

FIFA will no longer seek protection offered by the traditional insurance markets to cover the **risk of the 2006 FIFA World Cup Germany™ being cancelled**, having instead opted for an **international capital markets solution**. This transaction is the first ever to involve transferring event risk (i.e. the risk of a sporting event being cancelled) and the first to transfer the risk of man-made catastrophe as well as natural catastrophe to the capital markets.

FIFA President Joseph S. Blatter welcomed the successful launch: “FIFA is delighted with the positive response from the international capital markets. This serves as yet another indication of the excellent reputation our organisation enjoys throughout the world.”

A simplified transaction structure is shown on the left. Investors purchase notes from the Issuer Golden Goal Finance Ltd (a FIFA-independent public company) ①, which places the proceeds on deposit with the Guaranteed Investment Contract (GIC) provider ②. The yield from this investment ③, together with the Fixed Rate Payments from FIFA ④, are utilised to pay investor coupons periodically ⑤. In case of a cancellation and satisfaction of the Settlement Criteria a pay-out is made to the Protection Buyers otherwise investors will be repaid their principal invested ⑥, ⑦.



## ANNEX



*1986 FIFA World Cup™ final competition in Mexico. Argentina's playmaker Diego Maradona fires a powerful shot past Italian skipper Gaetano Scirea.*



## Consolidated financial statements according to International Financial Reporting Standards (IFRS) as per 31 December 2003

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These consolidated financial statements are published in English, German, French and Spanish. In the case of inconsistencies, the English original version shall prevail.

## CONSOLIDATED INCOME STATEMENT

in CHF	Note	2003
<b>Event-related revenue</b>		
Revenue from television broadcasting rights	3	428,136,080
Revenue from marketing rights	4	174,407,629
Revenue from licensing rights	5	11,968,309
Revenue from hospitality rights	6	65,152,827
Other revenue		3,188,772
<b>Total event-related revenue</b>		<b>682,853,617</b>
<b>Event-related expenses</b>		
	7	
Compensation for teams and participants		-18,623,168
Contributions to teams		-19,700,000
Contributions to local organising committees		-74,960,702
Computer solution		-1,454,604
Rights protection – rights delivery		-16,218,162
Insurance		-2,950,422
Other		-11,322,724
Event-related expenses – accrued		-151,113,444
<b>Total event-related expenses</b>		<b>-296,343,226</b>
<b>Event-related gross result</b>		<b>386,510,391</b>
Other operating income	8	17,308,668
Development-related expenses	9	-145,079,739
Personnel expenses	10	-39,349,849
Transportation, travel and accommodation expenses		-13,303,424
IT expenses		-9,278,358
Depreciation and amortisation	19/20	-5,446,045
Other operating expenses	11	-34,967,500
<b>Operating result before financial items</b>		<b>156,394,144</b>
Financial income	12	11,980,330
Financial expenses	13	-25,830,965
<b>Result before taxes</b>		<b>142,543,509</b>
Income taxes	14	-1,026,311
<b>Net result for the year</b>		<b>141,517,198</b>



## CONSOLIDATED BALANCE SHEET

in CHF	Note	31 December 2003	1 January 2003
<b>Assets</b>			
Cash and cash equivalents	15	341,147,295	360,762,641
Derivative financial assets	16	294,183	936,135
Receivables	17	66,812,178	122,170,800
Income tax receivable		0	840
Prepaid expenses and accrued income	18	223,045,982	52,799,995
<b>Current assets</b>		<b>631,299,638</b>	<b>536,670,411</b>
Property, plant and equipment	19	98,962,983	76,262,771
Intangible assets	20	5,940,000	6,644,460
Financial assets	21	108,982,298	155,907,289
<b>Non-current assets</b>		<b>213,885,281</b>	<b>238,814,520</b>
<b>Total assets</b>		<b>845,184,920</b>	<b>775,484,931</b>
<b>Liabilities and equity</b>			
Payables	22	30,151,166	71,804,492
Income tax liabilities		2,017,780	2,051,695
Interest-bearing liabilities	23	156,012,269	112,402,800
Derivative financial liabilities	16	48,640,943	48,277,002
Accrued expenses and deferred income	24	287,169,111	203,381,643
<b>Current liabilities</b>		<b>523,991,269</b>	<b>437,917,632</b>
Interest-bearing liabilities	23	226,000,297	344,014,113
Provisions	25	0	7,440,043
Deferred tax liability	14	1,001,370	1,171,200
<b>Non-current liabilities</b>		<b>227,001,667</b>	<b>352,625,356</b>
Association capital		5,000,000	5,000,000
Hedging reserves		10,086,843	42,354,000
Retained earnings/losses		-62,412,057	-62,412,057
Net result for the year		141,517,198	
<b>Equity</b>	<b>26</b>	<b>94,191,984</b>	<b>-15,058,057</b>
<b>Total liabilities and equity</b>		<b>845,184,920</b>	<b>775,484,931</b>

## CONSOLIDATED CASH FLOW STATEMENT

in CHF	Note	2003
Net result for the year		141,517,198
Depreciation and amortisation		5,446,045
Non cash financial items		-13,959,262
Income tax expenses		1,026,311
(Increase) / decrease in receivables		44,359,462
(Increase) / decrease in prepaid expenses and accrued income		-170,245,987
Increase / (decrease) in payables		-41,653,326
Increase / (decrease) in derivative financial assets and liabilities		1,005,893
Increase / (decrease) in accrued expenses and deferred income		83,787,468
Increase / (decrease) in provisions		-7,440,043
Income tax paid		-1,230,056
<b>Net cash provided by operating activities</b>		<b>42,613,702</b>
Purchase of property, plant and equipment	19	-27,441,797
Investments in financial assets	21	-62,100,000
Repayments and sale of financial assets	21	110,606,021
Interest received		2,739,830
Dividends received		1,512
<b>Net cash provided by investing activities</b>		<b>23,805,566</b>
Proceeds from issuance of interest-bearing liabilities	23	116,556,718
Repayments of interest-bearing liabilities	23	-159,665,004
Interest paid		-13,114,878
<b>Net cash used in financing activities</b>		<b>-56,223,164</b>
<b>Net increase in cash and cash equivalents</b>		<b>10,196,104</b>
Cash and cash equivalents as at 1 January	15	360,762,641
Effect of exchange rate fluctuations		-29,811,450
Cash and cash equivalents as at 31 December	15	341,147,295



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF	Association capital	Hedging reserve	Retained earnings/ losses	Total
<b>Balance at</b>				
31 December 2002 (Swiss Law)	5,000,000	0	145,877,940	150,877,940
Cumulative effect of adoption of IFRS	0	42,354,000	-208,289,997	-165,935,997
<b>Balance at 1 January 2003 (IFRS)</b>	<b>5,000,000</b>	<b>42,354,000</b>	<b>-62,412,057</b>	<b>-15,058,057</b>
Effective portion of changes in fair value of hedging instruments	0	-19,228,807	0	-19,228,807
Transferred to income statement	0	-13,038,350	0	-13,038,350
Foreign currency effect	0	0	0	0
<b>Total recognised gains / losses</b>	<b>0</b>	<b>-32,267,157</b>	<b>0</b>	<b>-32,267,157</b>
Net result for the year	0	0	141,517,198	141,517,198
<b>Balance at 31 December 2003</b>	<b>5,000,000</b>	<b>10,086,843</b>	<b>79,105,141</b>	<b>94,191,984</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### ACCOUNTING POLICIES

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#### A. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

Fédération Internationale de Football Association (FIFA), domiciled in Zurich, Switzerland is an international non-governmental, non-profit organisation in the form of an association according to Swiss law. FIFA consists of 204 associations and 6 confederations. FIFA's primary mission is to promote the game of association football in every way it deems fit, and FIFA uses all its profit, reserves and funds in pursuit of its primary mission.

