FINANCIAL REPORT 2011

62nd FIFA Congress
Budapest, 24 and 25 May 2012

FIFA

For the Game. For the World.

Contents

Foreword

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"Full steam ahead – steps for strengthened governance"

Dear football friends,

As you can see from this financial report, last year was once again a very positive year from a financial point of view. I am delighted to note that, financially, FIFA stands on rock-solid foundations. So, together with the administration, we can further concentrate on football development and organise and structure ourselves in such a way that we can successfully overcome the many new challenges facing football and FIFA in particular.

In June 2011, I began my fourth term as FIFA President with the aim of modernising FIFA, strengthening its democratic principles and adapting its structures and processes to the latest corporate governance guidelines. Immediately after my re-election, I received the full support of the FIFA Congress for this reform process. At the subsequent meetings of the FIFA Executive Committee in October and December, which led to the appointment of four Task Forces and the establishment of the Independent Governance Committee, this reform process was set in motion and an ambitious plan of action was adopted.

Unfortunately, the success of football also has its negative aspects. That is why we must have effective control mechanisms in place and always be able to account for our work. With our new structure and the Independent Governance Committee composed of high-calibre members, we are ideally positioned.

I have, therefore, every confidence that we will overcome all of the many new challenges, protect football from unwanted influences and further build on its positive force for the good of society.

For the Game. For the World.

Joseph S. Blatter
FIFA President

"Success is dependent on the FIFA World Cup"

Dear Sir or Madam,

With the new 2011-2014 financial cycle having only just got under way, we can already report that 2011 was a very successful year in economic terms. From a financial point of view, we have every reason to look to the future with great confidence.

While we are still six and ten years away from the kick-off of the FIFA World Cups™ in Russia and Qatar respectively, the sale of the TV and marketing rights is already in full swing. By the end of the year under review, the contracts sealed for the 2018 FIFA World Cup Russia™ had reached USD 2.3 billion. In addition, for the 2014 FIFA World Cup Brazil™, the concluded contracts show that the planned income will be exceeded.

FIFA's economic success depends strongly on the successful marketing and, above all, the smooth staging of the FIFA World Cup™. Therefore, the upcoming World Cups must also be prepared financially with great care and precision, and the necessary reserves for any operative and economic risks must be built up. FIFA was able to increase these reserves so much in recent years that it is investing more funds in football development in the current cycle and is only allocating a small share of the revenue to the financial reserves as decided by the FIFA Congress in 2010.

The secure long-term revenue gives FIFA a rock-solid financial basis and will enable it to continue to carry out and even expand its increasingly varied activities for the protection and development of football in the coming years.

As always, you will find the details in this financial report which I will gladly present to you at the 62nd FIFA Congress in Budapest. On behalf of the Finance Committee, I would like to thank you once more for your trust and support.

Julio H. Grondona
Chairman of the Finance Committee

"Cost control is of the utmost importance"

Dear Sir or Madam,

The Audit Committee is very pleased that the first year of the 2011-2014 four-year cycle concluded according to plan. In accordance with the four-year budget approved by the 2010 Congress, this is the first time that our main focus for the four-year cycle is not building up the reserves to guarantee the organisation's statutory duties. Instead, we turn our attention to investing in football.

FIFA's financial health essentially continues to hinge on the successful staging of the FIFA World Cup™. Strict cost control and a far-sighted, disciplined budgetary policy are therefore of the utmost importance. The conservative investment policy of past years has proven itself to be the right one and should be continued with the aim of preserving asset value.

The good governance reform process currently under way is central to the Audit Committee and we actively support it. Nowadays, subjects such as compliance, transparent financial information, internal audits, risk management and investments are key issues for every organisation and must be looked at with due diligence. Although FIFA has already implemented improvement measures in these areas in recent years, the discussions within the Task Force Transparency & Compliance have shown that there are further opportunities for improvement which will now be put into practice.

