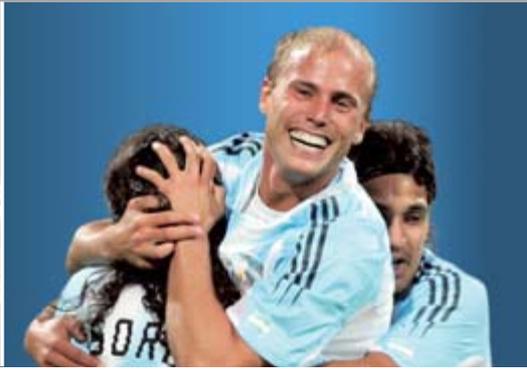




FIFA

For the Good of the Game

FIFA FINANCIAL REPORT 2005





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FOREWORD





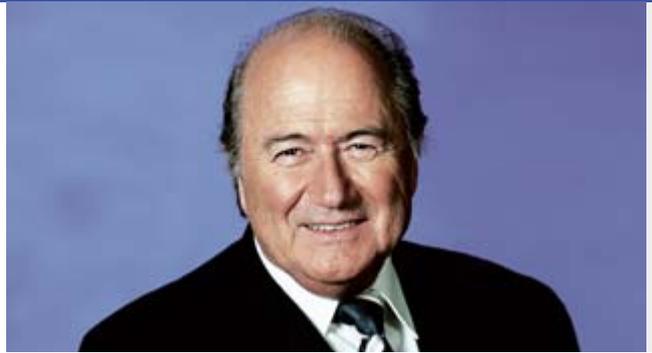
DEAR MEMBERS OF THE INTERNATIONAL FOOTBALL FAMILY,

For an institution such as FIFA, success in business and financial terms comes only if it works competently and credibly on a sporting level. In FIFA's case, we must therefore consistently prove the central competence we have in staging world football championships in various categories. Only if we do this, can we increase the revenue we generate through the sale of the rights associated with these events.

During the twelve months covered by this report, FIFA has gained very good if not top marks in this respect. With the Beach Soccer World Cup in Brazil in May and the Club World Championship in Japan in December, we organised two highly attractive competitions – one entirely new, the other a new take on an event that had been staged once before. In addition, the FIFA Confederations

Cup in Germany – coming a year before our grand festival of football in 2006 – finally won recognition and enjoyed an extremely positive response from the fans and the media. By deciding to stage the Confederations Cup on a quadrennial basis from now on, as a dress rehearsal for the World Cup in the same country and a year before the big event, the FIFA Executive Committee has followed the right tack and the sporting value of the event has increased significantly as a result.

The sporting successes I have already mentioned – which were accompanied by the World Youth Championship in the Netherlands and the U-17 World Championship in Peru, our first ever competition to be played exclusively on artificial turf – make FIFA the leading provider of the prized product we call "association football". Thanks to



a new approach, we have been able to seal marketing rights contracts for 2007-2014 with significantly greater returns than any we have signed before. The deals completed in 2005 with adidas, Sony, Hyundai, Coca-Cola and Emirates can legitimately be seen as milestones in the history of sports marketing.

The same can be said about our television contracts. By marketing the European TV rights for the 2010 FIFA World Cup™ individually in five key countries (France, Germany, Italy, Spain and the United Kingdom) and assigning the European Broadcasting Union (EBU) a package for the remainder of the continent, FIFA has set a clear precedent and managed almost to double the amount generated from the same rights for the 2006 World Cup. The market has reacted to our new proce-

dure by underlining that FIFA, its flagship event – the FIFA World Cup™ – and football in general have reinforced their coveted position in the international sporting rights world.

FIFA has thus fulfilled its goal to secure its economic future in the long term. We can now remain focused on translating our financial success into sporting progress and prosperity by means of even more extensive development work at grass roots level, and ultimately by making the game better, taking it to the world and making the world a better place.

A handwritten signature in blue ink, which appears to read 'Blatter'.

Joseph S. Blatter

FIFA President

DEAR SIR OR MADAM,

In financial terms, 2005 – the third year of the 2003-2006 World Cup cycle – was yet another success for FIFA. With a surplus of CHF 214 million, the world governing body recorded its best ever result. As a consequence, FIFA now has equity totalling CHF 461 million. FIFA has therefore reached its stated aim of creating reserves of around CHF 450 million by the end of the current four-year period twelve months ahead of schedule. We now have a revised equity target of CHF 500 million or, expressed in our future accounting currency, USD 400 million.

There are countless reasons for these pleasing figures. On one hand, the standing committees, supported by the FIFA administration, have once more fully respected the budget constraints laid down by the Congress. On the other hand, we have also been fortunate to profit from the favourable development of the exchange rate

between the US dollar and the Swiss franc, the currency currently used for FIFA's accounts. However, this is primarily a change on paper and cannot be considered to be profit as such. Such incalculable fluctuations will be minimised starting from FIFA's next four-year cycle when, as we have already confirmed, our balance sheet and our income statement will be expressed in US dollars.

This positive development and the comfortable situation in terms of liquidity made it possible for FIFA to pay out CHF 1 million to each of the 32 teams that have qualified for the 2006 FIFA World Cup™ finals before the end of 2005 so as to cover their preparation costs. In addition, each association will receive CHF 2 million for each match it plays in the group phase of the competition and is therefore guaranteed to receive income of at least CHF 7 million. In total, CHF 300 million will be paid out to the



teams in prize money, with the association whose team wins the 2006 FIFA World Cup Germany™ taking home an impressive CHF 24.5 million.

We already have equally positive signs for the coming 2007-2010 and 2011-2014 periods. The commercialisation of the World Cup has been extremely successful and revenue from marketing and television rights for the event has increased considerably. This is reflected in the budget projection for the coming four-year period, with revenue totalling USD 3.0 billion, of which USD 2.55 billion will be re-invested in the game of football through financial assistance for the associations, competition-related costs and other expenses. As is the case in the current cycle, a quarter of the outgoings will once again be devoted to development activities, while 44% will be used to finance FIFA competitions and thus flow directly

back into the game. The Finance Committee has recommended that USD 450 million, in other words, 15% of the total estimated revenue, be put to one side to strengthen FIFA's equity further.

On behalf of the FIFA Finance Committee, I wish to thank you for your support and trust. I am presenting you with this report in the hope that you will read it carefully and I am looking forward to hearing your comments at the 56th Congress in Munich (Germany) on 7-8 June 2006.

A handwritten signature in blue ink, consisting of stylized, overlapping loops and lines, representing the name Julio H. Grondona.

Julio H. Grondona

Chairman of the Finance Committee

DEAR SIR OR MADAM,

Once again, I, as the chairman of the FIFA Internal Audit Committee, have the privilege to report on the work carried out by this body and on the results of the internal audit conducted on FIFA's finances.

As you can see from the audit report for 2005, KPMG found no cause for concern during its audit. I consider this positive conclusion to be yet another indication of the high standards that FIFA insists upon in terms of accounting practices and financial transparency.

In addition to corroborating the accounts, the Internal Audit Committee also took time to monitor levels of

compliance with the Organisational Rules and Regulations that FIFA introduced on 1 January 2004. In doing so, we ascertained that the FIFA administration has observed its duties to the very letter. In line with a proposal made by our committee, the contents of these regulations have now been passed on to the member associations for adoption so that our sport can benefit at every level.

FIFA is nonetheless not resting on its laurels. Instead, the governing body is striving to raise the bar even higher. In order to meet the ever-increasing demands of Interna-



tional Financial Reporting Standards and compliance regulations, a new Consolidation and Compliance department is being set up within the FIFA Finance Division. The financial success borne out by rapidly increasing revenue dictates that FIFA employs the appropriate tools and control mechanisms to ensure that these funds are handled in a responsible, competent and focused way.

Finally, I wish to thank you once again for the trust and support you have extended to our committee. You may rest assured that my colleagues and I will continue to do

our utmost to work to the best of our knowledge and fulfil our responsibilities to your complete satisfaction.

A handwritten signature in blue ink, appearing to read 'Franco Carraro', written in a cursive style.

Dr Franco Carraro

Chairman of the Internal Audit Committee

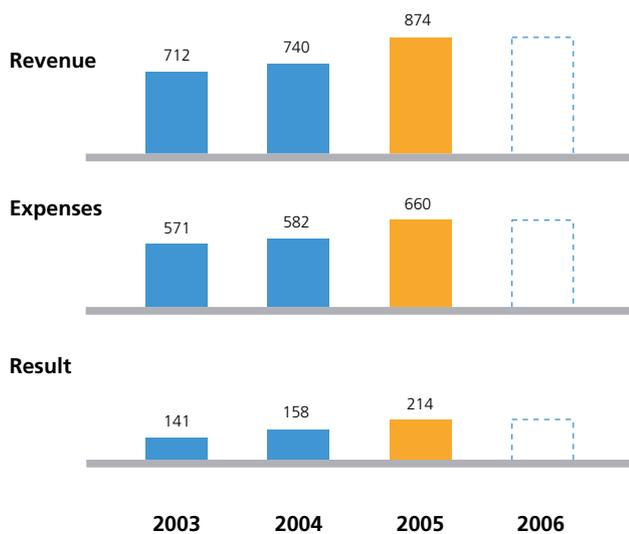
FACTS & FIGURES 2005





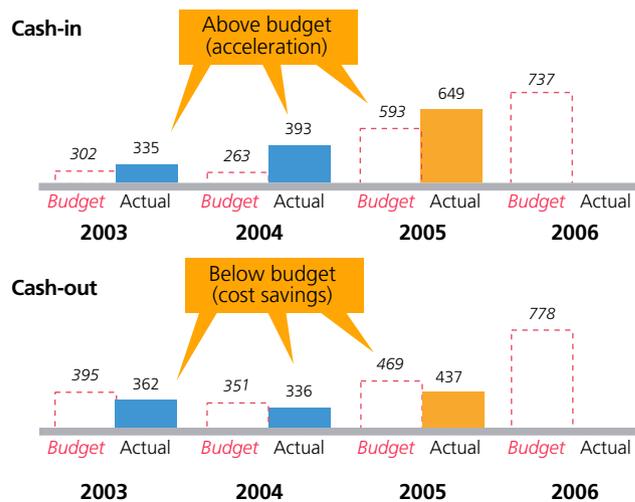
INCOME STATEMENT (ACCORDING TO IFRS)

CHF MILLION



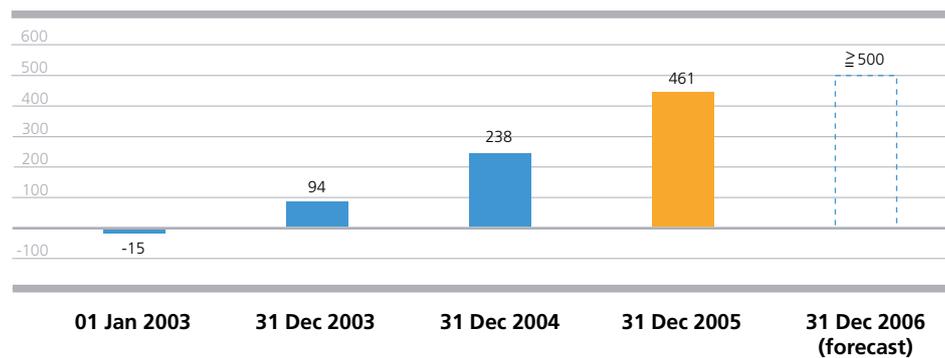
BUDGET COMPARISON

CHF MILLION



EQUITY DEVELOPMENT (ACCORDING TO IFRS)

CHF MILLION





Overview

In 2005, FIFA registered total revenue of CHF 874 million according to IFRS, total expenses of CHF 660 million and obtained a net result of CHF 214 million.

The budget comparison shows that, in 2005, FIFA exceeded its cash-in target by CHF 56 million (effective cash-in of CHF 649 million; budget of CHF 593 million) and was below its cash-out target by CHF 32 million (effective cash-out of CHF 437 million; budget of CHF 469 million).

The higher cash-in is due to the accelerated collection of revenue but does not impact on the four-year result. The lower cash-out represents effective cost savings.

FIFA's equity in the opening balance sheet as of 1 January 2003 according to IFRS amounted to CHF -15 million and increased to CHF 94 million as at 31 December 2003. One year later, FIFA's equity amounted to CHF 238 million (31 December 2004). Currently, FIFA's equity amounts to CHF 461 million (31 December 2005). By the end of 2006, equity in excess of CHF 500 million (i.e. USD 400 million) is expected.

This page provides an overview of the facts and figures for the entire 2003-2006 period and especially the year 2005. It includes the

- **income statements** according to **IFRS** for the years 2003 to 2005
- **budget comparison** which compares effective cash-in and cash-out for 2003, 2004 and 2005 with the respective budgets as approved by the FIFA Congress (FIFA draws up and monitors its annual budgets on a cash basis)
- **equity development** according to **IFRS** for the years 2003 to 2005 and the forecast for 2006.

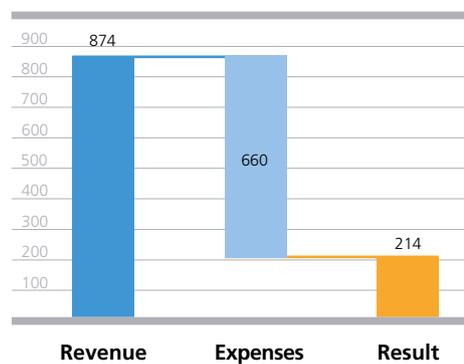
From a financial perspective, the year 2005 was a very successful one. The following three key conclusions can be drawn:

- (1) For 2005, FIFA recorded a **positive result** of **CHF 214 million**. The positive development of the US dollar in relation to the Swiss franc during the year 2005 contributed to this result.
- (2) For 2005, FIFA **reached** its **budget targets** on both the revenue and expense side.
- (3) FIFA's **equity** as at 31 December 2005 amounts to **CHF 461 million**.