For the first time, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) with the exception of not converting prior-year comparative information, as described below. FIFA has determined to early adopt IFRS effective 1 January 2003.

The consolidated balance sheet as at 31 December 2002 or 1 January 2003, respectively, has been converted from the cash based accounting method under the Swiss Code of Obligation to IFRS. The restated consolidated balance sheet as at 1 January 2003 is disclosed as comparative information. The effects of the adoption of IFRS on FIFA's consolidated equity as at 1 January 2003 are disclosed in note 1.

FIFA's income and expenses are significantly influenced by the FIFA World Cup™ event. FIFA's activities for the 2002 FIFA World Cup™ occurred over the four-year period 1999 to 2002. To achieve comparability of 2003 profit information with the prior year 2002, FIFA would need to restate the four-year period 1999 to 2002. To avoid incurring unreasonable cost and effort, FIFA decided not to restate its 2002 consolidated income statement to IFRS. Consequently, the 2003 consolidated financial statements do not include prior year comparative earnings and cash flow information, and accordingly, there is no reconciliation of profit (losses) for the year 2002 from FIFA's previous accounting basis to IFRS. However, the most significant changes in accounting principles are described in note 2.

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#### B. BASIS OF PRESENTATION

The consolidated financial statements are presented in Swiss Francs (CHF) and are prepared on the historical cost basis, except that the following assets and liabilities are stated at fair value: derivative financial instruments and financial assets classified as "available-for-sale".



## C. BASIS OF CONSOLIDATION

The term “FIFA” is hereafter also used for the consolidated Group, which represents FIFA and its subsidiaries.

Subsidiaries are those enterprises that are controlled by FIFA. Control exists when FIFA has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The individual subsidiaries included in this consolidation are shown in note 35.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## D. FOREIGN CURRENCY TRANSLATION

### a) Foreign currency transactions and balances

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising from translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the values were determined.

### b) Financial statements of foreign operations

For FIFA’s foreign operations classified as a foreign entity, assets and liabilities including fair value adjustments arising on consolidation, are translated to Swiss francs at foreign exchange rates ruling at the balance sheet date. The revenue and expenses of foreign operations are translated to Swiss Francs at the average foreign exchange rates of the period. Exchange differences arising on translation of foreign entities are recognised directly in equity.

The financial statements of a foreign operation that is integral to FIFA’s operations, e.g. not classified as a separate foreign entity, are translated as if the transactions of the foreign operations had been those of FIFA itself.

Foreign exchange rates used are as follows:

	Average rate for 2003	31 Dec 2003	1 Jan 2003
USD	1.3450	1.2374	1.3875
EUR	1.5150	1.5500	1.4800
GBP	2.2008	2.2200	2.3000
JPY	1.1567	1.1800	1.2100

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**E. INCOME STATEMENT**

The consolidated income statement shows the following structure: event-related revenue, event-related expenses, other operating income, development-related expenses, and other expenses. This structure reflects FIFA's objectives to improve the game of football constantly and promote it globally, particularly through youth and development programmes. Event-related revenue and expenses are directly related with the organisation and realisation of the FIFA World Cup™ and FIFA Additional Events. For accounting purposes, FIFA defines FIFA Additional Events as all other football events, such as FIFA Women's World Cup, FIFA World Youth Championship, FIFA U-17 World Championship, FIFA U-19 Women's World Championship, Olympic Football Tournaments, FIFA Futsal World Championship, FIFA Confederations Cup, etc.

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**F. REVENUE RECOGNITION**

Event-related revenues primarily relate to the following sales of rights:

- Television broadcasting rights
- Marketing rights: use of the FIFA World Cup™ official emblem, the official mascots, perimeter board advertising by Official Partners
- Hospitality rights: commercial exploitation right in relation to the FIFA Hospitality Programme
- Licensing rights: use of the FIFA brand

Under these revenue generating contracts, FIFA receives royalties in the form of guaranteed minimum payments and sales-based additional payments (profit share).

Revenues directly related to the FIFA World Cup™ event are recognised in the income statement using the percentage of completion method, if they can be estimated reliably. The stage of completion of the FIFA World Cup™ event is assessed as incurred evenly over the project preparation period, which is four years. While this generally applies to guaranteed minimum payments, additional sales-based revenues (profit share) are included in the percentage of completion method, when the amount is probable and can be measured reliably.

Revenues relating to FIFA Additional Events are deferred during the preparation period and are recognised in the income statement when the event takes place.

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**G. EVENT-RELATED EXPENSES**

Event-related expenses are the gross outflow of economic benefits that arises in the ordinary activity of organising an event.

Since FIFA organises the FIFA World Cup™ event over a period of four years, expenses relating to the event are recognised based on the stage of completion of the event, as determined for event-related revenue recognition purposes.



During the four-year preparation period, differences between event-related expenses recognised and event-related expenses incurred are disclosed in the income statement as event-related accrued expenses and deferred expenses respectively.

Expenses related to FIFA Additional Events are deferred during the preparation period, consistent with the treatment of related revenues, and are recognised in the income statement in the period the event takes place.

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## **H. DEVELOPMENT-RELATED EXPENSES**

FIFA gives financial assistance to associations and confederations in return for past or future compliance with certain conditions relating to their activities. During the current four-year period FIFA provides each association and confederation with funds under the “Financial Assistance Programme” (FAP). The programme “*Goal*” provides associations with special needs funding for tailor-made projects. The expenses are recorded in the income statement on a straight-line basis over the project period, once FIFA has approved the development programme.

For other development projects, such as the SOS Children’s Village, Fair Play and programmes with the International Centre of Sport Studies (CIES) at the Swiss University of Neuchâtel etc., expenses are recognised as incurred.

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## **I. OPERATING LEASE PAYMENTS**

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the respective lease.

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## **J. FINANCIAL EXPENSES AND FINANCIAL INCOME**

Financial income comprises interest income from interest-bearing receivables and debt securities, dividend income, foreign exchange gains from financing and investing activities, gains on derivatives that are not accounted for as hedging instruments, and gains arising from a change in the fair value of available-for-sale and trading financial assets. Financial expenses consist of interest on financial liabilities, foreign exchange losses from financing and investing activities, losses on derivatives not accounted for as hedging instruments, and losses arising from a change in the fair value of available-for-sale and trading financial assets.

Interest income is recognised in the income statement using the effective interest method. Dividend income is recognised in the income statement on the date that the dividend is declared. Borrowing costs are not capitalised.

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**K. INCOME TAXES**

As a consequence of its legal form (association pursuant to articles 60 ff of the Swiss Civil Code) and according to article 2 of its Statutes, FIFA's objectives are to improve the game of football constantly and promote it globally, particularly through youth and development programmes. FIFA is a non-profit organisation and spends its total profits, reserves and funds for this purpose.

Income tax recognised in the income statement comprises current tax and deferred tax to the extent that the general tax rules are applicable.

FIFA is taxed in Switzerland according to the Swiss taxation rules for associations. The results of the international operations mainly related to the organisation of the FIFA World Cup™ are not taxed in Switzerland.

FIFA Marketing & TV AG, a consolidated Group company, is taxed in Switzerland. Its taxable income is based on a predetermined mark-up over total cost. For the other subsidiaries, taxable income is determined based on the general rules of taxation.

Current tax is the expected tax payable on the taxable income for the year using ordinary tax rates applicable to an association or a corporation, respectively.

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**L. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand, post- and bank accounts, as well as short term deposits with an original maturity of 90 days or less.

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**M. DERIVATIVES****Derivative financial assets and liabilities**

FIFA uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operating and financing activities. FIFA does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are initially recognised at cost. Subsequent to initial recognition all derivatives are stated at fair value. Gains and losses on remeasurement of derivatives that do not qualify for hedge accounting are recognised in the income statement immediately.