Dr Franco Carraro
Chairman of the Audit Committee

02

Overview

Income statement and development of reserves

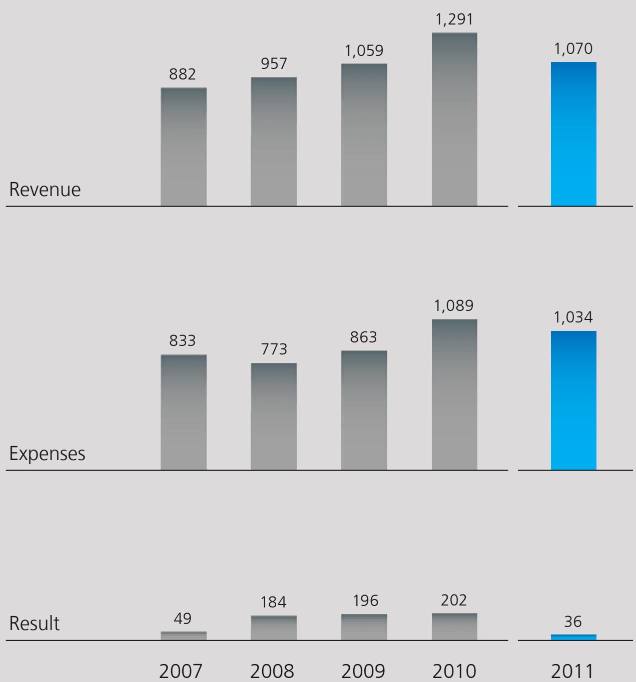
This page provides an overview of the key figures for the 2011 financial year as well as a comparison with the key annual figures from the previous period (2007-2010). As decided by the Congress in 2010, FIFA is planning for a **moderate increase in its reserves** during the 2011-2014 period. Because more funds are being invested in and for football, the annual results will be significantly lower than in the previous 2007-2010 period.

2011 represented the first quarter of the current 2011-2014 period, which will draw to a close in the year of the 2014 FIFA World Cup Brazil™. FIFA has so far made it through the turbulence in the financial markets and the global financial crisis unscathed, as proven by the following facts:

- 2011 was a **very successful** year for FIFA, with a positive **annual result** of USD 36 million.
- In comparison to the previous year, **revenue** dropped in 2011 to USD 1,070 million. However, the sale of rights for the 2014 FIFA World Cup Brazil™, particularly in the area of marketing, generated higher income than for the 2010 FIFA World Cup™. In total, 75% of overall expenditure was invested directly in football.
- **Expenditure** also fell in comparison with the previous year to USD 1,034 million. Nevertheless, there was increased investment in football development projects worldwide and for the 2014 FIFA World Cup Brazil™ (excluding extraordinary FAP payments).
- FIFA's **conservative investment policy** and the **broad diversification** of investments protected it against losses and resulted in a positive financial result of USD 8 million.
- **Systematic cost control** once again proved its worth and costs were 5% below the 2011 expense budget.
- The strategy of **hedging foreign currencies** also proved to be fully effective in 2011 and protected FIFA against losses.
- As planned, FIFA's **reserves** only increased moderately by 1% and stood at USD 1,293 million on 31 December 2011. Having sufficient reserves is of great importance to FIFA's financial independence and to its ability to react to unexpected events.

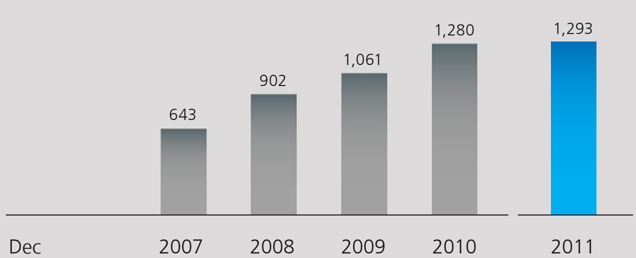
Income statement 2007-2010 and 2011

USD million



Development of reserves 2007-2011

USD million



Income statement

Revenue 2011

This chapter provides an overview of the **total revenue** for the 2011 financial year. The detailed financial statements can be found on pages 44-95 of the annexe. At the FIFA Congress in Zurich in 2011, it was decided that renowned international audit company KPMG would be asked to audit FIFA's financial statements for the 2011-2014 financial period. **KPMG's report** can be found in the annexe on page 96. The **report from the Audit Committee** is on page 98.

Total revenue amounted to **USD 1,070 million**, comprised of event-related revenue, other operating income and financial income.

In terms of **event-related revenue** of **USD 988 million**, USD 550 million was attributable to the sale of television rights, of which the lion's share – USD 537 million – were for the 2014 FIFA World Cup Brazil™. The second-biggest source of income was the sale of marketing rights worth USD 381 million, of which USD 348 million was generated by the FIFA World Cup™. The sale of hospitality rights generated USD 15 million and licensing rights USD 13 million. Other competition income was made up primarily of revenue from the FIFA Club World Cup, which was matched, however, by comparable costs.

The **other operating income** of **USD 52 million** was attributable in particular to income of USD 25 million from brand licensing and USD 15 million from the Quality Concept.

FIFA's **financial income** of **USD 30 million** was the result of the conservative investment strategy and was primarily made up of interest income of USD 6 million and foreign currency gains of USD 22 million.