INCOME STATEMENT 2005

CHF MILLION



INCOME STATEMENT 2005

CHF MILLION

Revenue	874
• Event-related revenue	752
• Other operating income	36
• Financial income	86
Expenses	660
• Event-related expenses	336
• Development-related expenses	139
• Other operating expenses*	175
• Financial expenses	10
Result	214

* Including expenses for personnel, transportation, travel and accommodation, IT, depreciation and amortisation (shown separately in the Consolidated Income Statement, p. 59)



Income statement for 2005

For the period from 1 January to 31 December 2005, FIFA registered total revenue of CHF 874 million and total expenses of CHF 660 million. This led to a positive net result of CHF 214 million.

As of 2005, all listed companies in the European Union have been obliged to apply International Financial Reporting Standards (IFRS) in their financial statements. Although FIFA is not a listed company, its financial statements have been prepared in accordance with IFRS since 2003.

This chapter provides an overview of the key financial figures for 2005. The detailed financial statements for 2005 can be found in the annexe of this report on pages 56-105.

Based on a decision taken by the 2003 FIFA Congress in Doha, renowned international audit company KPMG is auditing FIFA's annual financial statements for the 2003-2006 financial period. KPMG's report for the year 2005 can be found in the annexe on page 107. The report by the Internal Audit Committee is on page 109.

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.

For the year 2005, FIFA's **net result is positive** and amounts to **CHF 214 million**.

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



REVENUE 2005

CHF MILLION

100% = CHF 874 million

Financial income

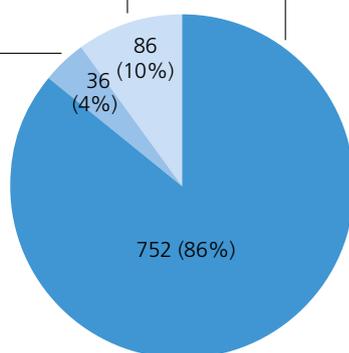
• Foreign exchange effects	70
• Interest	14
• Investments	2

Total 86

Other operating income

• Brand licensing	21
• Quality concept	6
• Fines	4
• Other (e.g. rental income, sale of film)	5

Total 36



Event-related revenue

• TV broadcasting rights	423
- 2006 FIFA World Cup™	
- Additional FIFA Events	12
• Marketing rights	193
• Hospitality rights	65
• Licensing rights	14
• Other	45

Total 752

Official Partners of the 2006 FIFA World Cup Germany™



EXPENSES 2005

CHF MILLION

100% = CHF 660 million

Financial expenses

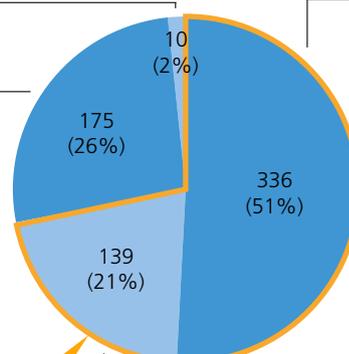
• Interest	10
• Foreign exchange effects	0
• Derivatives	0

Total 10

Other operating expenses

• Personnel costs	61
• Transportation, travel, accommodation	22
• Event consultancy	15
• Legal consultancy	12
• External services	9
• New Media	6
• IT	6
• Depreciation	5
• Rent of property	4
• Other (e.g. offices, telecommunications, certification)	35

Total 175



72% for FIFA events & development

Event-related expenses

• Contributions to teams/participants	74
• Contributions to LOC	73
• Compensation for teams/participants	45
• Rights protection/delivery	6
• Other (e.g. computer solution, insurance)	62
• Accrued expenses	76

Total 336

Development-related expenses

• Financial Assistance Programme	79
• Confederations	23
• Goal	25
• Other (e.g. courses)	12

Total 139



Revenue and expenses for 2005

Of the total revenue recorded in 2005, amounting to CHF 874 million, CHF 752 million (86%) came 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 435 million) and marketing rights (CHF 193 million). Other operating income totalled CHF 36 million (4%) and financial income amounted to CHF 86 million (10%). The relatively high financial income is due to the fact that the USD/CHF exchange rate increased in 2005 leading to a higher book value of FIFA's USD assets. However, this appreciation does not reflect realised currency gains. From 2007 onwards, the impact of the USD will be minimised given that FIFA will change its balance sheet currency from CHF to USD.

On the expenditure side, CHF 336 million (51%) of the overall expenses of CHF 660 million for the year 2005 were assigned to FIFA events. This included contributions to teams and participants and local organising committees. The accrued expenses of CHF 76 million within the event-related expenses was linked to costs incurred in 2005 but not representing effective cash-out. CHF 139 million or 21% of the expenses related to FIFA development programmes (e.g. *Goal* and the Financial Assistance Programme). This represented a total of 72% of the overall expenses for FIFA events and development. Other operating expenses of CHF 175 million (26%) included, for example, personnel costs. Financial expenses amounted to CHF 10 million (2%) and mainly consisted of interest effects.

FIFA's revenue and expenses in the year 2005 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 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 **Additional FIFA 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.



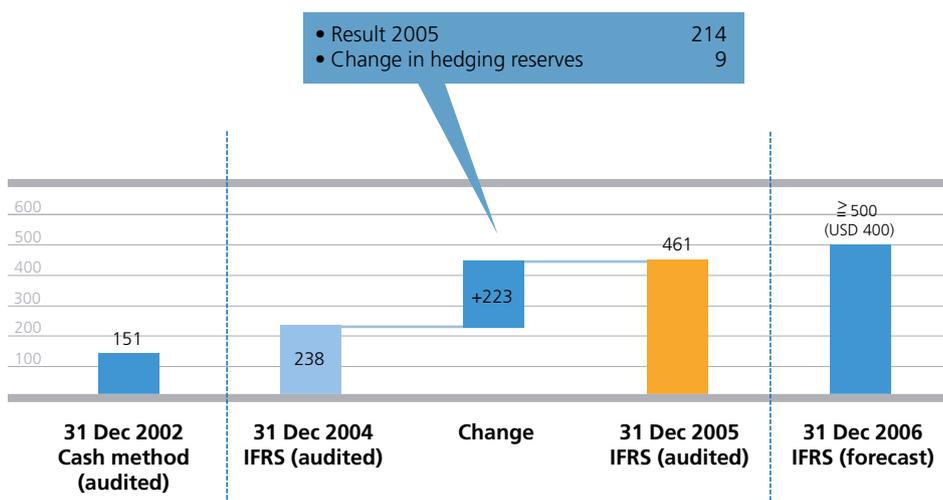
BALANCE SHEET AS AT 31 DECEMBER 2005

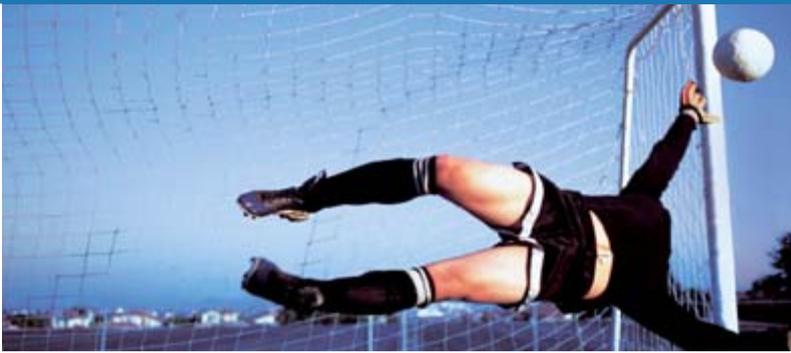
CHF MILLION

ASSETS	1,440	LIABILITIES AND EQUITY	1,440
Current assets	952	Current liabilities	954
• Cash & cash equivalents	680	• Payables	38
• Receivables	114	• Income tax liabilities	1
• Prepaid expenses and accrued income	158	• Interest-bearing liabilities	90
		• Derivative financial liabilities	6
		• Accrued expenses and deferred income	819
Non-current assets	488	Non-current liabilities	25
• Property, plant, equipment	245	• Interest-bearing liabilities	12
• Intangible assets	5	• Provisions	13
• Financial assets	238	Equity	461

EQUITY DEVELOPMENT

CHF MILLION





Balance sheet and equity development

FIFA's current assets consist of CHF 680 million cash and cash equivalents. Receivables amount to CHF 114 million, prepaid expenses and accrued income to CHF 158 million.

Within the non-current assets, FIFA's property, plant and equipment are valued at a total of CHF 245 million, intangible assets at CHF 5 million and financial assets at CHF 238 million.

Under current and non-current liabilities, both "interest-bearing liabilities" items, which total CHF 102 million, include the securitisation transaction of CHF 65 million. Under IFRS, securitisation is considered as a financing transaction, more specifically, as a loan to third party investors.

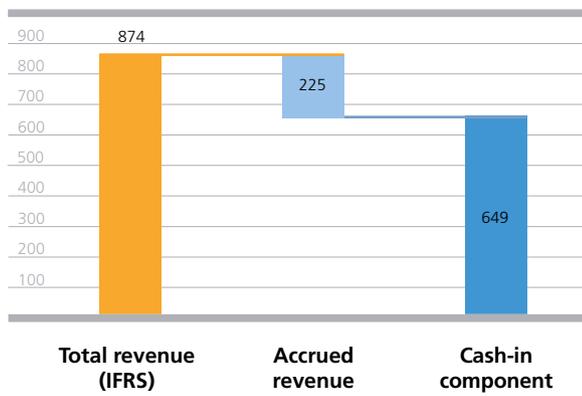
FIFA's **balance sheet** as at 31 December 2005 **totalled CHF 1,440 million**, including current assets of CHF 952 million and non-current assets of CHF 488 million. FIFA's current liabilities amount to CHF 954 million and non-current liabilities to CHF 25 million. This led to **equity of CHF 461 million** as at 31 December 2005. Equity will continue to increase over the remainder of the four-year period with the target being to pass **CHF 500 million** (USD 400 million) by December 2006.

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. As at 31 December 2004, FIFA's equity amounted to CHF 238 million. Based on the positive 2005 result of CHF 214 million and a change in the hedging reserves of CHF 9 million, the equity as at 31 December 2005 amounted to CHF 461 million. By the end of 2006, equity in excess of CHF 500 million (i.e. USD 400 million) is expected.



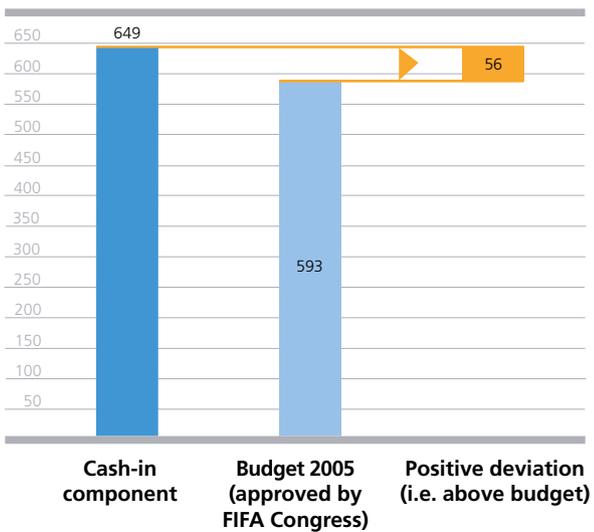
REVENUE 2005: COMPONENTS

CHF MILLION



REVENUE 2005: BUDGET COMPARISON

CHF MILLION





Analysis of revenue for 2005

The total revenue generated in 2005, amounting to CHF 874 million, can be divided into a cash-in component of CHF 649 million and accrued revenue of CHF 225 million.

Following the changeover to IFRS, it is important to note that not all of the **revenue** generated in 2005 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.

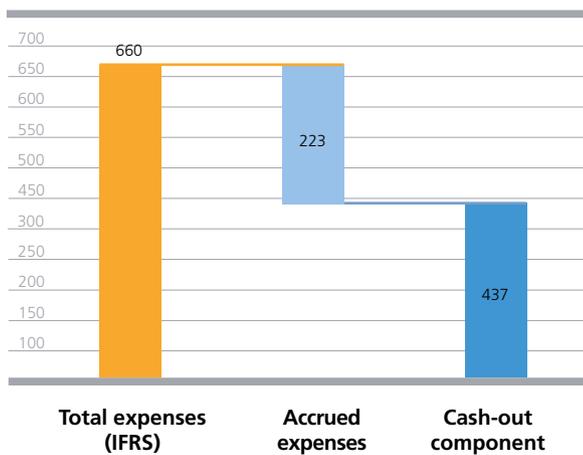
A budget deviation analysis for 2005 shows that the **revenue budget** approved by the FIFA Congress was **surpassed by CHF 56 million**.

The FIFA Congress approved a revenue cash budget of CHF 593 million for 2005. With an effective cash-in component of CHF 649 million, this budget was surpassed by CHF 56 million (9%). It is important to note that this positive deviation is mainly due to accelerated TV rights payments leading to an earlier collection of budgeted revenue. However, this acceleration does not have an impact on the overall result for the 2003-2006 period.



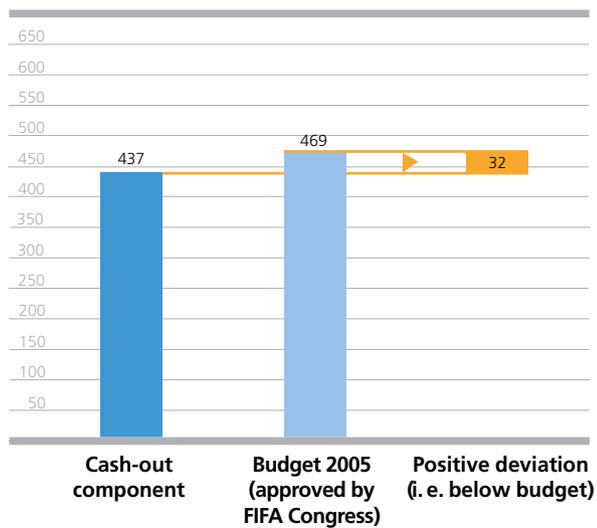
EXPENSES 2005: COMPONENTS

CHF MILLION



EXPENSES 2005: BUDGET COMPARISON

CHF MILLION





Analysis of expenses for 2005

The total expenses incurred in 2005, amounting to CHF 660 million, can be divided into a cash-out component of CHF 437 million and accrued expenses of CHF 223 million.