The fair value of interest rate swaps is the calculated amount that FIFA would receive or pay to terminate the swap at the balance sheet date. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

## N. HEDGING

### Hedge of uncertain future cash flows

Where a derivative financial instrument hedges the exposure to variability in future cash flows of firm commitments or highly probable forecasted transactions, the effective part of any gain or loss on re-measurement of the hedging instrument is recognised directly in the hedging reserve as part of equity. The ineffective part of any gain or loss is recognised in the income statement immediately. The same accounting treatment applies to cash balances and other monetary assets and liabilities denominated in foreign currencies and designated as hedging instruments to hedge the variability in cash flows of firm commitments or highly probable forecasted transactions, caused by foreign exchange rate fluctuations.

The cumulative gain or loss recognised in equity is transferred to the income statement at the same time that the hedged transaction affects net profit or loss, and is included in the same line item as the hedged transaction.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss recognised in equity remains in equity and is recognised in accordance with the above policy. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recorded in equity is recognised in the income statement immediately.

## O. RECEIVABLES

Receivables from sale of rights and other receivables are stated at their cost less any allowance for doubtful debts. Allowances are made for specific known doubtful receivables.

Accounts receivable and payable are offset and the net amount is reported in the balance sheet, when FIFA has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis.

## P. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Subsequent expenditure is capitalised only when it increases the expected future economic benefits from the asset. All other expenditure is recognised in the income statement as an expense as incurred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings	20–40 years
Leasehold improvements	5 years
Office and other equipment	2–5 years

**Q. INTANGIBLE ASSETS**

Intangible assets acquired by FIFA are stated at acquisition cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives. The estimated useful lives are as follows:

Software	3 years
Film archive	10 years

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

**R. FINANCIAL ASSETS**

Financial assets comprise debt securities, equity securities and other receivables.

**Classification**

Originated loans and receivables are loans and receivables created by FIFA when providing money or services to third parties.

Available-for-sale investments are investments that are held neither for trading nor to maturity. Available-for-sale instruments include debt and equity investments.

**Recognition and measurement**

FIFA recognises marketable securities and other investments at cost, including transaction costs, on settlement date (the date they are transferred to FIFA). Loans and receivables are recognised when FIFA becomes a party to the respective contract and has a legal right to receive cash or other considerations.

Subsequent to initial recognition, all available-for-sale investments are measured at fair value, except that any instrument that does not have a quoted market price in an active market and for which fair value cannot be reliably measured is stated at cost less impairment losses.

Originated loans and receivables are measured at amortised cost less impairment losses. Amortised cost is calculated using the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related asset and amortised based on the effective interest rate of the instrument. Allowances are made for specific known doubtful loans and receivables.

**Gains and losses on subsequent measurement**

Gains and losses arising from changes in the fair value of an available-for-sale financial asset as well as any impairment losses are recognised in the income statement.

#### Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet, when FIFA has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis.

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### S. IMPAIRMENT

The carrying amounts of FIFA's property, plant and equipment, intangible assets, loans and other investments are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount, being the greater of its net selling price and its value in use, is estimated.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds the respective recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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### T. PAYABLES

Payables are stated at cost.

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### U. INTEREST-BEARING LIABILITIES

Interest-bearing liabilities are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the borrowing term on an effective interest basis.

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### V. EMPLOYEE BENEFIT OBLIGATIONS

FIFA has established a retirement benefit plan for all its employees, which is maintained by "Winterthur-Columna Stiftung für berufliche Vorsorge". The plan is funded by employee and employer contributions and has certain defined benefit characteristics. Accordingly, the plan is accounted for as a defined benefit plan. The financial impact of this plan on the consolidated financial statements is determined based on the projected unit credit method.

Any pension surplus is only recognised as an asset if the asset embodies future economic benefits that are actually available to FIFA in the form of refunds or reductions in future employer contributions.

Actuarial gains and losses arising from the periodical reassessments are recognised to the extent that they decrease or increase a pension deficit or pension surplus respectively, if and to the extent that they exceed 10% of the higher of the projected benefit obligation and the fair value of plan assets. The amount exceeding this “corridor” is amortised over the expected average remaining working lives of the employees participating in the plan.

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## W. PROVISIONS

A provision is recognised when FIFA has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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## X. EQUITY

Equity consists of association capital, retained earnings/losses, as well as hedging reserves and foreign currency translation gains/losses. FIFA is an association, therefore no dividends are paid.

In the event of the dissolution of FIFA, its funds are not distributed, but are transferred to the supreme court of the country in which the headquarter is situated. The supreme court shall invest them in gilt-edged securities until the re-establishment of the federation.



## EFFECTS OF ADOPTING IFRS

### 1 THE EFFECTS ON TOTAL EQUITY OF ADOPTING IFRS

in CHF million

<b>Total equity as at 31 December 2002 in accordance with Swiss law</b>	<b>151</b>
a) Restatement effect of securitisation transaction as reported in previous years	-336
b) Other restatement effects (release of provisions, recognition of derivatives, valuation of receivables, revaluation of properties)	170
<b>Total equity (deficit) as at 1 January 2003 in accordance with IFRS</b>	<b>-15</b>

a) In 2001, FIFA realised a securitisation transaction. Under the cash based method of accounting in accordance with Swiss law, the transaction was accounted for as a sale of receivables. For IFRS purposes, revenue recognition is based on FIFA's general revenue recognition policy (i.e. percentage of completion method for the main revenue streams). Under IFRS, the special purpose vehicle, Footfin (Football Finance) AG, established to execute the securitisation transaction forms part of FIFA's consolidation. Therefore, revenue recognition will be independent from actual cash flows.

Accordingly, receivables from revenue-generating contracts remain on FIFA's books and are stated independently from any securitisation transaction. The securitisation transaction is accounted for as a financing transaction. Cash received by FIFA from a securitisation transaction is considered a loan payable to the special purpose vehicle. Upon consolidation, such loan eliminates against the corresponding receivable of the special purpose vehicle, and the ultimate loan payable by the special purpose vehicle to outside investors is stated in the consolidated balance sheet.

Accordingly, a securitisation transaction is presented in FIFA's consolidated financial statements as a loan received from third-party investors, collateralised with current and future receivables. The restatement of revenues previously recognised under FIFA's cash based accounting, but not yet recognised under IFRS, resulted in a charge to opening equity as at 1 January 2003 of CHF 336 million.

b) FIFA recognised its properties at fair value as at 1 January 2003 and uses their fair value as deemed cost. In the following years, deemed cost of the properties is the basis for the depreciation charge. The fair value of properties exceeded the previous book value by CHF 33 million, net of deferred property gain taxes.

In the course of adopting IFRS, FIFA had to release certain provisions and valuation allowances on receivables, which do not meet the definition of a liability under IFRS. Additionally, IAS 39 requires FIFA to recognise all financial assets and liabilities in its balance sheet. Accordingly, as at 1 January 2003, FIFA recognised all derivative financial instruments as an asset and liability, respectively. The provisions of IAS 39 required FIFA to also recognise a receivable from reimbursement of insurance premiums. The amount of the reimbursement is subject to pending litigation (refer note 28). Finally, FIFA recognised receivables in relation with a settlement achieved with Infront Sports & Media AG.

## 2 IMPACT ON THE CONSOLIDATED INCOME STATEMENT FROM ADOPTING IFRS

Under Swiss law, FIFA presented its consolidated financial statements until financial year 2002 using a modified cash based method of accounting, recognising revenue and expenses according to the related cash inflows and cash outflows, respectively. Under IFRS, the cash method of accounting is not allowed. The main differences to the previous accounting policies include:

- Revenue from the exploitation of TV rights are recognised systematically over the four-year preparation period preceding the FIFA World Cup™ event.
- Revenue from marketing rights was ceded to a special purpose vehicle in 2001 in the course of a securitisation transaction. Under the cash method, the earnings were recognised as received in 2001. Under IFRS, the securitisation transaction is regarded as a financing transaction. The special purpose vehicle is included in the consolidation and the revenue from marketing rights is recognised systematically over the four-year preparation period preceding the FIFA World Cup™ event.
- Similarly, FIFA World Cup™ related expenses are recognised systematically over the same four-year period preceding the FIFA World Cup™ event.