Revenue 2011

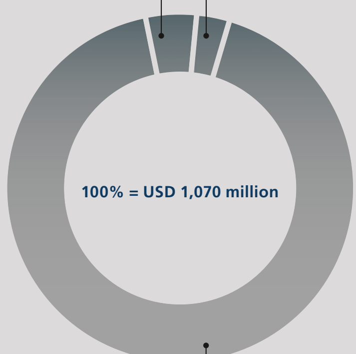
USD million

Other operating income (5%)

• Brand licensing	25
• Quality Concept	15
• Levies	4
• Other (rental income, film sales)	8
Total	**52**

Financial income (3%)

• Foreign currency gains	22
• Interest	6
• Income from financial assets	2
Total	**30**



Event-related revenue (92%)

• TV broadcasting rights		550
– 2014 FIFA World Cup™	537	
– Other FIFA events	13	
• Marketing rights		381
– 2014 FIFA World Cup™	348	
– Other FIFA events	33	
• Hospitality rights		15
• Licensing rights		13
• Other		29
Total		**988**

FIFA Partners

Income statement

Expenses 2011

Total expenditure amounted to **USD 1,034 million**, arising from event-related expenses, development-related expenses, other operating expenses, football governance, exploitation of rights and financial expenses. In total, **75% of overall expenditure was invested directly in football**.

Of the **event-related expenses** of **USD 589 million**, USD 428 million was related to the 2014 FIFA World Cup Brazil™. FIFA also organised seven further competitions in 2011 (FIFA Women's World Cup™, FIFA U-20 World Cup, FIFA U-17 World Cup, FIFA Club World Cup, FIFA Beach Soccer World Cup, Blue Stars/FIFA Youth Cup, FIFA Interactive World Cup), which accounted for USD 161 million.

FIFA spent a total of **USD 183 million or 18%** of overall expenditure on **development projects**, allocating USD 53 million to the Financial Assistance Programme (FAP for member associations), USD 31 million to the *Goal* Programme and USD 99 million to other development projects. In addition, in December 2011, the FIFA Executive Committee decided to approve additional programmes for 2012, 2013 and 2014 that will account for USD 60 million in total.

The **other operating expenses** of **USD 173 million** were mainly made up of personnel expenses of USD 89 million and of communications (e.g. FIFA.com and extranet) of USD 22 million.

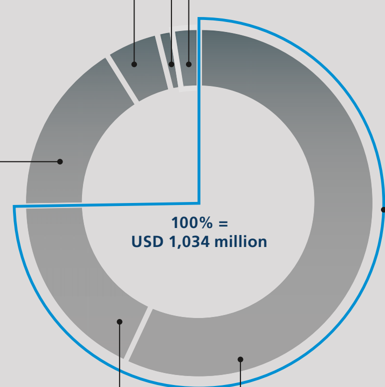
Football governance expenses of **USD 52 million** covered the organisation of all committees and the FIFA Congress (USD 31 million) and legal matters (USD 21 million).

The **USD 15 million** for the **exploitation of rights** included the fulfilment of contractual obligations in relation to marketing, TV and media rights as well as licensing.

Financial expenses of **USD 22 million** were primarily made up of foreign exchange losses, which were offset by corresponding foreign exchange gains.

Expenses 2011

USD million



Football governance (5%)

• Committees and Congress	31
• Legal matters	21
Total	**52**

Exploitation of rights (1%)

• Broadcasting and media rights	10
• Marketing rights	3
• Licensing rights	2
Total	**15**

Financial expenses (2%)

• Foreign currency losses	22
Total	**22**

Other operating expenses (17%)

• Personnel	89
• Communications	22
• Depreciation and amortisation	13
• Building and maintenance	10
• Taxes	5
• Other (e. g. IT, travel, logistics, reception)	34
Total	**173**

Event-related expenses (57%)

• 2014 FIFA World Cup™	428
• Other FIFA events	161
Total	**589**

Development-related expenses (18%)

• Financial Assistance Programme (FAP) – member associations	53
• *Goal* Programme	31
• Financial Assistance Programme (FAP) – confederations	18
• Confederation development programmes	15
• Refereeing Assistance Programme (RAP)	10
• PERFORMANCE	9
• Football for Hope	6
• Other (e. g. CIES, women's football, Football for Health, solidarity projects)	41
Total	**183**

Balance sheet

Balance sheet and development of reserves

As at 31 December 2011, FIFA's **balance sheet** totalled **USD 2,328 million**, with **reserves** of **USD 1,293 million**. FIFA's reserves result from the previous years' reserves of USD 1,280 million, the **annual result** of **USD 36 million** and the change in the hedging reserve of minus USD 23 million.

FIFA's **reserves** have therefore **moderately increased by 1%** in comparison to 31 December 2010, in accordance with a decision passed at the FIFA Congress in 2010 to only slightly increase reserves in the future.

Furthermore, article 69 of the **FIFA Statutes** states that:

- The revenue and expenditure of FIFA shall be organised in such a way that they **balance out** over the financial period.
- FIFA's major duties in the future shall be guaranteed through the **creation of reserves**.