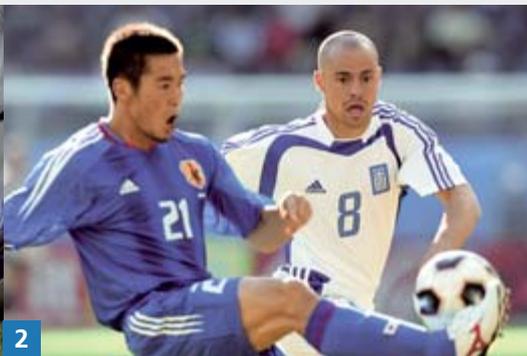
The principle described on page 23 of this report for revenue also applies to **expenses**. This means that not all of the total expenses incurred in 2005 represented effective cash-out for FIFA. The total expenses need to be separated into a **cash-out component** and an **accrued component**.

A budget deviation analysis for 2005 shows that the **effective cash-out** was **CHF 32 million lower than the expense budget** approved by the FIFA Congress.

The FIFA Congress approved an expense cash budget of CHF 469 million for 2005. With effective cash-out of CHF 437 million, the expenses incurred were under the budget by CHF 32 million (7%). This positive deviation is due to cost savings that were achieved in 2005.



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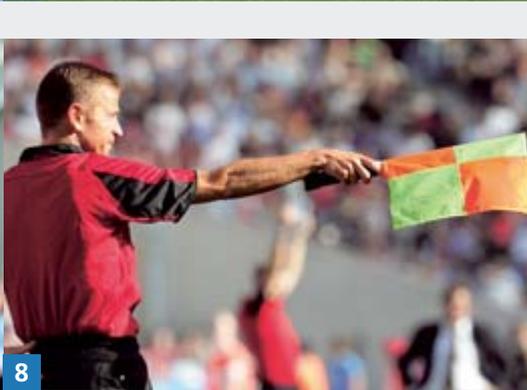
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Additional FIFA Events

1 - 6 The kick-off of a successful tournament that produced countless thrilling match-ups and stunning goals.

7 - 12 Master craftsmen at work: Brazil recorded a famous victory in last year's FIFA Confederations Cup, a thrilling competition from start to finish.

In June 2005, Brazil emerged as the winners of the **FIFA Confederations Cup in Germany**. A year before the kick-off of the 2006 FIFA World Cup™, the Brazilians gave themselves a great boost with some compelling performances en route to the title. A masterful 4-1 victory over fierce South American rivals Argentina blew away any doubts that the *Seleção* are hot favourites to retain their FIFA World Cup™ title in 2006.

Seven of the eight teams that took part in the tournament also figure in the field for this year's World Cup. In addition to hosts Germany, Argentina, Australia, Brazil, Japan, Mexico and Tunisia have all qualified. European champions Greece are the notable absentees, after failing to follow up EURO 2004 glory with World Cup qualification.

The fans made sure that there was a festive World Cup atmosphere in the stadiums during last year's tournament, turning the festival of champions into a huge celebration of football and making the World Cup slogan "A time to make friends" a genuine reality. In total, 575,000 spectators attended the 16 matches in Cologne, Frankfurt, Hanover, Leipzig and Nuremberg. They were rewarded with 56 goals overall, beating the previous record from the 1999 FIFA Confederations Cup in Mexico by a single strike.

Whether taking part or watching, everyone agreed that the FIFA Confederations Cup Germany 2005 had given them a thirst for more. Roll on the World Cup.



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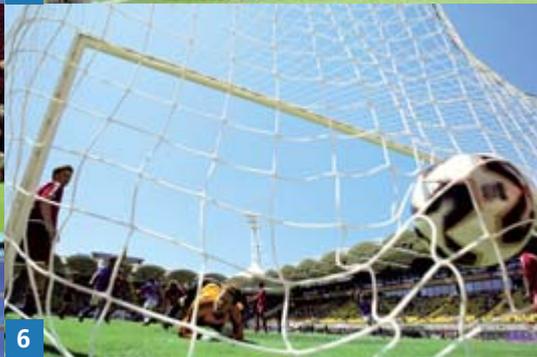
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1 - 6 Argentina took the laurels at the end of an electrifying World Youth Championship in the Netherlands.

Argentina secured a fifth **FIFA World Youth Championship** title when the event was held in the **Netherlands** last year for the fifteenth time. While a well-organised and courageous Nigerian side ran them a close second, the Argentinians emerged deserved world champions thanks to the talismanic Lionel Messi's two penalties in the fiercely contested final.

The FIFA World Youth Championship Netherlands 2005 was packed with entertaining football and will be remembered as one of the most exciting tournaments ever. The impeccable hospitality of the host nation played a key part in that success and the local enthusiasm continued unabated even after the home team's elimination.

7 - 12 Football's stars of tomorrow were given a very warm Andean welcome when Peru hosted the FIFA U-17 World Championship.

The **FIFA U-17 World Championship in Peru** in September and October 2005 was a tournament of innovation. The first FIFA world championship ever to be played exclusively on artificial turf, it proved a wonderful success with a positive response from all those involved. However, the tests of another innovation – a football embedded with a chip to determine whether or not it had crossed the goal line – failed to produce the results that had been hoped for.

The championship saw a new development in sporting terms as well, as Mexico claimed their first ever world title.



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1 - 6 Top-class sport meets laidback lifestyle during the FIFA Beach Soccer World Cup in Rio de Janeiro.

France conquered the **Copacabana** in May 2005. In the inaugural **FIFA Beach Soccer World Cup**, a roaring success in every perspective, a strong field enthralled the fans. Drawing on a blend of defensive strength and attacking flair, the French side led by football legend Eric Cantona were unquestionably the best and most balanced team in the tournament.

Following this successful premiere, FIFA is looking forward to more thrills and spills during the second FIFA Beach Soccer World Cup when it returns to the same venue later this year. Portugal and Brazil will both be out for revenge, while the Japanese will hope to repeat last year's exploits. At the same time, Uruguay, Ukraine and Spain will want to show that they did not perform to their full potential in 2005.

7 - 12 Successful relaunch: the FIFA Club World Championship exceeded all expectations.

In the run-up to the competition, the **FIFA Club World Championship TOYOTA Cup in Japan** was billed as the tournament to decide the champion of champions. The championship in December 2005, played using a new six-team format, lived up to expectations in every way with hard-fought games between closely matched teams. Al Ahly (Egypt), Al Ittihad (Saudi Arabia), Deportivo Saprissa (Costa Rica) and Sydney FC (Australia) were worthy representatives of their respective continents, as were Brazilian club Sao Paulo and English side Liverpool. South American champions Sao Paulo just had the edge over their European counterparts Liverpool to record a tight 1-0 win in an excellent final. Mineiro's 27th minute goal was just enough to separate the teams in front of almost 67,000 fans at the Yokohama International Stadium.



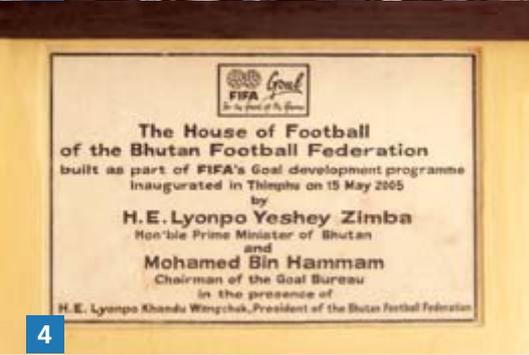
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Goal Programme

- 1 Rwanda: association headquarters and technical centre in Kigali, opened on 14 April 2005
- 2 Sudan: association technical centre in Khartoum, opened on 21 July 2005
- 3 Malawi: technical centre and pitch in Blantyre, opened on 20 February 2005
- 4 Bhutan: association headquarters and youth development centre in Thimpu, opened on 15 May 2005
- 5 Nepal: three regional technical centres in Bharatpur, Baghkhori and Mechinagar, opened on 14 May 2005
- 6 Bangladesh: association headquarters and technical centre in Dhaka, opened on 10 April 2005
- 7 Guam: association headquarters in Dededo, training facilities and floodlight installations, opened on 7 May 2005
- 8 Niger: association headquarters and technical centre in Niamey, opened on 4 June 2005
- 9 Honduras: five grass pitches at Tegucigalpa technical centre, opened on 27 August 2005
- 10 Trinidad and Tobago: national futsal centre in Macoya, opened on 30 July 2005
- 11 Vanuatu: technical centre with four pitches in Teouma, Port Vila, opened on 27 August 2005
- 12 Greece: football pitch in Veria, opened on 25 November 2005

Originally the brainchild of **FIFA President Joseph S. Blatter**, the **Goal Programme** was ratified by the 1999 FIFA Congress in Los Angeles. The launch of *Goal* heralded a new era in FIFA's development work. *Goal* was based on the **vision of the House of Football** – not just one house but a house in each country and a house for every one of our 207 member associations. In the light of the overwhelming success of the *Goal* Programme, the 2002 FIFA Congress in Seoul voted to continue the scheme for another four years with a **total budget of CHF 100 million**. As a result, the goal of setting up headquarters and a training centre for each association will soon be realised.

By the end of 2005, a total of **176 countries had benefited** from the *Goal* Programme through **223 projects**. Several countries that have successfully completed their first project have already been granted a second project. Through regular follow-up visits by its development officers and staff, FIFA ensures that the facilities are maintained and used properly and fully. Associations are encouraged to recruit full-time technical directors and assign sufficient resources to drawing up comprehensive technical development plans that will maximise the impact of technical centres.

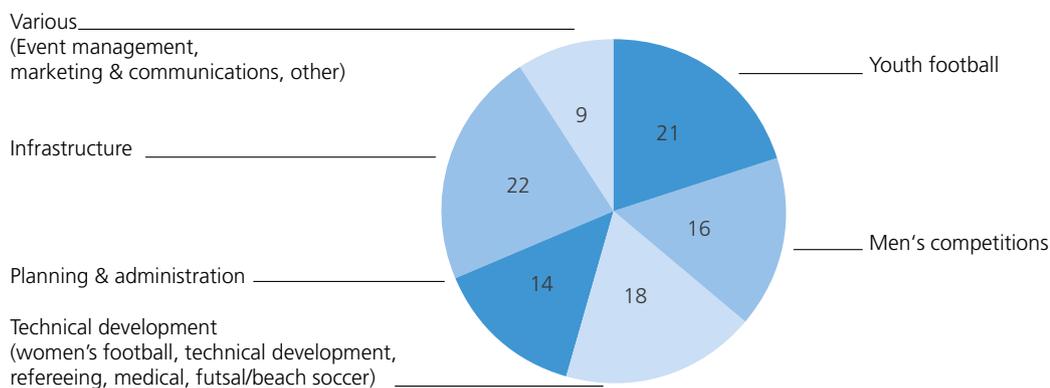
Goal and FAP have played a pivotal role in making football more professional. *Goal* and FAP are not only sources of hope and inspiration for the member associations but they also serve as an incentive for further investment in the development of football.



FINANCIAL ASSISTANCE PROGRAMME: USE OF FUNDS BY ASSOCIATIONS

PER CENT*

100% = USD 342 million**



* Distribution for 2001-2005

** Total FAP funds distributed to associations from 1999-2005

FINANCIAL ASSISTANCE PROGRAMME: USE OF FUNDS BY ASSOCIATIONS

PER CENT*



* Distribution for 2001-2005



Financial Assistance Programme

A glance at how funds have been apportioned by the member associations in the different geographical regions reveals a number of differences in terms of their favoured areas of football development as well as some similarities that apply around the globe. Generally speaking, a substantial portion of funds is being used to build infrastructure, particularly in South America, Europe and Africa.

In the regions with relatively small football populations and limited funds of their own, such as Oceania and the Caribbean, associations are investing a much larger share of FAP funds in planning and administration to meet fundamental requirements. The associations in the North and Central America and the Caribbean region dedicate more FAP funds to cover these basic running costs than in any other part of the world.

In Oceania and Asia, around 50% of the funds is invested in technical and youth development. In South America, only 10% of FAP funds is invested in technical development since professional football is highly developed and largely self-financing across the region. Men's national teams receive a larger share of FAP funds in Africa than in any other region (21%).

In 1999, **FIFA President Joseph S. Blatter** began to implement the **Financial Assistance Programme (FAP)** that his predecessor, Dr João Havelange, had launched for the benefit of the member associations. **Each association**, regardless of size, received **USD 1 million** to be invested in football development for the four-year cycle 1999-2002. The **confederations** received **USD 10 million** each over the same period. The same amounts are being paid to the associations and confederations over the 2003-2006 period to fund worthwhile projects based on long-term plans for the member associations.

In 2003, FIFA approved new FAP regulations, which stipulate that all of the member associations and the six confederations must conduct local audits. The year 2005 saw FIFA analyse these local audits in collaboration with its auditors, KPMG Zurich. 93% of the member associations submitted satisfactory audit reports, 6% were incomplete, while only 1% failed to submit a report. While the associations whose audits did not meet requirements have had their FAP allocation frozen until the situation is resolved, overall collaboration with the member associations during this exercise has been excellent.

The associations are encouraged to invest the funds they receive in high-priority projects. However, as from 2005, they are compelled to set at least **10%** aside, in other words **USD 25,000**, to promote **women's football**. FIFA believes that women's football will make enormous progress over the next few years as a result of this unequivocal financial commitment.