## NOTES TO THE CONSOLIDATED INCOME STATEMENT

### 3 REVENUE FROM TELEVISION BROADCASTING RIGHTS

in CHF	2003
Revenue from television broadcasting rights – 2006 FIFA World Cup™	
- USA	50,588,791
- Europe	187,500,000
- Rest of the World	183,839,285
<b>Total revenue from television broadcasting rights – 2006 FIFA World Cup™</b>	<b>421,928,076</b>
Revenue from television broadcasting rights – FIFA Additional Events	
- USA	0
- Europe	2,395,083
- Rest of the World	3,812,921
<b>Total revenue from television broadcasting rights – FIFA Additional Events</b>	<b>6,208,004</b>
<b>Total revenue from television broadcasting rights</b>	<b>428,136,080</b>

The revenue from the territory USA contains 2006 FIFA World Cup™ as well as FIFA Additional Events related revenue. The television broadcasting rights in this territory are sold in a package, including FIFA World Cup™ and FIFA Additional Events. FIFA is not in a position to allocate the revenue to the corresponding event. Therefore, the full amount is classified as revenue relating to the 2006 FIFA World Cup™.

As at 31 December 2003, revenue from television broadcasting rights of the 2006 FIFA World Cup™ included CHF 138,762,999 accrued due to the application of the percentage of completion method.

### 4 REVENUE FROM MARKETING RIGHTS

in CHF	2003
2006 FIFA World Cup™	174,268,629
FIFA Additional Events	139,000
<b>Total revenue from marketing rights</b>	<b>174,407,629</b>

As at 31 December 2003, revenue from marketing rights amounting to CHF 47,363,807 was deferred and not yet recognised as income due to the application of the percentage of completion method.

## 5 REVENUE FROM LICENSING RIGHTS

in CHF	2003
2006 FIFA World Cup™	11,797,857
FIFA Additional Events	170,452
<b>Total revenue from licensing rights</b>	<b>11,968,309</b>

As at 31 December 2003, revenue from licensing rights amounting to CHF 1,719,028 was deferred and not yet recognised as income due to the application of the percentage of completion method.

## 6 REVENUE FROM HOSPITALITY RIGHTS

in CHF	2003
2006 FIFA World Cup™	65,000,000
FIFA Additional Events	152,827
<b>Total revenue from hospitality rights</b>	<b>65,152,827</b>

Another important financial element of the 2006 FIFA World Cup™ is the hospitality programme. This involves the sale of VIP packages, i.e. tickets linked to special services, such as catering in the stadiums. This programme allows FIFA to finance the funding of the amount of CHF 250 million for the German Organising Committee. In 2003, FIFA appointed International Sports & Entertainment AG as the servicer of the hospitality programme. In return, iSe provided FIFA a minimum payment guarantee in the amount of CHF 270 million. As at 31 December 2003, revenue from hospitality rights for the 2006 FIFA World Cup™ amounting to CHF 65 million was accrued due to the application of the percentage of completion method.

## 7 EVENT-RELATED EXPENSES

in CHF	2003
2006 FIFA World Cup™	225,905,189
FIFA Additional Events	70,438,037
<b>Total event-related expenses</b>	<b>296,343,226</b>



#### Expenses related to the 2006 FIFA World Cup™

in CHF	2003
Compensation for teams & participants	4,068,600
Contributions to teams	0
Contributions to the German Organising Committee	55,000,000
Information technology	842,296
Rights protection – rights delivery	8,031,494
Insurance expenses	2,950,422
Other	3,898,933
Event-related expenses – accrued	151,113,444
<b>Total expenses related to the 2006 FIFA World Cup™</b>	<b>225,905,189</b>

For the year ended 31 December 2003, the event-related expenses for the 2006 FIFA World Cup™ of CHF 225.9 million mainly consist of CHF 151.1 million event-related expenses accrued. These accruals are calculated according to the stage of completion of the FIFA World Cup™ event on the basis of overall budgeted costs of CHF 621 million for the 2006 FIFA World Cup™. This cost frame was approved at the 2002 Ordinary Congress in Seoul and has been increased by CHF 250 million to CHF 871 million when it was decided to pre-finance the contribution to the German Organising Committee (refer to the accounting policy: F. Revenue recognition and G. Event-related expenses).

#### Expenses related to FIFA Additional Events

in CHF	2003
FIFA Confederations Cup France 2003	28,345,757
FIFA World Youth Championship UAE 2003	13,527,585
FIFA Women's World Cup USA 2003	12,920,135
FIFA U-17 World Championship Finland 2003	7,716,506
Blue Stars / FIFA Youth Cup	541,402
Other events	7,386,652
<b>Total expenses related to FIFA Additional Events</b>	<b>70,438,037</b>

The FIFA Confederations Cup 2003 was held in June 2003 in Paris, the FIFA U-17 World Championship was held in August 2003 in Finland, the FIFA Women's World Cup in September/October 2003 in the United States of America and the FIFA World Youth Championship in December 2003 in United Arab Emirates. The remaining expenses of CHF 7.4 million relate to late charges for events which took place in previous years.

## 8 OTHER OPERATING INCOME

in CHF	2003
Brand licensing	5,581,517
Quality concept	5,784,895
Rental income	813,610
Penalties / appeals	513,634
Income from sale of film and video rights	292,485
Commissions	705,411
Other	3,617,116
<b>Total other operating income</b>	<b>17,308,668</b>

## 9 DEVELOPMENT-RELATED EXPENSES

in CHF	2003
Financial Assistance Programme (FAP)	80,928,477
<i>Goal</i>	25,000,000
Contributions to confederations	24,876,000
e-FIFA support to associations	1,705,339
Other projects	12,569,923
<b>Total development-related expenses</b>	<b>145,079,739</b>

### FAP and contributions to confederations

FAP is a financial aid programme, according to which USD 1 million are to be granted to each association and USD 10 million to each confederation over the current four-year period preceding the 2006 FIFA World Cup™, to improve their administrative and technical infrastructure (see accounting policy: H. Development-related expenses).

FIFA grants the assistance for projects, which comply with the following objectives:

- Developing and implementing a modern, efficient and functional administrative or sports infrastructure;
- Facilitating the recruitment, training and remuneration of administrative and technical staff employed by the association;
- Promoting youth football;
- Basic and further training of association staff and members, as well as others seconded to the associations for administrative and technical duties;
- Promoting technical and sports development;
- Supporting associations in arranging and taking part in official football competitions.

The total annual FAP awards amount to USD 51 million for the year 2003.



### Goal

*Goal* is a development programme created by FIFA for the benefit of associations with special needs. *Goal* offers funding for projects tailor-made to suit the individual needs of the associations in the following areas:

- Administration: the setup of the national and regional association, such as staff and office equipment.
- Training: administration, coaching, refereeing, sports medicine.
- Youth football: training youth team coaches, regional and national youth training centres and football schools, talent promotion.
- Infrastructure: the renovation and construction of football pitches, physical training and tuition centres, office buildings.
- Other tailor-made development projects: projects catering to other specific needs of associations may also be considered if deemed appropriate.
- The maximum amount that can be awarded per project is limited to USD 400,000. As at 31 December 2003, funds committed but not yet paid under the *Goal* projects amounted to CHF 29.4 million, of which CHF 8.8 million relate to the previous period (1999 – 2002). These commitments are recognised and stated under accrued expenses.

### Other projects

Other contributions include mainly contributions to the technical development efforts made by FIFA, such as the SOS Children’s Village, Humanitarian Support Fund, Courses, CIES, Daniel Nivel Foundation, Com-Unity, F-MARC, UNICEF, Refereeing.