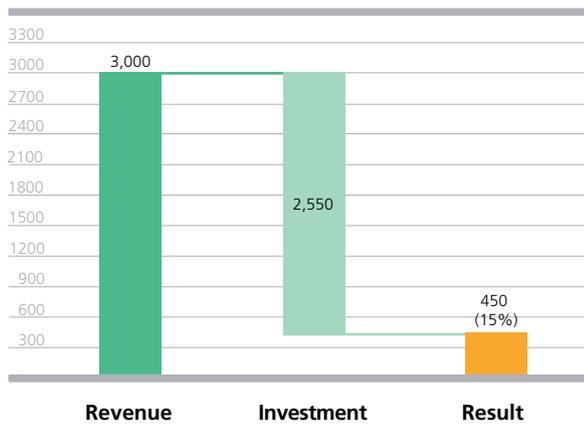
2007-2010 PERIOD





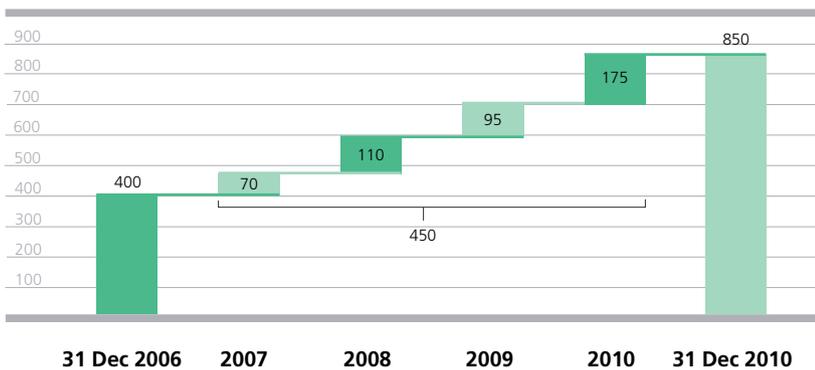
BUDGET 2007-2010

USD MILLION



EQUITY FORECAST 2006-2010

USD MILLION





Budget overview and equity forecast

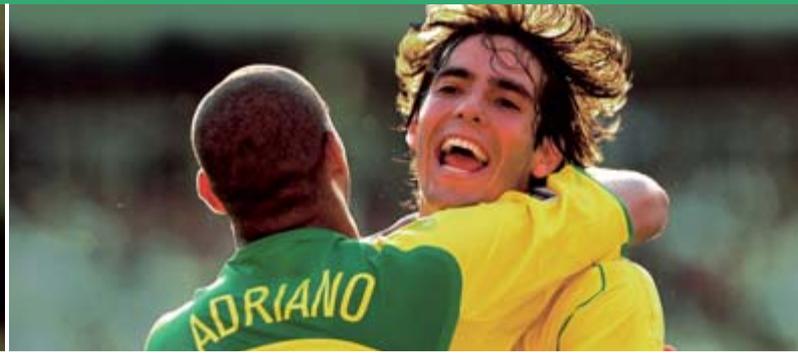
As of 1 January 2007, the currency used in FIFA's accounts will change from the Swiss franc to the US dollar. The reason for this change is that the dollar is the currency for the majority of FIFA's incoming and outgoing transactions. As a result, the budget for the 2007-2010 period will now also be presented in USD.

FIFA is budgeting for overall revenue of USD 3.0 billion during the 2007-2010 period and is planning to make investments totalling USD 2.55 billion, which will lead to a positive result of USD 450 million. This means that 15% of revenue will be set aside as reserves, which is the minimum figure recommended by both the Internal Audit Committee and the Finance Committee.

FIFA conservatively estimates that it will have equity of USD 400 million (CHF 500 million) at the end of the 2003-2006 period. Using this figure as a basis and adding the projected positive 2007-2010 result of USD 450 million, FIFA can look forward to equity of USD 850 million at the end of 2010. The Internal Audit Committee and the Finance Committee both consider that FIFA should increase this equity even further in order to increase its independence and to prepare itself for any unexpected turns of events in the future.

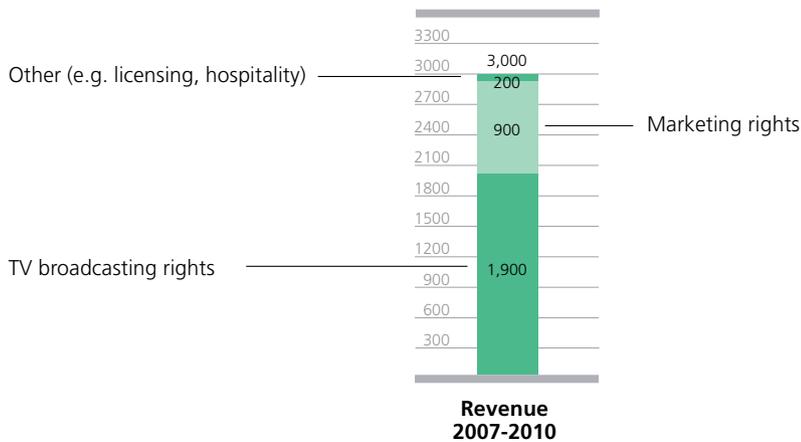
The sale of FIFA's rights for the 2007-2010 period commenced back in 2004 and the process has been progressing extremely well ever since. The **revenue** generated from media rights and from marketing between 2007 and 2010 will be **significantly greater** than in the current period. This can be attributed firstly to the fact that football has retained its enviable position in the international sports rights market and secondly to FIFA's **modified and improved strategy for commercialising these rights**.

The successful sale of these rights will open many exciting doors to FIFA in the years that follow the 2007-2010 period, thus safeguarding the **long-term security** of the world governing body. FIFA will consequently be in a position to continue to fulfil its obligations to its members in every respect.



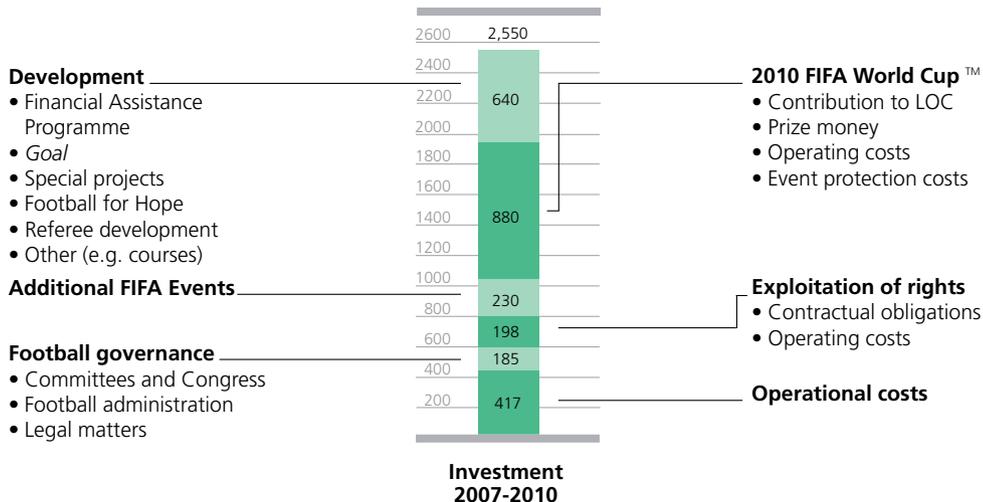
BUDGET 2007-2010: REVENUE

USD MILLION



BUDGET 2007-2010: INVESTMENT

USD MILLION





Budget overview for 2007-2010

Revenue totalling USD 3.0 billion is budgeted for 2007-2010. Of that overall revenue, USD 1.9 billion (63%) comes from TV broadcasting rights, USD 900 million (30%) from marketing rights and USD 200 million (7%) from other sources (e.g. licensing payments, hospitality).

The **forecast for the 2007-2010 period** has already been presented to the FIFA Finance Committee and the FIFA Executive Committee and will be distributed to the 2006 FIFA Congress in Munich.

The budgeted **revenue** for 2007-2010 totalling **USD 3.0 billion** is calculated based on income that is guaranteed by contracts.

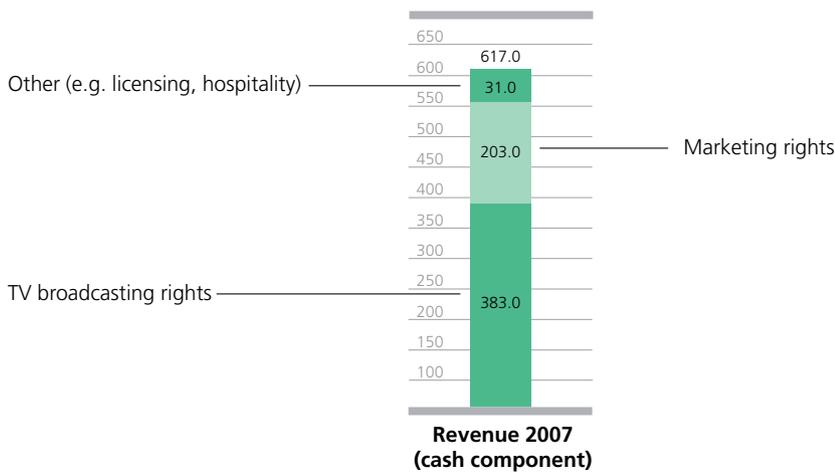
The breakdown of the **USD 2.55 billion** in **investments** planned during the 2007-2010 period will be very similar to that for the current 2003-2006 period, with around a quarter of the total being allocated to development work. In more specific terms, the funds for development will be increased by USD 196 million or 44% compared with the amount for 2003-2006. In all, USD 1.75 billion or 69% of all outgoings will be re-invested in football through development (USD 640 million) or competitions (USD 880 million + USD 230 million).

Planned investments for 2007-2010 total USD 2.55 billion, of which USD 640 million (25%) will go to development, USD 880 million (35%) to the 2010 FIFA World Cup™ and USD 230 million (9%) to additional FIFA events. This means that 69% of all investment will be pumped back into football through development projects and FIFA competitions. In addition, USD 198 million (8%) will be set aside to finance the commercialisation of rights, USD 185 million (7%) will be allocated to football governance and USD 417 million (16%) will be used to cover operational costs.



BUDGET 2007: REVENUE

USD MILLION



BUDGET 2007: INVESTMENT

USD MILLION

Competitions

- 2010 FIFA World Cup™ 74.5
- FIFA Women's World Cup China 2007 22.6
- FIFA U-20 World Cup Canada 2007 13.8
- FIFA U-17 World Cup Korea 2007 13.6
- Other competitions 20.4

Football governance

- Committees and Congress 28.0
- Legal matters 10.0
- Football administration 2.4
- Other (e.g. CIES) 6.5

Operational expenses and services

- Presidential Office 3.3
- General Secretary 5.0
- Communications 8.4
- HR & Services 69.1
- Other (e.g. Finance & Controlling) 13.4

144.9

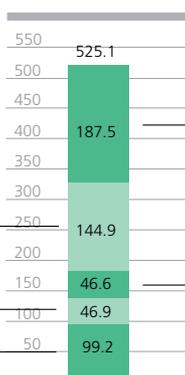
- 2010 FIFA World Cup™ 74.5
- FIFA Women's World Cup China 2007 22.6
- FIFA U-20 World Cup Canada 2007 13.8
- FIFA U-17 World Cup Korea 2007 13.6
- Other competitions 20.4

46.9

- Committees and Congress 28.0
- Legal matters 10.0
- Football administration 2.4
- Other (e.g. CIES) 6.5

99.2

- Presidential Office 3.3
- General Secretary 5.0
- Communications 8.4
- HR & Services 69.1
- Other (e.g. Finance & Controlling) 13.4



Investment 2007 (cash component)

Development

- Financial Assistance Programme 66.8
- *Goal* 30.0
- Special projects 43.8
- Football for Hope 5.2
- Referee development 10.0
- Other (e.g. course programme) 31.7

Exploitation of rights

- New Media 9.7
- Hospitality packages 6.6
- Account management & rights delivery 5.0
- Business development 3.8
- Event boards 3.3
- Quality concept 2.8
- Other (e.g. licensing) 15.4

187.5

- Financial Assistance Programme 66.8
- *Goal* 30.0
- Special projects 43.8
- Football for Hope 5.2
- Referee development 10.0
- Other (e.g. course programme) 31.7

46.6

- New Media 9.7
- Hospitality packages 6.6
- Account management & rights delivery 5.0
- Business development 3.8
- Event boards 3.3
- Quality concept 2.8
- Other (e.g. licensing) 15.4



Revenue and investments in 2007

The detailed budget for 2007 has been approved by the FIFA Finance Committee and the FIFA Executive Committee and now requires ratification from the 2006 FIFA Congress.



SPECIAL TOPICS





FIFA family continues to grow

In Timor-Leste and Comoros, two new members were embraced by the international football family when the 55th Ordinary Congress convened in the magical city of Marrakech.

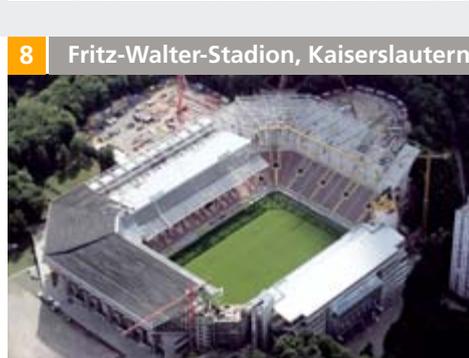
In **Timor-Leste** and **Comoros**, the 55th Ordinary FIFA Congress in Marrakech on 12 September 2005 admitted the **206th and 207th members** of the international football family.

Football's omnipresence in **Timor-Leste** is a sign of the Portuguese influences in the country. Today there are some 200 clubs across Timor-Leste, with the eight top sides playing in the first division.

There is still much work to be done in almost every area of football on this island at the northern tip of the Indonesian archipelago. Reconstruction in the aftermath of the nation's civil war is the first step. FIFA has sent instructors to run refereeing courses and coaches to support their counterparts in the country. The priority now is to build a stadium and lay a football pitch for international matches.

Football is the most popular sport in **Comoros**. At present, the nation has three leagues with relegation and promotion between them. The top league is subdivided into three on a geographic basis. The winners of these three regional divisions play off at the end of the season to decide the national champions.

The Comoros' admission to the FIFA family is an important milestone that brings hope that football can now make a giant leap forwards. The first objective is to build an international stadium that the nation can be proud of and where top matches can be staged.





2006 FIFA World Cup Germany™

More than 90% of FIFA's total revenue comes from the sale of FIFA World Cup™ rights. These rights are commercialised in four main areas, namely **broadcasting, marketing, hospitality** and **licensing**.

The revenue from the commercialisation of these rights is of crucial importance to FIFA because, as well as funding its range of development programmes and covering general running costs, the governing body must also finance the organisation of various international tournaments, including most notably the 2006 FIFA World Cup™. The successful commercialisation of these rights is an essential requirement in ensuring that FIFA and the local organising committee have the necessary private funding to organise the World Cup to the high standards that are now expected around the globe.

The World Cup's pre-eminent standing in every respect was underlined once more during the Final Draw in Leipzig on 9 December 2005. More than 2,000 guests from the worlds of politics, finance, culture and sport were joined by 1,200 members of the international media at the event, while almost half a billion viewers were glued to their TV screens worldwide.





A time to make friends in Leipzig: the spectacular Final Draw for the 2006 FIFA World Cup™, attended by 2,000 guests from the spheres of politics, culture and football as well as 1,200 members of the international media, was beamed to TV viewers all around the globe.

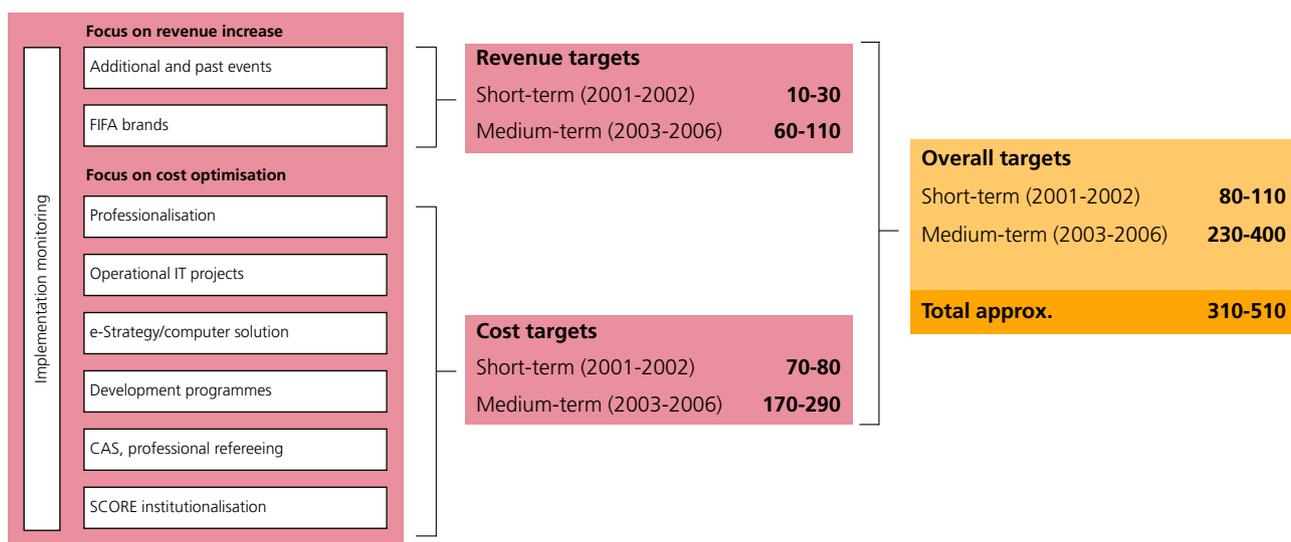
The excitement was, of course, at its most intense in the countries of the 32 finalists, which include no less than eight debutants. Africa alone provides four of these newcomers with Angola, Côte d'Ivoire, Ghana and Togo. Among the European qualifiers, Ukraine are playing in the World Cup finals for the first time, while Serbia and Montenegro appear under a new name but hope to continue the nation's strong footballing tradition. Czech Republic, who last reached the World Cup in 1990 when still part of Czechoslovakia, will take part in the finals for the first time as an independent nation. And last but by no means least, the Caribbean will be represented in Germany by World Cup newcomers Trinidad and Tobago.

Eight debutants out of 32 teams. Discounting the 1934 tournament in Italy, the second World Cup finals, when many teams naturally made their debut, it represents a new record. Yet it must be said that that comes as no great surprise. One explanation for the phenomenon has to be FIFA's development work over the last 25 years, which is financed by the revenue it receives from the sale of World Cup rights as mentioned on page 49. Our youth tournaments, the Olympic Football Tournaments and the FIFA Confederations Cup allow players to gain the experience of competitive football that has helped them to make their mark in World Cup qualifiers. In Germany, it will be a time for the entire football world to make friends. And that is a key part of the globalisation process that FIFA so vigorously supports.



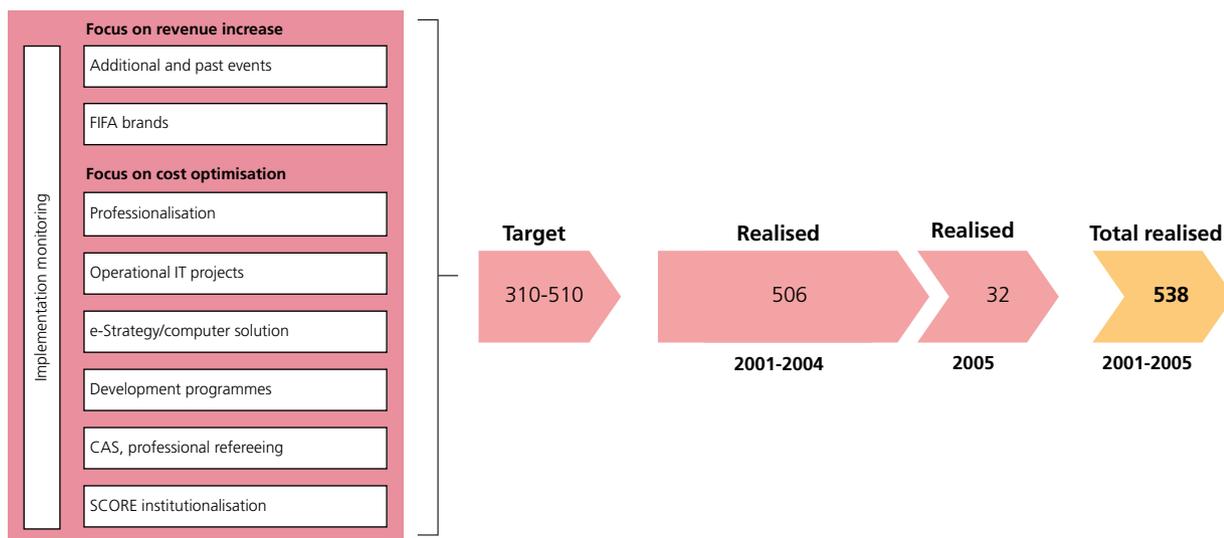
SCORE TARGETS

CHF MILLION



SCORE PROGRESS, END OF 2005

CHF MILLION





SCORE project

The SCORE project is made up of nine modules, two of them focus on increasing revenue and six on optimising expenses. The ninth module (monitoring implementation) strictly supervises the implementation of initiatives on both the revenue and expenditure sides.

The short-term objective of SCORE was to bring about a total value of CHF 80-110 million by the end of 2002. In the medium term, the aim is to realise savings of CHF 230-400 million for the 2003-2006 period. The overall impact by 2006 should thus be savings of CHF 310-510 million.

SCORE has the ambitious **goal** of generating a total value of **between CHF 310 million and CHF 510 million** from 2001 to 2006. By the end of 2005, **CHF 538 million** had already been **realised**.

SCORE was launched successfully in 2001. More than 80 initiatives were identified, through which FIFA has so far actually realised a value of CHF 538 million.



ANNEXE



Consolidated financial statements according to International Financial Reporting Standards (IFRS) as per 31 December 2005

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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 is authoritative.

CONSOLIDATED INCOME STATEMENT

in CHF	Note	2005	2004
Event-related revenue			
Revenue from television broadcasting rights	1	434,681,926	410,834,614
Revenue from marketing rights	2	192,831,506	172,403,505
Revenue from licensing rights	3	14,367,549	13,284,131
Revenue from hospitality rights	4	65,000,000	65,000,000
Other revenue	5	45,504,636	40,866,878
Total event-related revenue		752,385,617	702,389,128
Event-related expenses			
	6		
Compensation for teams and participants		-45,202,147	-28,530,492
Contributions to teams		-73,789,474	0
Contributions to local organising committees		-72,525,378	-27,230,029
Computer solution		-10,713,341	-5,879,723
Rights protection – rights delivery		-6,303,735	-5,878,138
Insurance		-5,038,911	-4,728,904
Other		-46,141,814	-14,981,782
Event-related expenses – accrued		-75,884,398	-166,737,067
Total event-related expenses		-335,599,198	-253,966,135
Event-related gross result		416,786,419	448,422,993
Other operating income	7	35,579,895	33,636,248
Development-related expenses	8	-139,248,940	-140,459,168
Personnel expenses	9	-61,181,113	-49,373,245
Transportation, travel and accommodation expenses		-21,970,668	-21,370,827
IT expenses		-6,255,408	-7,316,786
Depreciation and amortisation	18/19	-5,455,121	-5,548,739
Other operating expenses	10	-78,652,053	-70,902,445
Operating result before financial items		139,603,011	187,088,031
Financial income	11	85,809,240	3,603,688
Financial expenses	12	-10,327,043	-32,251,798
Result before taxes		215,085,208	158,439,921
Income taxes	13	-933,493	-610,740
Net result for the year		214,151,715	157,829,181

CONSOLIDATED BALANCE SHEET

in CHF	Note	31 December 2005	31 December 2004
Assets			
Cash and cash equivalents	14	680,187,680	301,034,935
Derivative financial assets	15	162,706	24,907
Receivables	16	113,308,128	32,612,158
Prepaid expenses and accrued income	17	158,166,637	395,651,016
Current assets		951,825,151	729,323,016
Property, plant and equipment	18	244,882,554	122,015,603
Intangible assets	19	4,620,000	5,280,000
Financial assets	20	238,679,506	148,135,129
Non-current assets		488,182,060	275,430,732
Total assets		1,440,007,211	1,004,753,748
Liabilities and equity			
Payables	21	37,972,791	24,952,164
Income tax liabilities		791,915	625,278
Interest-bearing liabilities	22	90,335,316	175,636,770
Derivative financial liabilities	15	6,243,971	53,856,088
Accrued expenses and deferred income	23	818,424,047	427,753,566
Current liabilities		953,768,040	682,823,866
Interest-bearing liabilities	22	12,000,000	83,096,923
Provisions	24	12,493,390	0
Deferred tax liability	13	1,001,370	1,001,370
Non-current liabilities		25,494,760	84,098,293
Total liabilities		979,262,800	766,922,159
Association capital		5,000,000	5,000,000
Hedging reserves		4,658,375	-4,102,733
Retained earnings		236,934,321	79,105,141
Net result for the year		214,151,715	157,829,181
Equity	25	460,744,411	237,831,589
Total liabilities and equity		1,440,007,211	1,004,753,748

CONSOLIDATED CASH FLOW STATEMENT

in CHF	Note	2005	2004
Net result for the year		214,151,715	157,829,181
Depreciation and amortisation		5,455,121	5,548,739
Non-cash financial items		-43,750,345	14,912,408
Income tax expenses		933,493	610,740
(Increase) / decrease in receivables		-80,695,970	34,200,020
(Increase) / decrease in prepaid expenses and accrued income		237,981,936	-172,605,034
Increase / (decrease) in payables		13,020,628	-5,199,002
Increase / (decrease) in derivative financial assets and liabilities		-47,749,917	5,484,421
Increase / (decrease) in accrued expenses and deferred income		390,649,076	140,584,456
Increase / (decrease) in provisions		12,493,390	0
Income tax paid		-766,856	-2,003,242
Net cash provided by operating activities		701,722,271	179,362,687
Purchase of property, plant and equipment	18	-127,662,072	-27,941,359
Investment in financial assets	20	-66,078,875	-88,176,000
Repayments and sale of financial assets	20	0	38,279,531
Interest received	11	13,028,971	3,388,929
Income on investments (dividends/coupons)	11	2,235,840	1,769
Net cash (used)/provided by investing activities		-178,476,136	-74,447,130
Repayment of interest-bearing liabilities	22	-178,103,578	-111,046,014
Interest paid		-9,776,835	-10,453,903
Net cash used in financing activities		-187,880,413	-121,499,917
Net increase/decrease in cash and cash equivalents		335,365,722	-16,584,360
Cash and cash equivalents as at 1 January	14	301,034,935	341,147,295
Effect of exchange rate fluctuations		43,787,023	-23,528,000
Cash and cash equivalents as at 31 December	14	680,187,680	301,034,935

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF	Association capital	Hedging reserve	Retained earnings	Total
Balance at 1 January 2004	5,000,000	10,086,843	79,105,141	94,191,984
Effective portion of changes in fair value of hedging instruments	0	-6,833,576	0	-6,833,576
Transferred to income statement	0	-7,356,000	0	-7,356,000
Net income recognised directly in equity	0	-14,189,576	0	-14,189,576
Net result for the year 2004	0	0	157,829,181	157,829,181
Total recognised income and expenses	0	-14,189,576	157,829,181	143,639,605
Balance at 31 December 2004	5,000,000	-4,102,733	236,934,322	237,831,589
Effective portion of changes in fair value of hedging instruments	0	5,508,364	0	5,508,364
Transferred to income statement	0	3,252,744	0	3,252,744
Net income recognised directly in equity	0	8,761,108	0	8,761,108
Net result for the year 2005	0	0	214,151,715	214,151,715
Total recognised income and expenses	0	8,761,108	214,151,715	222,912,823
Balance at 31 December 2005	5,000,000	4,658,375	451,086,036	460,744,411

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES

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 207 associations affiliated to 6 confederations. FIFA's primary mission is to promote the game of association football in every way it deems fit. FIFA uses its profit, reserves and funds in pursuit of its primary mission.