### CIES

Together with the International Centre of Sport Studies (CIES) at the Swiss University of Neuchâtel, FIFA set up two special programmes: a programme for a Masters degree in the Business, Law and Humanities of Sports and a scholarship (“Havelange Scholarship”).

### in CHF

Annual grant to CIES, University of Neuchâtel	500,000
Term: 8 May 1995 – 2005 (10 years)	
To review and renew after 10 years	
Annual contribution to the Masters degree programme of CIES	350,000
University of Neuchâtel	
Term: October 2000 – October 2005	

## 10 PERSONNEL EXPENSES

in CHF	2003
Wages and salaries	27,098,641
Pension expenses	2,408,180
Other employee benefit costs	3,180,635
Other	6,662,393
<b>Total personnel expenses</b>	<b>39,349,849</b>

The average number of employees during the year ended 31 December 2003 was 223.

### Employee benefit obligation

FIFA's retirement benefit plans are maintained by an independent insurance company (Winterthur-Columna Stiftung für berufliche Vorsorge). The plans are funded by employee and employer contributions. Since the plans have certain defined benefit characteristics, the figures presented below have been determined according to the defined benefit plan accounting provisions of IAS 19.

### Components of pension expenses

in CHF	2003
Current service cost	3,417,826
Interest on obligation	965,078
Expected return on plan assets	-1,012,611
Unrecognised employer contributions	237,887
<b>Total pension expenses</b>	<b>3,608,180</b>



#### Funded status

in CHF	2003
Present value of funded obligations (PBO)	26,861,813
Fair value of plan assets	-34,893,664
Unrecognised actuarial losses	1,654,735
Unrecognised pension fund surplus	6,377,116
<b>Recognised pension liability/(asset)</b>	<b>0</b>

The actual annual return on plan assets for the year ended 31 December 2003 amounted to CHF 899,027.

As the pension fund surplus is not available to FIFA in the form of refunds or reductions in future employer contributions, no pension asset has been recognised as at the balance sheet date.

#### Roll-forward of the recognised pension liability/asset:

in CHF	2003
Recognised pension liability/(asset)	0
Contributions received	-3,608,180
Expense recognised in the income statement	3,608,180
<b>Recognised pension liability/(asset)</b>	<b>0</b>

#### Principal actuarial assumptions

	31 December 2003
Discount rate	4.00%
Expected rate of return on plan assets	3.25%
Future salary increases	1.00%
Future pension increases	1.00%

## 11 OTHER OPERATING EXPENSES

in CHF	2003
External consultancy expenses	15,846,309
Rent of property	4,408,559
Office equipment and telecommunication costs	4,616,505
Quality certification cost	1,167,411
Other	8,928,716
<b>Total Other operating expenses</b>	<b>34,967,500</b>

The external consultancy costs relate primarily to legal advice for various court cases (AXA, Traffic etc.), legal expertise, review of commercial contracts, the SCORE project and the general restructuring process of FIFA.

## 12 FINANCIAL INCOME

in CHF	2003
<b>Interest income</b>	<b>3,042,372</b>
Foreign exchange gains	496,329
Gains on currency derivatives	7,035,017
<b>Total foreign currency gains</b>	<b>7,531,346</b>
Dividend income	1,512
Unrealised gains on available-for-sale investments	1,405,100
<b>Total income from investments</b>	<b>1,406,612</b>
<b>Total financial income</b>	<b>11,980,330</b>



## 13 FINANCIAL EXPENSES

in CHF	2003
Interest expense on loans and mortgages	14,765,953
Loss on interest rate derivatives	641,952
<b>Total interest expense</b>	<b>15,407,905</b>
Foreign exchange loss	10,423,060
Loss on currency derivatives	0
<b>Total foreign currency loss</b>	<b>10,423,060</b>
Loss on investment	0
<b>Total financial expenses</b>	<b>25,830,965</b>

The interest cost reflects principally the interest paid on the Footfin funding loan (CHF 9.4 million) and FIFA's mortgage loans (CHF 1.4 million). The foreign exchange losses result mainly from the valuation of the USD current assets due to the lower USD/CHF exchange rate.

## 14 INCOME TAXES

in CHF	2003
Current tax expense	1,196,141
Deferred tax expense	-169,830
<b>Total income tax expense</b>	<b>1,026,311</b>

There were no income taxes directly recognised in equity.

*FIFA is taxed based on the Swiss taxation rules for association.*

FIFA has a deferred tax liability due to the temporary difference arising from the valuation difference between the tax value and the IFRS carrying amount of FIFA's properties (property gain taxes). During 2003, these deferred tax liabilities decreased by CHF 0.2 million and amounted to CHF 1.0 million as at 31 December 2003.

Since the tax charges are mainly calculated on a "cost plus" basis, an effective tax rate reconciliation to consolidated profits before taxes would not be meaningful. There are no tax loss carry forwards.

## NOTES TO THE CONSOLIDATED BALANCE SHEET

## 15 CASH AND CASH EQUIVALENTS

in CHF	weighted average interest rate	31 Dec. 2003	1 Jan. 2003
Cash on hand, post and in bank accounts	0.11%	33,946,094	58,498,641
Overnight deposits and fixed term deposits with maturities up to 3 months	0.41%	307,201,201	302,264,000
<b>Cash and cash equivalents</b>		<b>341,147,295</b>	<b>360,762,641</b>

The fixed term deposits have an average maturity of 23.1 days.

UBS AG, Zurich has guaranteed an amount of CHF 670,000 towards IATA, Klotten on behalf of FIFA Travel GmbH for security services rendered by IATA. Conversely, FIFA has pledged an amount of CHF 671,154 of its cash balances to UBS in relation to this guarantee.

To a large extent cash and cash equivalents are denominated in USD (refer to note 27). As a result of the decreased USD/CHF exchange rate during 2003, FIFA incurred net foreign exchange losses on cash and cash equivalents. To the extent that such foreign exchange gains and losses qualify for hedge accounting under effective cash flow hedges, they are directly recognised in equity. The remaining foreign exchange gains and losses are recognised as financial income and expense respectively.

## 16 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

in CHF	Positive fair value	Negative fair value	Notional amount
<b>Fair value Hedges</b>			
- Interest rate swap	294,183	0	312,012,297
<b>Cash flow hedges</b>			
- Foreign currency options (USD)	0	15,500,985	50,000,000
- Forward rate agreements (USD)	0	29,709,139	120,075,000
<b>Other derivative financial instruments</b>			
- Foreign currency put options (USD)	0	3,430,819	50,000,000
<b>Total</b>	<b>294,183</b>	<b>48,640,943</b>	

These hedging contracts are further described in note 27.

## 17 RECEIVABLES

in CHF	31 December 2003	1 January 2003
<b>Receivables from exploitation of rights</b>	<b>13,144,611</b>	<b>56,473,399</b>
<b>Other receivables</b>		
- due from national associations and confederations	16,108,344	17,983,691
- due from related parties	10,536	167,791
- due from third parties	36,641,187	45,935,919
<b>Fixed term deposits with bank with maturity greater than 3 months</b>	<b>805,000</b>	<b>1,510,000</b>
<b>Short term loans</b>		
- due from third parties	100,000	100,000
- due from related parties	2,500	0
<b>Total receivables, net</b>	<b>66,812,178</b>	<b>122,170,800</b>

As at 31 December 2003, receivables from exploitation of rights comprise mainly receivables derived from the amendment agreement signed in June 2003 with FIFA's TV partner, Infront Sports & Media AG, in the amount of CHF 5.3 million. Receivables due from the sale of marketing rights to Official FIFA Partners amounting to CHF 6.6 million serve as collateral in the securitisation transaction described in note 1.

Other receivables consists mainly of a receivable due from AXA of CHF 25.4 million (see note 28 for further details) and a receivable due from Winterthur-Columna Stiftung of CHF 6.2 million. The remaining other receivables due from third parties are ordinary operating receivables.