FIFA prepares the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB).

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 "at fair value through profit and loss".

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 34.

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 on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies on the balance sheet date are translated at the foreign exchange rate ruling on 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 on 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 on the balance sheet date. The revenue and expenses of foreign operations are translated to Swiss francs on the average foreign exchange rates of the period. Exchange differences arising on translation of foreign entities are recognised directly in equity.

The foreign exchange rates used are as follows:

	31 Dec 2005	Average 2005	31 Dec 2004	Average 2004
USD	1.3179	1.2380	1.1438	1.2525
EUR	1.5546	1.5585	1.5456	1.5527
GBP	2.2626	2.2736	2.1893	2.2785

E. INCOME STATEMENT

The consolidated income statement has the following elements: 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 to the organisation and realisation of the FIFA World Cup™ and Additional FIFA Events. For accounting purposes, FIFA defines Additional FIFA Events as all other football events, such as the FIFA Women's World Cup, FIFA U-20 World Cup, FIFA U-17 World Cup, FIFA U-20 Women's World Cup, Olympic Football Tournaments, FIFA Futsal World Cup, FIFA Confederations Cup, FIFA Club World Cup etc.

F. REVENUE RECOGNITION

Event-related revenue primarily relates to the sale of the following 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 rights 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).

Revenue directly related to the FIFA World Cup™ event is recognised in the income statement using the percentage-of-completion method, if it 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 revenue (profit share) is included in the percentage-of-completion method, when the amount is probable and can be measured reliably.

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

G. EVENT-RELATED EXPENSES

Event-related expenses are the gross outflow of economic benefits that arise 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 Additional FIFA 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.

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 is providing each association and confederation with funds under the “Financial Assistance Programme” (FAP). The *Goal* programme 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 project in question.

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

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.

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 financial assets classified as trading or designated at fair value through profit and loss. 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 financial assets classified as trading or designated at fair value through profit and loss.

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.

K. INCOME TAXES

FIFA has been established in the legal form of an association pursuant to the articles 60ff. of the Swiss Civil Code. Pursuant to article 2 of its Statutes, FIFA's objective is to improve the game of football constantly and promote it globally, particularly through youth and development programmes. FIFA is a non-profit organisation and is obliged to spend its profits, reserves and funds for this purpose.

Income tax recognised in the income statement comprises current tax and deferred tax.

FIFA is taxed in Switzerland according to the ordinary taxation rules applying to associations. Thereby, the non-profit character of FIFA and the four-year accounting cycle are taken into account. FIFA Marketing & TV AG, a consolidated group company, is taxed in Switzerland according to the rules applying to corporations. The other subsidiaries are also taxed according to the relevant tax legislation.

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.

L. CASH AND CASH EQUIVALENTS

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

M. DERIVATIVES

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 fair value. Subsequent to initial recognition, all derivatives are also stated at fair value. Gains and losses on re-measurement 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

Where a derivative financial instrument hedges the exposure to variability in future cash flows 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 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 the sale of rights and other receivables are stated at amortised cost, which equals nominal value for short-term receivables 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. Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Repairs and maintenance costs are 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 unless lives are indefinite. 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

Loans and receivables are those created by FIFA when providing money or services to third parties.

FIFA manages and evaluates the performance of its investments on a fair value basis in accordance with its documented investment strategy. Therefore the investments are classified as designated at fair value through profit and loss. Instruments include debt and equity investments.

Recognition and measurement

FIFA recognises marketable securities and other investments at fair value, including transaction costs in the case of financial assets or financial liabilities not at fair value through profit and loss 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 investments at fair value through profit and loss are measured at fair value. Any instrument that does not have a quoted market price in an active market and for which fair value cannot be reliably measured is classified as available for sale and stated at cost less impairment losses.

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 a financial asset at fair value through profit and loss as well as any impairment losses on available-for-sale investments and loans and receivables 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.

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 fair value less costs to sell 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 in respect of an investment in an equity instrument classified as available for sale is not reversed through profit and loss.

An impairment loss in respect of loans and receivables and other assets is reversed if the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount.

T. PAYABLES

Payables are stated at amortised cost, which equals nominal value for short-term payables.

U. INTEREST-BEARING LIABILITIES

Interest-bearing liabilities are recognised initially at fair value, 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.

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 periodic 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.

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.

X. EQUITY

Equity consists of association capital and 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 shall not be distributed, but 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.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

1 REVENUE FROM TELEVISION BROADCASTING RIGHTS

in CHF	2005	2004
Revenue from television broadcasting rights – 2006 FIFA World Cup™		
- USA	50,200,688	36,056,115
- Europe	187,500,000	187,500,000
- Rest of the World	185,386,581	180,697,162
Total revenue from television broadcasting rights – 2006 FIFA World Cup™	423,087,269	404,253,277
Revenue from television broadcasting rights – Additional FIFA Events	11,594,657	6,581,337
Total revenue from television broadcasting rights	434,681,926	410,834,614

The revenue from the territory "USA" contains the 2006 FIFA World Cup™ as well as Additional FIFA Events related revenue. The television broadcasting rights for the USA are sold in a package that includes the FIFA World Cup™ and Additional FIFA 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™.

Total contractual revenue for the 2006 FIFA World Cup™ during the 2003 to 2006 period includes revenue of USD 130 million for the territory "USA", CHF 750 million for the territory "Europe" and CHF 750 million for the territory "Rest of the World". Part of the revenue for the latter is collected in USD.

Due to the increase in value of the US dollar, income from the USA increased correspondingly.

Total revenue in 2005 from television broadcasting rights for the 2006 FIFA World Cup™ of CHF 423,087,269 comprises revenue invoiced in 2005 of CHF 571,364,145 adjusted for the reversal of accrued revenue by CHF 148,276,876. As at 31 December 2005 the accumulated revenue accrued during the period from 2003 to 2005 but not yet invoiced amount to CHF 47,656,253 (2004: CHF 195,933,129).

2 REVENUE FROM MARKETING RIGHTS

in CHF	2005	2004
2006 FIFA World Cup™	192,831,506	172,403,505
Total revenue from marketing rights	192,831,506	172,403,505

Total contractual revenue for the 2006 FIFA World Cup™ during the 2003 to 2006 period includes revenue of USD 359.8 million and CHF 188.9 million.

The revenue in 2005 from marketing rights comprises revenue collected in 2005 of CHF 172,960,136 adjusted for the reversal of deferred revenues by CHF 3,765,680 and reduced by sales commissions of CHF 1,247,310. In addition, the transfer from the hedging reserve to the income statement of CHF 17,353,000 is also included. As at 31 December 2005, the accumulated revenue accrued over the period from 2003 to 2005 but not yet invoiced amount to CHF 13,544,630 (2004: CHF 17,310,310).

3 REVENUE FROM LICENSING RIGHTS

in CHF	2005	2004
2006 FIFA World Cup™	14,283,829	13,223,134
Additional FIFA Events	83,720	60,997
Total revenue from licensing rights	14,367,549	13,284,131

Total contractual revenue for the 2006 FIFA World Cup™ during the 2003 to 2006 period includes revenue of CHF 58.9 million.

The revenue in 2005 from licensing rights included CHF 4,423,033 (2004: CHF 6,761,093) accrued income due to the percentage-of-completion method. The accumulated accrual as at 31 December 2005 amounts to CHF 9,465,098 (2004: CHF 5,042,065).

4 REVENUE FROM HOSPITALITY RIGHTS

in CHF	2005	2004
2006 FIFA World Cup™	65,000,000	65,000,000
Total revenue from hospitality rights	65,000,000	65,000,000

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 its funding of CHF 250 million for the German organising committee. In 2003, FIFA appointed International Sports & Entertainment AG (iSe) as the servicer of the hospitality programme. In return, iSe provided FIFA with a minimum payment guarantee in the amount of CHF 270 million.

In 2005, iSe transferred the full guaranteed minimum payment of CHF 270 million to FIFA. The total revenue recognised in the 2005 income statement was adjusted by the release of accruals made in previous years of CHF 130 million. An additional amount of CHF 65 million has been deferred and will be recognised as revenue in 2006.

For the four-year period 2003 to 2006, FIFA will register total revenue from the hospitality programme of CHF 260 million (excluding any potential profit-share with iSe, see note 29). Under a profit share agreement, the additional CHF 10 million received from iSe belongs to the German organising committee for the 2006 FIFA World Cup™.

5 OTHER EVENT-RELATED REVENUE

in CHF	2005	2004
Accommodation and ticketing for 2006 FIFA World Cup™	7,897,500	15,456,000
Revenue from the Olympic Games Athens 2004	852,199	14,872,959
Revenue from the Club World Championship Toyota Cup Japan 2005	30,244,871	0
Match levies	6,144,865	3,324,929
Other	365,201	7,212,990
Total other event-related revenue	45,504,636	40,866,878

In 2004, FIFA signed an agreement with the German organising committee, according to which FIFA receives a total of EUR 20 million for accommodation and ticketing for the 2006 FIFA World Cup™. As the percentage-of-completion method has to be applied to the four-year period (2003-2006), the revenue recognised amounts to CHF 15,456,000 (50 %) in 2004 and CHF 7,897,500 (25 %) in 2005.

FIFA has appointed Dentsu Inc. as the exclusive promoter and producer to implement and stage the FIFA Club World Championship TOYOTA Cup until 2010 at its own cost and risk. FIFA has registered an amount of CHF 30,244,871 from Dentsu Inc. in order to cover its expenses in relation to this event.

6 EVENT-RELATED EXPENSES

in CHF	2005	2004
2006 FIFA World Cup™	252,809,716	223,303,799
Additional FIFA Events	82,789,482	30,662,336
Total event-related expenses	335,599,198	253,966,135

Expenses related to the 2006 FIFA World Cup™

in CHF	2005	2004
Compensation for teams and participants	18,392,943	13,475,975
Contributions to teams	32,000,000	0
Contributions to the German organising committee	65,000,000	20,000,000
Information technology	9,941,778	5,299,493
Rights protection – rights delivery	3,314,312	4,528,543
Insurance expenses	5,038,911	4,728,904
Other	38,416,482	12,351,006
Event-related expenses – accrued	80,705,290	162,919,878
Total expenses related to the 2006 FIFA World Cup™	252,809,716	223,303,799

For the year ended 31 December 2005, the event-related expenses for the 2006 FIFA World Cup™ of CHF 252.8 million include CHF 80.7 million in accrued event-related expenses. These accruals are calculated according to the stage of completion of the FIFA World Cup™ event on the basis of adjusted overall budgeted costs of CHF 871 million for the 2006 FIFA World Cup™. The World Cup budget is reviewed on an annual basis. The last review was conducted in December 2005 and led to a small increase in the budget from the CHF 869 million agreed in 2004 to CHF 871 million. Other event-related expenses include, amongst others, the cost of the 2006 FIFA World Cup Gala.

Accounting estimates and judgements

Expenses related to the 2006 FIFA World Cup™ are recognised based on the stage of completion of the event (see accounting policy G. Event-related expenses). Event-related expenses for the whole four-year period must be estimated in order to calculate the total for the given stage of completion. This is achieved by regular, systematic reviews of every event-related project. Identifiable cost overruns or cost savings are included in the total cost estimate for the event. The recognition of expenses is adjusted accordingly.

Expenses related to Additional FIFA Events

in CHF	2005	2004
FIFA Confederations Cup Germany 2005	27,904,666	0
FIFA World Youth Championship Netherlands 2005	12,216,518	0
FIFA U-17 World Championship Peru 2005	11,703,996	0
FIFA Club World Championship TOYOTA Cup Japan 2005	29,947,975	0
Olympic Football Tournaments Athens 2004	0	12,332,115
FIFA U-19 Women's World Championship Thailand 2004	0	7,390,971
FIFA Futsal World Championship Chinese Taipei 2004	0	8,309,135
Blue Stars / FIFA Youth Cup	604,969	555,565
Other events	411,358	2,074,550
Total expenses related to Additional FIFA Events	82,789,482	30,662,336

The FIFA Confederations Cup was held in June 2005 in Germany, the FIFA World Youth Championship was held in June/July 2005 in the Netherlands, the FIFA U-17 World Championship was held in September/October 2005 in Peru and the FIFA Club World Championship TOYOTA Cup was held in December 2005 in Japan.

7 OTHER OPERATING INCOME

in CHF	2005	2004
Brand licensing	20,904,340	20,048,696
Quality concept	6,038,213	5,953,047
Rental income	766,530	626,971
Penalties / appeals	3,856,478	2,896,867
Income from sale of film and video rights	1,380,492	1,283,009
Commissions	695,669	764,587
Other	1,938,173	2,063,071
Total other operating income	35,579,895	33,636,248

Brand licensing includes proceeds from an agreement with adidas for the supply of equipment amounting to CHF 10 million reflecting the payments laid down in the renewed agreement for the 2003-2006 period.

8 DEVELOPMENT-RELATED EXPENSES

in CHF	2005	2004
Financial Assistance Programme (FAP)	79,328,788	79,761,043
<i>Goal</i>	25,000,000	25,000,000
Contributions to confederations	23,038,239	22,771,500
Other projects	11,881,913	12,926,625
Total development-related expenses	139,248,940	140,459,168

FAP and contributions to confederations

FAP is a financial aid programme, under which USD 1 million is 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 this assistance for projects that fulfil the following objectives:

- Develop and implement a modern, efficient and functional administrative or sports infrastructure;
- Facilitate the recruitment, training and remuneration of administrative and technical staff employed by the association;
- Promote youth football;
- Provide basic and further training for association staff and members, as well as others seconded to the associations for administrative and technical duties;
- Promote technical and sports development;
- Support associations in arranging and taking part in official football competitions.

The total annual FAP awards amount to USD 51 million for the year 2005.

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 set-up of national and regional associations, including 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 2005, funds committed but not yet paid out to *Goal* projects amounted to CHF 46.5 million. These commitments are recognised and stated under accrued expenses.

Other projects

Other contributions primarily include contributions to the technical development efforts made by FIFA, such as SOS Children's Villages, the Humanitarian Support Fund, courses, CIES, Daniel Nivel Foundation, Com-Unity, F-MARC, UNICEF and refereeing.

CIES

Together with the International Center for Sport Studies (CIES) at the University of Neuchâtel in Switzerland, FIFA has set up two special programmes: a Masters degree in the Business, Law and Humanities of Sports and a scholarship ("Havelange Scholarship"). FIFA allocates CHF 500,000 to the Havelange Scholarship every year as well as an annual contribution of CHF 350,000 to the CIES Master programme.

9 PERSONNEL EXPENSES

in CHF	2005	2004
Wages and salaries	31,765,256	31,788,228
Pension expenses	6,015,007	4,966,493
Post employment benefits for Executive Committee members	12,493,390	0
Other employee benefit costs	2,879,592	4,844,889
Other	8,027,868	7,773,635
Total personnel expenses	61,181,113	49,373,245

The average number of employees during the year ended 31 December 2005 was 251 (2004: 240).

The increase in FIFA's personnel expenses relates to a decision by the FIFA Executive Committee as of 7-8 March 2005 to introduce a retirement plan for Executive Committee members. The introduction of this retirement plan resulted in provisions of CHF 12,493,390 million being set aside by the end of 2005 (see note 24).

Under this retirement plan, Executive Committee members receive pension payments when they have served as a member of the committee for 8 or more years. Pension is paid for up to a maximum of the number of years that the member served on the committee.

The pension plan for FIFA employees is funded by employee and employer contributions. Since the plan has 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	2005	2004
Current service cost	6,429,313	3,605,523
Interest on obligation	908,108	1,074,473
Expected return on plan assets	-1,059,895	-785,107
Unrecognised employer contributions	1,381,800	2,400,000
Subtotal	7,659,326	6,294,889
Contributions by employees	-1,644,319	-1,328,396
Total pension expense	6,015,007	4,966,493

Funded status

in CHF	2005	2004
Present value of funded obligations (PBO)	40,235,703	27,588,786
Fair value of plan assets	-47,052,674	-38,861,611
Unrecognised actuarial gains	2,470,614	7,262,740
Unrecognised pension fund surplus	4,346,357	4,010,085
Recognised pension liability/(asset)	0	0

The actual annual return on plan assets for the year ended 31 December 2005 amounted to CHF 1,122,709 (2004: CHF 682,000)

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.

Principal actuarial assumptions

	31 December 2005	31 December 2004
Discount rate	3.25%	4.00%
Expected rate of return on plan assets	2.25%	2.25%
Future salary increases	1.00%	1.00%
Future pension increases	1.00%	1.00%

Accounting estimates and judgements

The rates and parameters applied above are based on past experiences. Future developments in capital and labour markets could make adjustments of such rates necessary which could significantly affect the calculation of pension obligations.

10 OTHER OPERATING EXPENSES

in CHF	2005	2004
External consultancy expenses	9,496,958	9,509,598
Event consultancy expenses	14,992,147	14,437,175
Legal expenses and consultancy	11,546,935	11,972,086
New Media expenses and consultancy	6,155,235	4,736,587
Rent of property	3,509,482	3,951,797
Office equipment and telecommunication costs	3,759,964	4,243,487
PR and promotional costs	7,064,788	6,049,081
Acquisition and production costs	7,094,676	2,747,192
Other	15,031,868	13,255,442
Total other operating expenses	78,652,053	70,902,445

11 FINANCIAL INCOME

in CHF	2005	2004
Interest income	13,526,538	3,388,929
Foreign exchange gains	53,339,402	177,102
Gains on currency derivatives	16,705,431	0
Total foreign currency gains	70,044,833	177,102
Gains on investments designated at fair value through profit and loss	2,237,869	37,657
Total income from investments	2,237,869	37,657
Total financial income	85,809,240	3,603,688

The increase in interest income is due to an increase of both cash balances and interest rates in 2005.

The foreign exchange gains result mainly from the valuation of current assets in US dollars due to the higher USD/CHF exchange rate.

The gains on currency derivatives result primarily from the valuation of USD currency derivatives due to the higher USD/CHF exchange rate.

12 FINANCIAL EXPENSES

in CHF	2005	2004
Interest expenses on loans and mortgages	9,798,237	10,453,903
Loss on interest rate derivatives	21,703	269,276
Total interest expenses	9,819,940	10,723,179
Foreign exchange loss	507,103	18,575,460
Loss on currency derivatives	0	2,953,159
Total foreign currency loss	507,103	21,528,619
Total financial expenses	10,327,043	32,251,798

The interest cost reflects principally the interest paid on the Footfin funding loan (CHF 7.3 million) and FIFA's mortgage loans (CHF 2.5 million).

13 INCOME TAXES

in CHF	2005	2004
Current tax expense	933,493	610,740
Total income tax expense	933,493	610,740

There were no income taxes directly recognised in equity.

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

FIFA has a deferred tax liability due to the temporary difference between the valuation of the taxable value and the IFRS carrying amount of FIFA's properties (property gain taxes). These deferred tax liabilities amounted to CHF 1.0 million as at 31 December 2005, as in the previous year.

Because FIFA is a non-profitmaking organisation, it is obliged to spend its profits reserves and funds on the development of football and, as a result of the four-year accounting cycle, the yearly results should not be assessed on a stand-alone basis. Therefore, an effective tax rate reconciliation to consolidated profits before taxes would not be meaningful. Consequently, this calculation has not been carried out. There are no tax loss carry-forwards.

NOTES TO THE CONSOLIDATED BALANCE SHEET

14 CASH AND CASH EQUIVALENTS

in CHF	31 Dec 2005	Weighted average interest rate	31 Dec 2004	Weighted average interest rate
Cash on hand, post and in bank accounts	310,759,930	1.85%	33,322,867	0.40%
Overnight deposits and fixed term deposits with maturities of up to 3 months	369,427,750	2.83%	267,712,068	2.17%
Cash and cash equivalents	680,187,680		301,034,935	

The fixed term deposits have an average maturity of 45 days.

UBS AG, Zurich, has guaranteed an amount of CHF 670,000 for IATA, Kloten, on behalf of FIFA Travel GmbH for security services rendered by IATA. Conversely, FIFA has pledged CHF 680,118 from its cash balances to UBS in relation to this guarantee.

To a large extent, cash and cash equivalents are denominated in USD (see note 26). As a result of the increased USD/CHF exchange rate during 2005, FIFA incurred net foreign exchange gains 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 expenses respectively.

15 DERIVATIVE FINANCIAL ASSETS AND LIABILITIES

in CHF	31 Dec 2005			31 Dec 2004		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
Fair value hedges						
- Interest rate swap	3,204	0	65,335,316	24,907	0	188,689,283
Cash flow hedges						
- Foreign currency options (USD)	0	0	0	0	20,291,161	50,000,000
- Forward rate agreements (USD)	0	6,243,970	27,915,000	0	22,884,700	69,245,000
Other derivative financial instruments						
- Foreign currency put options (USD)	0	0	0	0	10,680,228	100,000,000
- Foreign currency put options (EUR)	159,502	0	38,000,000	0		
Total	162,706	6,243,970		24,907	53,856,089	

These hedging contracts are described in more detail in note 26.

16 RECEIVABLES

in CHF	31 December 2005	31 December 2004
Receivables from exploitation of rights	88,271,894	12,469,277
Other receivables		
- Due from member associations and confederations	12,286,283	14,804,963
- Due from related parties	365,647	46,562
- Due from third parties	10,866,154	4,386,356
Fixed-term bank deposits with maturity of greater than 3 months	805,000	805,000
Short-term loans		
- Due from third parties	713,150	100,000
Total receivables, net	113,308,128	32,612,158

As at 31 December 2005, receivables from the exploitation of rights comprise mainly receivables from FIFA's TV partner, Infront Sports & Media AG, of CHF 44.3 million (2004: CHF 9.3 million), and receivables of CHF 27.8 million from television broadcasting rights for the post-2006 period.

The other receivables due from third parties are ordinary operating receivables. The receivables are shown net of impairment losses amounting to CHF 2.5 million.

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

17 PREPAID EXPENSES AND ACCRUED INCOME

in CHF	Note	31 December 2005	31 December 2004
Revenue from television broadcasting rights (POC accrual)	1	47,656,253	195,933,129
Accrued income for Additional FIFA Events		33,227,621	4,431,203
Prepayments to the South African Organising Committee		25,180,000	22,876,000
Prepayments for the 2006 FIFA World Cup™		16,982,365	0
Prepaid expenses for Additional FIFA Events		9,529,564	17,526,786
Revenue from licensing rights (POC accrual)	3	9,465,098	5,042,065
Revenue from accommodation and ticketing (POC accrual)	5	7,761,500	15,456,000
Revenue from hospitality rights (POC accrual)	4	0	130,000,000
Other		8,364,236	4,385,833
Total prepaid expenses and accrued income		158,166,637	395,651,016

The accrued income for Additional FIFA Events of CHF 33,227,621 mainly consists of the accrued income from the FIFA Club World Championship TOYOTA Cup 2005 (see note 5).

The prepayments to the organising committee for the 2010 FIFA World Cup South Africa™ of CHF 25,180,000 reflect the seed capital provided by FIFA.

18 PROPERTY, PLANT AND EQUIPMENT

in CHF	Buildings	Buildings under construction	Land	Leasehold improvements	Office and other equipment	Total
Cost						
Balance as at 1 January 2004	71,660,265	6,719,481	21,395,592	460,500	6,982,388	107,218,226
Acquisitions 2004	0	27,915,696	25,662	0	0	27,941,358
Disposals 2004	0	0	0	0	0	0
Balance as at 31 Dec 2004	71,660,265	34,635,177	21,421,254	460,500	6,982,388	135,159,584
Acquisitions 2005	10,273,933	117,388,139	0	0	0	127,662,072
Disposals 2005	0	0	0	0	0	0
Balance as at 31 Dec 2005	81,934,198	152,023,316	21,421,254	460,500	6,982,388	262,821,656
Accumulated depreciation						
Balance as at 1 January 2004	3,487,468	0	0	237,925	4,529,850	8,255,243
Depreciation 2004	3,585,048	0	0	100,000	1,203,690	4,888,738
Disposals 2004	0	0	0	0	0	0
Balance as at 31 Dec 2004	7,072,516	0	0	337,925	5,733,540	13,143,981
Depreciation 2005	4,114,411	0	0	100,000	580,710	4,795,121
Disposals 2005	0	0	0	0	0	0
Balance as at 31 Dec 2005	11,186,927	0	0	437,925	6,314,250	17,939,102
Carrying amount						
As at 1 January 2004	68,172,797	6,719,481	21,395,592	222,575	2,452,538	98,962,983
As at 31 December 2004	64,587,749	34,635,177	21,421,254	122,575	1,248,848	122,015,603
As at 31 December 2005	70,747,271	152,023,316	21,421,254	22,575	668,138	244,882,554

The acquisitions made in 2004 and 2005 relate mainly to the construction costs for the "Home of FIFA", the new FIFA headquarters in Zurich. The opening of the new "Home of FIFA" is planned for the end of April 2006.

Mortgage loans amounting to CHF 37 million are secured by land and buildings pledged, with a carrying amount of CHF 65,938,826.

The fire insurance value amounts to CHF 58,287,900 for buildings and CHF 17,300,000 for office equipment and other equipment.

19 INTANGIBLE ASSETS

in CHF	Software	Footage archive	Total
Cost			
Balance as at 1 January 2004	77,020	6,600,000	6,677,020
Balance as at 31 December 2004	77,020	6,600,000	6,677,020
Balance as at 31 December 2005	77,020	6,600,000	6,677,020
Accumulated amortisation			
Balance as at 1 January 2004	77,020	660,000	737,020
Amortisation 2004	0	660,000	660,000
Balance as at 31 December 2004	77,020	1,320,000	1,397,020
Amortisation 2005	0	660,000	660,000
Balance as at 31 December 2005	77,020	1,980,000	2,057,020
Carrying amount			
As at 1 January 2004	0	5,940,000	5,940,000
As at 31 December 2004	0	5,280,000	5,280,000
As at 31 December 2005	0	4,620,000	4,620,000

20 FINANCIAL ASSETS

in CHF	31 December 2005	31 December 2004
Debt securities	226,004,000	137,564,000
Equity securities	267,734	185,360
Other	12,407,772	10,385,769
Total financial assets	238,679,506	148,135,129

The investment in capital-protected participations and capital-guaranteed participations are considered structured investments similar to debt securities that limit FIFA's risk of fair value losses, but offer FIFA the chance of market value appreciation of the investment. Interest payments are generally due upon the redemption of the investments between 2007 and 2014.

All debt securities and equity securities are classified as designated at fair value through profit and loss and are therefore stated at fair value.