FIFA Marketing & TV AG has pledged a term deposit with Credit Suisse in the amount of CHF 805,000 as a guarantee for office rent at Grafenauweg 2 in Zug.

## 18 PREPAID EXPENSES AND ACCRUED INCOME

in CHF	Note	31 December 2003	1 January 2003
Revenue from television broadcasting rights (POC accrual)	3	138,762,999	0
Revenue from hospitality rights (POC accrual)	6	65,000,000	0
Prepayments to the German Organising Committee		0	25,000,000
Prepaid expenses for FIFA Additional Events		4,961,315	9,123,521
Cancellation insurance	34	8,984,712	0
Other		5,336,956	18,676,474
<b>Total prepaid expenses and accrued income</b>		<b>223,045,982</b>	<b>52,799,995</b>

## 19 PROPERTY, PLANT AND EQUIPMENT

in CHF	Buildings	Buildings under construction	Land	Leasehold improvements	Office and other equipment	Total
<b>Cost</b>						
Balance as at 1 January 2003	65,806,079	0	6,862,500	460,500	6,745,657	79,874,736
Acquisitions	5,854,186	6,719,481	14,533,092	0	335,038	27,441,797
Disposals	0	0	0	0	-98,307	-98,307
<b>Balance as at 31 December 2003</b>	<b>71,660,265</b>	<b>6,719,481</b>	<b>21,395,592</b>	<b>460,500</b>	<b>6,982,388</b>	<b>107,218,226</b>
<b>Accumulated depreciation</b>						
Balance as at 1 January 2003	0	0	0	-145,825	-3,466,140	-3,611,965
Depreciation charge for the year	-3,487,468	0	0	-92,100	-1,162,017	-4,741,585
Disposals	0	0	0	0	98,307	98,307
<b>Balance as at 31 December 2003</b>	<b>-3,487,468</b>	<b>0</b>	<b>0</b>	<b>-237,925</b>	<b>-4,529,850</b>	<b>-8,255,243</b>
<b>Carrying amount</b>						
<b>As at 1 January 2003</b>	<b>65,806,079</b>	<b>0</b>	<b>6,862,500</b>	<b>314,675</b>	<b>3,279,517</b>	<b>76,262,771</b>
<b>As at 31 December 2003</b>	<b>68,172,797</b>	<b>6,719,481</b>	<b>21,395,592</b>	<b>222,575</b>	<b>2,452,538</b>	<b>98,962,983</b>

Mortgage loans amounting to CHF 45 million are secured by land and buildings pledged, with a carrying amount of CHF 62,554,668.

The fire insurance value amounts to CHF 78,595,200 for buildings and CHF 17,000,000 for office and other equipment.



## 20 INTANGIBLE ASSETS

in CHF	Software	Film archive	Total
<b>Cost</b>			
Balance as at 1 January 2003	77,020	6,600,000	6,677,020
<b>Balance as at 31 December 2003</b>	<b>77,020</b>	<b>6,600,000</b>	<b>6,677,020</b>
<b>Accumulated amortisation</b>			
Balance as at 1 January 2003	-32,560	0	-32,560
Amortisation charge for the year	-44,460	-660,000	-704,460
<b>Balance as at 31 December 2003</b>	<b>-77,020</b>	<b>-660,000</b>	<b>-737,020</b>
<b>Carrying amount</b>			
As at 1 January 2003	44,460	6,600,000	6,644,460
<b>As at 31 December 2003</b>	<b>0</b>	<b>5,940,000</b>	<b>5,940,000</b>

## 21 FINANCIAL ASSETS

in CHF	31 December 2003	1 January 2003
Other receivables	9,651,467	0
Debt securities	98,860,090	155,484,016
Equity securities	140,865	140,865
Other	329,876	282,408
<b>Total financial assets</b>	<b>108,982,298</b>	<b>155,907,289</b>

Other receivables comprise a receivable due from Infront Sports & Media AG of CHF 9.6 million due to the settlement and restatement agreement signed in May 2003. Infront Sports & Media AG pays FIFA certain HBS production cost shortfall in relation to the 2002 FIFA World Cup™. The receivable is recognised at its present value and the full amount of CHF 11 million will be paid within 60 days of the completion of the 2006 FIFA World Cup™.

Debt securities include an investment in EURO medium-term notes. Interest payments are due at the redemption of these notes in 2007.

In 2003, FIFA invested in capital protected participations and capital guaranteed participations, which are considered structured investments similar to debt securities that limit FIFA's risks of fair value losses, but still offer FIFA the chance of market value appreciation of the investment. Interest payments are due at the redemption of the investment in 2010 and 2011, respectively.

All debt securities and equity securities are classified as available-for-sale and accordingly, are stated at fair value.

## 22 PAYABLES

in CHF	31 December 2003	1 January 2003
Other payables		
- due to related parties	1,472,154	298,866
- due to national associations and confederations	15,413,484	44,162,520
- due to third parties	13,265,528	27,343,106
<b>Total payables</b>	<b>30,151,166</b>	<b>71,804,492</b>

Other payables due to third parties consist mainly of a payable due to the Swiss VAT tax authority of CHF 4.8 million. The remaining payables are ordinary operating payables.

## 23 INTEREST-BEARING LIABILITIES

in CHF	31 December 2003	1 January 2003
Current		
Bank overdrafts	269	61
Short term bank loan	25,000,000	0
Liability from securitisation transaction towards third party investors – current portion	131,012,000	112,402,739
<b>Total current interest-bearing liabilities</b>	<b>156,012,269</b>	<b>112,402,800</b>
Non-current		
Liability from securitisation transaction towards third party investors	181,000,297	304,014,113
Mortgage loans	45,000,000	40,000,000
<b>Total non-current interest-bearing liabilities</b>	<b>226,000,297</b>	<b>344,014,113</b>
<b>Total interest-bearing liabilities</b>	<b>382,012,566</b>	<b>456,416,913</b>



In 2001, FIFA issued a Floating Rate Note (Libor + 0.9%) of CHF 690 million through its special purpose vehicle “SPV” Footfin (Football Finance) AG. The note is secured by certain future cash flows amounting to CHF 888 million generated by FIFA from the granting of marketing rights packages to Official Partners for FIFA organised events during the quadrennial periods ending with each of the 2002 and 2006 FIFA World Cup™. Until 2003, the note was redeemed by way of direct payments from the Official Partners to Footfin (Football Finance) AG.

In October 2003, the redemption schedule of the note was changed. This resulted from the fact that FIFA entered into agreements with Official Partners earlier than initially expected. Allowing FIFA to take out additional liquidity in the amount of USD 69.4 million or CHF 91.6 million under the same transaction.

#### Terms and debt repayment schedule

in CHF	Weighted average interest rate	Total	1 year or less	1 – 5 years
<b>Loans</b>				
Short term loans	1.120%	25,000,000	25,000,000	0
Liability from securitisation transaction towards				
third party investors (variable interest at Libor +0.9%)	2.070%	312,012,297	131,012,000	181,000,297
<b>Total loans</b>	<b>2.000%</b>	<b>337,012,297</b>	<b>156,012,000</b>	<b>181,000,297</b>
<b>Total mortgage loans</b>	<b>2.960%</b>	<b>45,000,000</b>	<b>0</b>	<b>45,000,000</b>
<b>Total</b>		<b>382,012,297</b>	<b>156,012,000</b>	<b>226,000,297</b>

The mortgage loans are secured by land and buildings with a carrying amount of CHF 62,554,668.

## 24 ACCRUED EXPENSES AND DEFERRED INCOME

in CHF	Note	31 December 2003	1 January 2003
Accrued expenses due to application			
of the percentage of completion method	7	151,113,444	0
Deferred revenue from marketing rights	4	47,363,807	0
Deferred revenue from licensing rights	5	1,719,028	0
Financial Assistance Programme (FAP) / Goal	9	69,213,752	65,264,433
Prepayment from TV Partners		0	83,500,000
Prepayment from Official FIFA Partners		0	31,834,037
Other		17,759,080	22,783,173
<b>Total accrued expenses and deferred income</b>		<b>287,169,111</b>	<b>203,381,643</b>

## 25 PROVISIONS

in CHF	Value added taxes	Other	Total
<b>Balance as at 1 January 2003</b>	<b>6,000,000</b>	<b>1,440,043</b>	<b>7,440,043</b>
Provisions used during the year	-6,000,000	-1,415,000	-7,415,000
Provisions made during the year	0	0	0
Provisions reversed during the year	0	-25,043	-25,043
<b>Balance as at 31 December 2003</b>	<b>0</b>	<b>0</b>	<b>0</b>

The provision for value added taxes was fully used to pay actual claims by the tax authorities.

## 26 EQUITY

### Association capital

The Association capital is CHF 5 million.

### Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments where the hedged transaction has not yet occurred.



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## OTHER DISCLOSURES

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### 27 RISK MANAGEMENT AND HEDGING ACTIVITIES

Exposure to currency, interest as well as credit and liquidity risks arises in the normal course of FIFA's operations. Derivative financial instruments are used to reduce exposure to fluctuations in foreign currency exchange rates and interest rates. While these instruments are subject to the risk of market rate fluctuations subsequent to acquisition, such fluctuations are generally offset by opposite effects on the items being hedged.

#### Credit risk

FIFA sells the licence to exploit the radio and television rights as well as marketing rights of the FIFA World Cup™ event to Infront Sports & Media AG and to Official Partners, respectively.

The Official Partner Agreements are made with partners which are large multinational groups. Additionally, the contracts include a default clause, whereby the contract would terminate as soon as one party is in default. In case of a default of an Official Partner, FIFA is not required to reimburse any services and contributions received. FIFA is also allowed to replace terminated contracts by new marketing or broadcasting agreements.

Management monitors the credit standing of its marketing and broadcasting partners very closely on an ongoing basis. Given their good credit ratings, management does not expect any counter party to fail to meet its obligation.

Investments and derivative financial instruments are executed only with counter parties with high credit ratings.

#### Interest rate risk

Exposure to interest rate risks arises mainly from FIFA financing transactions.

FIFA entered into an interest rate swap to limit its interest rate risk exposure related to the liability from the securitisation transaction towards third party investors ("Funding Loan"). The interest rate swap has a rate of 6%, matures over the next four years following the maturity of the related funding loan and has a notional contract amount of CHF 312 million. The fair value of the interest rate swap as at 31 December 2003 is CHF 294,183.

FIFA has several mortgage loans, some with fixed interest rates, some floating rates and others with an interest rate cap.

Additionally, FIFA is exposed to fluctuations in interest rates on its short-term placements in fixed term deposits and mid-term investments in global money market funds.

**Foreign currency risk**

Exposure to foreign currency exchange rates arises from transactions denominated in currencies other than FIFA's functional currency, which is the Swiss Franc. FIFA incurs foreign currency cash inflows in the form of revenue from the sale of certain rights denominated in USD, as well as foreign currency cash outflows such as certain event-related expenses and expenses for development projects.

FIFA uses forward exchange contracts and currency options to hedge certain foreign currency risk. Options limit the risk of losses from fluctuations in exchange rates.

FIFA also designates cash and cash equivalents denominated in USD as hedging instruments for the foreign currency risk of specified expenses in the current four-year period preceding the 2006 FIFA World Cup™.

Additionally, the "Funding Loan" denominated in USD is designated as hedging instrument for future USD receivables from the exploitation of marketing rights.

**Foreign currency risk**

in CHF	Nominal value	Hedging reserve*	Expected period of recognition in income
Foreign currency hedging instruments (cash flow hedge)			
- "Funding Loan" denominated in USD	337,012,297	46,465,476	2003 – 2006
- Foreign currency options denominated in USD	50,000,000	-6,546,633	2003 – 2006
- Cash denominated in USD	198,743,000	-29,832,000	2003 – 2006
<b>Total</b>		<b>10,086,843</b>	

\*Amounts to be recognised in income when the forecasted transaction occurs



The following table shows the balance sheet positions as at 31 December 2003, which are denominated in a foreign currency.

in CHF thousand	USD	EUR	GBP
Cash and cash equivalents	300,204	763	376
Derivatives	294	0	0
Receivables	19,704	1,363	44
Financial assets	75,610	23,250	0
<b>Total assets denominated in foreign currency</b>	<b>395,812</b>	<b>25,376</b>	<b>420</b>
Payables	3,107	301	12
Current interest-bearing liabilities	131,012	0	0
Derivatives	18,932	0	0
Accrued expenses and deferred income	0	0	0
Non-current interest-bearing liabilities	181,000	0	0
<b>Total liabilities denominated in foreign currency</b>	<b>334,051</b>	<b>301</b>	<b>12</b>

#### Liquidity risk

Material liquidity risks could potentially arise if Infront Sports & Media AG or several of FIFA's Official Partners were unable to meet their contractual obligations and if FIFA was unable to find replacement in due time.

## 28 LEGAL MATTERS AND CONTINGENT LIABILITIES

In 2002, an out-of-court settlement agreement could be reached with the bankruptcy administration of the ISL/ISMM Group. The financial risks from the bankruptcy proceedings could therefore be eliminated.

In May 2001, the FIFA Club World Championship was postponed by two years to 2003, and in November 2001, it was postponed further to a later date. In 2001, payments in the amount of USD 21 million were received for TV rights, while payments to the participating clubs in the amount of USD 9 million were made. The revenue received and expenses incurred in relation to this event were fully recognised in prior years. In September 2003, the Arbitral Tribunal rejected Traffic's claims and decided that FIFA was entitled to keep the amount of USD 21 million and that FIFA was not obliged to pay any damages. The Arbitral Tribunal admitted FIFA's counter-claim in an amount still to be determined. FIFA's recovery of an additional sum will depend on its ability to substantiate its damages.

In 2001, AXA terminated the cancellation insurance coverage for the 2002 FIFA World Cup™. FIFA did not accept the termination. Therefore, FIFA claimed an indemnification from AXA. In December 2003 the Cologne district court decided that the termination of the cancellation insurance for the 2002 FIFA World Cup™ by AXA was null and void. As at 1 January 2003, FIFA recognised a receivable to the extent of CHF 25.4 million representing the additional premiums paid after termination.

## 29 CAPITAL COMMITMENTS

As at 31 December 2003, FIFA had no capital commitments.

## 30 CONTINGENT REVENUE

FIFA negotiated with Infront Sports & Media AG the following contingent revenue:

- If the revenue from the exploitation of the radio and television broadcasting rights of the FIFA World Cup™ event exceeds the guaranteed minimum payments, FIFA is eligible for 50% of the exceeding revenue less certain predetermined costs of Infront Sports & Media AG. With respect to the 2006 FIFA World Cup™, FIFA expects to earn income from this profit sharing agreement in year 2006.

FIFA entered with iSe (International Sports & Entertainment AG) into an agreement which included the following contingent revenue:

- FIFA shall receive 70% of the profit share of the total hospitality revenue exceeding CHF 270 million up to CHF 360 million. If the revenue exceeds CHF 360 million, FIFA shall receive 65% of the profit share.

FIFA entered into marketing contracts with Yahoo! and Electronic Arts which include contingent revenue arrangements as follows:

- FIFA shall retain 40% of all revenue generated directly from the operation of the FIFA World Cup™ Website exceeding the threshold amount of USD 8.5 million. FIFA does not expect to earn any revenue under this arrangement before 2006.
- Electronic Arts pays to FIFA a royalty in addition to the agreed amount of 5.5% of net invoiced billings for the FIFA Brand Licence and the FIFA World Cup™ Licence exceeding USD 1.6 billion. FIFA does not expect to earn any additional revenue under this arrangement before 2006.