Other receivables comprise a payment from a broadcasting partner due to a settlement and restatement agreement signed with Infront Sports & Media AG in May 2004. The receivable is measured in amortised costs.

21 PAYABLES

in CHF	31 December 2005	31 December 2004
Other payables		
- Due to related parties	353,920	254,065
- Due to member associations and confederations	21,626,666	7,086,336
- VAT payable	4,886,582	7,304,722
- Due to third parties	11,105,623	10,307,040
Total payables	37,972,791	24,952,164

22 INTEREST-BEARING LIABILITIES

in CHF	31 December 2005	31 December 2004
Current:		
Bank overdrafts	0	44,410
Short-term bank loan	0	25,000,000
Liability from securitisation transaction towards third party investors	65,335,316	150,592,360
Mortgage loans	25,000,000	0
Total current interest-bearing liabilities	90,335,316	175,636,770
Non-current:		
Liability from securitisation transaction towards third party investors	0	38,096,923
Mortgage loans	12,000,000	45,000,000
Total non-current interest-bearing liabilities	12,000,000	83,096,923
Total interest-bearing liabilities	102,335,316	258,733,693

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 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 the 2002 and 2006 FIFA World Cup™ finals. Until 2003, the note was redeemed by way of direct payments to Footfin (Football Finance) AG by the Official Partners.

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 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
Loans:				
Liability from securitisation transaction towards third party investors (variable interest at Libor +0.9%)	3.58%	65,335,316	65,335,316	0
Mortgage loans	2.80%	37,000,000	25,000,000	12,000,000
Total		102,335,316	90,335,316	12,000,000

The mortgage loans are secured by land and buildings with a carrying amount of CHF 65,938,826.

23 ACCRUED EXPENSES AND DEFERRED INCOME

in CHF	Note	31 December 2005	31 December 2004
Accrued expenses due to application of the percentage-of-completion method	6	394,738,612	314,033,322
Deferred revenue from television broadcasting rights beyond 2006		167,099,800	0
Financial Assistance Programme (FAP) / Goal	8	83,519,905	71,940,147
Deferred revenue from hospitality rights (POC accrual)	4	65,000,000	0
Accrued expenses for Additional FIFA Events		23,687,781	0
Deferred revenue from rights beyond 2006		20,920,400	0
Deferred revenue from marketing rights (POC accrual)	2	13,544,630	17,310,310
Deferred revenue share from hospitality rights	4	10,000,000	0
Deferred revenue from brand licensing rights		8,568,396	0
Other		31,344,523	24,469,787
Total accrued expenses and deferred income		818,424,047	427,753,566

The deferred revenue from television broadcasting rights beyond 2006 of CHF 167,099,800 results from the commercialisation of rights for the 2010 FIFA World Cup™.

The deferred revenue from rights beyond 2006 of CHF 20,920,400 results from the commercialisation of marketing and brand rights for the 2010 FIFA World Cup™.

24 PROVISIONS

in CHF	Post employment benefits for members of the Executive Committee
Balance as at 1 January 2004	0
Balance as at 31 December 2004	0
Balance as at 1 January 2005	0
Provisions made during the year	12,493,390
Balance as at 31 December 2005	12,493,390

The provisions of CHF 12,493,390 set aside in 2005 follow on from the decision reached by the FIFA Executive Committee on 7-8 March 2005 to introduce a retirement plan for Executive Committee members. An annual retirement payment will be made to long-serving FIFA Executive Committee members who retire in 2005 or thereafter. Only the FIFA Executive Committee member may benefit from this scheme. Family members or relatives of the Executive Committee member are not entitled to receive any payments. The retirement payments will start in the FIFA financial year following retirement.

There are no other legal or constructive obligations that qualify for establishing respective provisions.

25 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.

OTHER DISCLOSURES

26 RISK MANAGEMENT AND HEDGING ACTIVITIES

Exposure to currency and 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 to the FIFA World Cup™ to Infront Sports & Media AG, and the marketing rights to Official Partners.

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

The FIFA management monitors the credit standing of its marketing and broadcasting partners very closely on an ongoing basis. Given their good credit ratings, the FIFA 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 65 million (2004: CHF 189 million). The fair value of the interest rate swap as at 31 December 2005 is CHF 3,204 (2004: CHF 24,907).

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 a 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	49,575,321	13,956,476	2006
- Cash denominated in USD	86,000,000	-9,298,100	2006
Total		4,658,376	

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

The following table shows the balance sheet items that are denominated in a foreign currency as at 31 December 2005.

in thousands	USD	EUR	GBP
Cash and cash equivalents	255,299	40,388	106
Derivatives	0	0	0
Receivables	25,908	32,387	31
Prepaid expenses	20,032	0	0
Financial assets	150,000	15,000	0
Total assets denominated in foreign currency	451,239	87,775	137
Payables	984	538	173
Current interest-bearing liabilities	0	0	0
Derivatives	4,735	0	0
Accrued expenses and deferred income	25,396	18,125	0
Non-current interest-bearing liabilities	59,055	0	0
Total liabilities denominated in foreign currency	90,170	18,663	173

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 a replacement in due time.

27 LEGAL MATTERS AND CONTINGENT LIABILITIES

There are no material legal matters and no information to be disclosed.

28 CAPITAL COMMITMENTS

As at 31 December 2005, FIFA had no capital commitments.

29 CONTINGENT REVENUE

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

- If the revenue from the exploitation of the radio and television broadcasting rights for the FIFA World Cup™ exceeds the guaranteed minimum payments, FIFA is eligible to receive 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-share agreement in the year 2006.

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

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

FIFA has entered into marketing contracts with Yahoo! and Electronic Arts which include the following contingent revenue arrangements:

- 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.
- Electronic Arts pays FIFA royalties in addition to the agreed amount of 5.5% of all net invoiced billings for the FIFA Brand Licence and the FIFA World Cup™ Licence exceeding USD 1.6 billion.

In July 2004, FIFA signed the Second Amendment to the Organising Association Agreement (OAA), which includes the following contingent revenue arrangements:

- 50% of overall ticketing/accommodation profits in excess of the first EUR 20 million will be paid to FIFA by the organising committee. FIFA's share of the additional overall ticketing/accommodation profit will be due and payable in accordance with the terms and conditions of the OAA three months after the final match of the 2006 FIFA World Cup™.
- 40% of the overall profit in excess of the threshold amount of the first CHF 50 million will be paid to FIFA by the organising committee. FIFA's share of the overall profit of the organising committee will be due and payable to FIFA by the organising committee in accordance with the terms and conditions of the OAA three months after the final match of the 2006 FIFA World Cup™.

30 VALUE-IN-KIND REVENUE

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

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

31 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

in CHF	31 December 2005	31 December 2004
Less than 1 year	776,782	890,383
1-5 years	200,244	468,297
Total	977,026	1,358,680

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

During 2005, CHF 1,406,474 (2004: CHF 1,003,700) was recognised as an expense in the income statement in respect of operating leases.

32 RELATED PARTY TRANSACTIONS

Identity of related parties

FIFA as an association has 207 associations as its members. The associations affiliated to FIFA and geographically situated on the same continent form confederations. Additionally, from the perspective of FIFA, the following persons are regarded as related parties: members of the Executive Committee and Finance Committee, other key management personnel as well as the Honorary President.

Transactions with related parties

Each member of FIFA must pay an annual subscription fee, currently CHF 300, 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. Revenue from international matches totalled CHF 6.1 million in 2005 (2004: CHF 3.3 million).

FIFA makes yearly contributions (FAP, *Goal*) to the associations and confederations to support their efforts in promoting and developing football in their region (see note 8). These development expenses totalled CHF 122.6 million in 2005 (2004: CHF 127.5 million). The accumulated development expenses accrued as per 31 December 2005 totalled CHF 83.5 million (2004: CHF 71.9 million).

FIFA organises the FIFA World Cup™ and Additional FIFA Events. In connection with these competitions, FIFA offers financial support to local organising committees, compensates teams for travel and accommodation expenses and pays prize money. For the FIFA World Cup™, the qualifying teams receive compensation to cover the cost of their preparations. In 2005, FIFA paid CHF 126.5 million to local organising committees and member associations (2004: CHF 27.3 million).

The Honorary President fulfils representative functions for FIFA. He is reimbursed for his travel and accommodation expenses and receives a daily allowance while on FIFA business.

FIFA has outstanding receivables from related parties amounting to CHF 39 million (2004: CHF 37.7 million), while outstanding payables total CHF 21.9 million (2004: CHF 7.3 million).

Key management personnel

Members of the Executive Committee, the Finance Committee and the FIFA management are regarded as key management personnel. In 2005, short-term employee benefits of CHF 15.5 million were paid to the key management personnel (2004: CHF 15.8 million).

In addition to these short-term employee benefits, FIFA contributes to post-employment defined benefit plans. The recognised post-employment benefit expenses in 2005 amounted to CHF 13.1 million (2004: CHF 0.6 million). The increase in these expenses in 2005 is due to a decision to extend pension payments to include Executive Committee members (see notes 9 and 24).

33 CANCELLATION INSURANCE – ALTERNATIVE RISK TRANSFER

In the past, FIFA has taken out cancellation insurance (which includes insurance against the risk of curtailment and abandonment) in the standard insurance market in order to cover the financial risk of the FIFA World Cup™ being cancelled, curtailed or abandoned. Given the changes in the insurance market since 11 September 2001, especially in relation to cover against 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 on 8 October 2003, works in a very similar fashion to standard insurance with the noteworthy exception that the contingent obligations of the protection providers are fully collateralised. The issuer, a special purpose vehicle, issued notes totalling USD 260 million at Libor +1.5% in the capital markets in US dollars, euros and Swiss francs, thereby transferring the risk of cancellation, abandonment and curtailment to investors. The special purpose vehicle invests the proceeds of the note issue and has created a security interest over them in favour of FIFA (as security for its payment obligation in the event of cancellation, abandonment or curtailment) and in favour of the investors (as security for the obligation to repay the bonds if 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.

34 CONSOLIDATED SUBSIDIARIES

	Location of incorporation	Activity	Ownership interest 2005	Ownership interest 2004
FIFA Marketing & TV AG	Zurich, Switzerland	Exploitation of marketing rights	100%	100%
FIFA Marketing Deutschland GmbH	Germany	Service 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%
FIFA Beach Soccer S.L.	Barcelona, Spain	Event management	70%	0%
FIFA Early Warning System GmbH	Zurich, Switzerland	Service company	100%	0%
Footfin (Football Finance) AG	Zurich, Switzerland	Special purpose vehicle for securitisation transaction	*	*

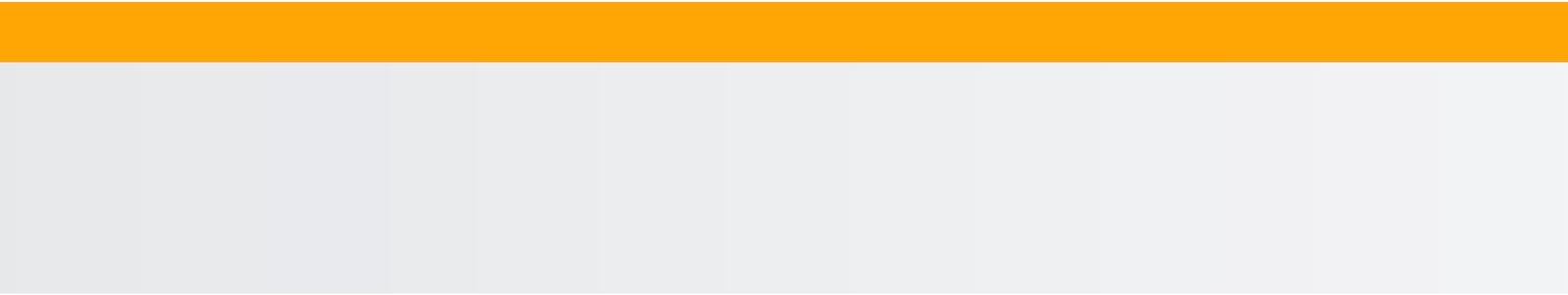
* In accordance with the requirements of IFRS, FIFA consolidates Footfin, as FIFA has retained a residual interest in this special purpose vehicle and has retained credit and interest risks related to the assets transferred to it.

35 POST BALANCE SHEET EVENTS

The Executive Committee authorised the issue of these consolidated financial statements on 16-17 March 2006.

The consolidated financial statements for 2005 will be submitted to the FIFA Congress for approval on 7-8 June 2006.

No events have occurred since 31 December 2005, which would require any adjustment to the carrying amounts of FIFA's assets and liabilities as of 31 December 2005 and/or disclosure, respectively.





REPORT OF THE AUDITORS TO THE CONGRESS OF

FÉDÉRATION INTERNATIONALE DE FOOTBALL ASSOCIATION (FIFA), ZURICH

As group auditors, we have audited the consolidated financial statements of Fédération Internationale de Football Association (FIFA) 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 2005.

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.

In our opinion 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 the International Financial Reporting Standards (IFRS) and comply with Swiss law.

KPMG Fides Peat

Fredy Luthiger
Swiss Certified Accountant

Markus Ackermann
Swiss Certified Accountant

Zurich, 17 March 2006



REPORT BY THE INTERNAL AUDIT COMMITTEE TO THE CONGRESS OF

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 2005 to 31 December 2005.

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 2005 financial statements through:

- Examination of the audit reports of the external auditors;
- Examination of the Management Letter 2005;
- Discussion of the financial statements during the meetings of the Internal Audit Committee held on 5 December 2005 and 9 March 2006 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 have had unrestricted and complete access to all relevant documents and information necessary for the assessment.

We recommend that the FIFA Congress approve the consolidated financial statements for 2005.

For the Internal Audit Committee



Dr Franco Carraro
Chairman

Zurich, 9 March 2006