FIFA leases out the restaurant Sonnenberg in Zurich. The lease agreement includes a sales-based rent payment. In 2003, FIFA accrued the amount of CHF 550,000.

## 31 VALUE-IN-KIND REVENUE

Value-in-kind revenue from partners are not recognised in the income statement due to the fact that the fair value of the revenue cannot be measured reliably and the local organisation committees are the actual beneficiaries of the value-in-kind.

FIFA entered into value-in-kind agreements with the following companies: adidas, Anheuser-Busch, Avaya, Coca-Cola, Deutsche Telekom, Fujifilm, Hyundai, Philips and Yahoo! The counter parties agreed to deliver a predetermined quantity of products or services to local organising committees to be used during the FIFA World Cup™ or FIFA Additional Events.



## 32 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

in CHF	31 December 2003
Less than 1 year	1,278,317
Between one 1 – 5 years	2,079,776
<b>Total</b>	<b>3,358,093</b>

FIFA leases office rooms, vehicles and office equipment under operating leases. The leases typically extend over an initial period of between one to five years, with an option to renew the lease after that date. None of the leases include contingent rentals.

During 2003, CHF 1,198,817 was recognised as an expense in the income statement in respect of operating leases.

## 33 RELATED PARTY TRANSACTIONS

### Identity of related parties

FIFA as an association has 204 associations as its members. The associations affiliated to FIFA and geographically situated on the same continent form confederations, which are also members of FIFA. Additionally, from the perspective of FIFA, the following persons are regarded as related parties: members of the Executive Committee and Finance Committee as well as the Honorary President.

### Transactions with related parties

Each member of the FIFA association must pay an annual subscription fee, and for every international match – including friendly matches, tournaments and all the matches of the Olympic Football Tournaments – played between two international “A” teams, the association of the country in which the match is being played pays a share of the gross receipts of the match to FIFA.

FIFA makes yearly contributions (FAP, *Goal*) to the associations and confederations to support their efforts in promoting and developing football in their area (refer to note 9). Additionally, FIFA organises the FIFA World Cup™ and other FIFA Additional Events, compensates teams for their expenses and provides finalist payments.

## 34 CANCELLATION INSURANCE – ALTERNATIVE RISK TRANSFER

In the past, FIFA has taken out cancellation insurance (which includes insurance against curtailment and abandonment risk) in the standard insurance market in order to cover the financial risk in case the FIFA World Cup™ event is cancelled, curtailed or abandoned. Given the changes in the insurance market after 11 September 2001, especially in relation to coverage for terrorist and war risk, FIFA has explored various alternatives to standard insurance and has decided to buy cancellation, curtailment and abandonment protection, not in the insurance market, but by way of a capital market transaction in the international capital markets. The transaction, which was concluded as at 8 October 2003, works in a fashion very similar to standard insurance with the noteworthy exception that the contingent obligations of the protection providers are fully collateralised. The issuer, a special purpose vehicle, then issued notes totalling USD 260 million at Libor +1.5% in the capital markets in U.S. Dollars, Euro and Swiss Francs, thereby transferring the risk of cancellation, abandonment and curtailment to investors. The special purpose vehicle invests the notes issue proceeds and has created a security interest over them in favour of FIFA (as security for its payment obligation in case of the occurrence of a cancellation, abandonment or curtailment) and in favour of the investors (as security for its obligation to repay the bonds in case there is no cancellation, abandonment or curtailment). The impact of the transaction on the consolidated financial statements of FIFA is limited to the accounting for the above-mentioned interest margin plus transaction costs, which are expensed evenly over the expected commercial maturity (30 September 2006) of the notes.



## 35 CONSOLIDATED SUBSIDIARIES

	Location of incorporation	Activity	Ownership interest 2003	Ownership interest 2002
FIFA Marketing & TV AG	Zürich, Switzerland	Exploitation of Marketing rights	100%	100%
FIFA Marketing Deutschland GmbH	Germany	Service Company	100%	100%
Immobilien Hitzigweg AG in Liquidation	Zurich, Switzerland	Real Estate Company	100%	100%
FIFA Travel GmbH	Zurich, Switzerland	Travel Agency	100%	100%
FIFA Ireland Ltd.	Ireland	Service Company	100%	100%
FIFA Media AG	Zurich, Switzerland	No activity	100%	100%
Footfin (Football Finance) AG	Zurich, Switzerland	Special purpose vehicle for securitisation transaction	*	*

\* In accordance with the requirements of IFRS, FIFA consolidates Footfin, as FIFA has retained a residual interest in this special purpose vehicle and has retained credit and interest risk related to the assets transferred to it.

## 36 POST BALANCE SHEET EVENTS

The preparation of these consolidated financial statements has been completed on 31 January 2004. The Executive Committee approved them on 29 February 2004.

No events have occurred since 31 December 2003, which would require adjustment to the carrying amounts of FIFA's assets and liabilities as of 31 December 2003 and/or disclosure, respectively.



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**REPORT BY THE AUDITORS TO THE CONGRESS OF**

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**Fédération Internationale de Football Association (FIFA), Zurich**

As auditors, we have audited the consolidated financial statements of Fédération Internationale de Football Association and subsidiaries, consisting of the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and notes to the consolidated financial statements for the year ended 31 December 2003.

These consolidated financial statements are the responsibility of the FIFA Executive Committee. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Fédération Internationale de Football Association has implemented International Financial Reporting Standards (IFRS) with effect from 1 January 2003. As discussed in notes A and 2 to the consolidated financial statements, the consolidated financial statements do not include prior year comparative information on the income statement, the statement of changes in equity and the cash flow statement and accordingly, there is no reconciliation of profit/ loss for the year ended 31 December 2002 from the previous basis of accounting to IFRS.

In our opinion, except for the lack of comparative information referred to in the preceding paragraph, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

KPMG Fides Peat



Fredy Luthiger  
Swiss Certified Accountant



Markus Ackermann  
Swiss Certified Accountant

Zurich, 29 February 2004



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**REPORT BY THE INTERNAL AUDIT COMMITTEE TO THE CONGRESS OF**

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**Fédération Internationale de Football Association (FIFA), Zurich**

In our function as the Internal Audit Committee of FIFA we have assessed the Consolidated Financial Statements (balance sheet, income statement, statement of changes in equity, the cash flow statement and notes) of Fédération Internationale de Football Association for the period from 1 January 2003 to 31 December 2003.

Our responsibility is to express an opinion on these financial statements based on our assessment in compliance with the audit charter of 5 March 2003. We have assessed the positions and information of the 2003 financial statements through:

- Examination of the audit reports of the external auditors;
- Examination of the Management Letter 2003; and
- Discussion of the financial statements during the meetings of the Internal Audit Committee held on 24 November 2003 and 18 February 2004 in the presence of the FIFA President, the General Secretary, the Director of Finance & Controlling and the external auditors.

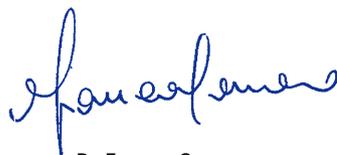
We have also assessed the accounting principles used, significant estimates made and the overall presentation of the financial statements. We believe that our assessment provides a reasonable basis for our opinion. Furthermore, we confirm that we had unrestricted and complete access to all relevant documents and information necessary for the assessment.

Despite the references of the respective paragraph of the auditor's report of 28 February 2004 regarding

- qualification of the unavailable prior year comparative information on the income statement, the statement of changes in equity and the cash flow statement and accordingly, the unavailable reconciliation of profit/loss for the year ended 31 December 2002 from the previous basis of accounting to IFRS,

we recommend that the FIFA Congress approve the consolidated financial statements for 2003.

For the Internal Audit Committee



Dr Franco Carraro  
Chairman  
Zurich, 29 February 2004