FIFA met these statutory requirements in the 2011 financial year. The creation of sufficient reserves for the future is of major strategic importance to FIFA, particularly given its financial dependence on the FIFA World Cup™ and the fact that it is virtually impossible to find cancellation insurance to cover an event of such magnitude.

The specific **amount of reserves required** cannot, in principle, be given as an absolute value, but rather depends on FIFA's overall costs and the associated operational risks during a four-year period. FIFA's current reserves correspond to approximately **one-third** of total costs for the period.

Having sufficient reserves is of great importance to FIFA's **financial independence** and to its ability to react to **unexpected events**. This has proved particularly vital in the light of the worldwide financial crisis.

Balance sheet as at 31 December 2011

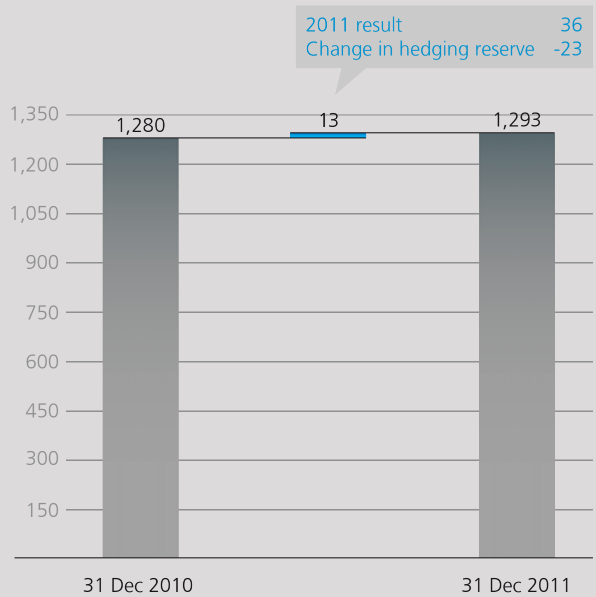
USD million

Assets	2,328
Current assets	**2,050**
• Cash and cash equivalents	859
• Financial assets	736
• Receivables	290
• Prepaid expenses and accrued income	152
• Derivative financial assets	13
Non-current assets	**278**
• Property and equipment	179
• Financial assets etc.	99

Liabilities and reserves	2,328
Current liabilities	**897**
• Accrued expenses and deferred income	806
• Payables etc.	91
Non-current liabilities	**138**
Reserves	**1,293**

Development of reserves

USD million



Budget comparison

Analysis of revenue for 2011

FIFA's **accounting system** is based on **International Financial Reporting Standards (IFRS)**. As IFRS is not suitable for budgeting and daily cost control on account of its many technical rules and regulations, the budget is drawn up on a cash basis before being approved by the Congress.

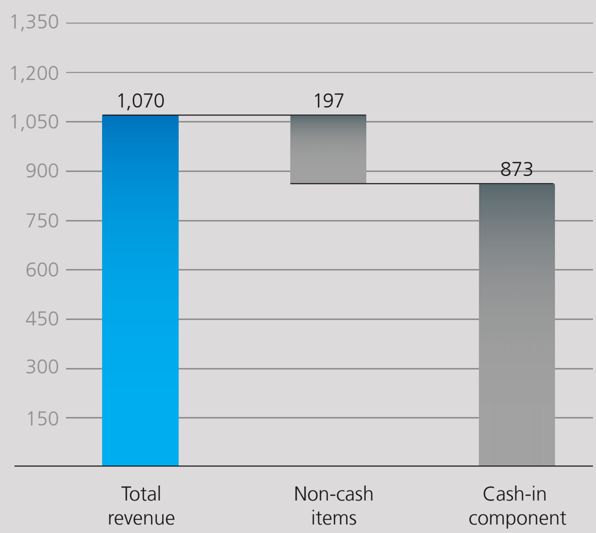
A **transition from IFRS is necessary** in order to enable the actual revenue to be compared with the cash budget. Hence, from the total amount of revenue according to IFRS, an adjustment was made for the revenue that could not be included for a budget comparison. The resultant cash-in component was then compared with the budget.

In order to carry out a budget comparison, **USD 197 million** in **non-cash items** had to be adjusted from the **overall revenue** of **USD 1,070 million** for the 2011 financial year, leading to a cash-in component of USD 873 million. The non-cash items consisted, in particular, of gross effects and value-in-kind revenue, which were not taken into account in the cash budget.

The FIFA Congress passed a **revenue budget** of USD 715 million for the 2011 financial year, which was **exceeded by USD 158 million**. This extra revenue is due to the extremely successful sale of TV and marketing rights to the 2014 FIFA World Cup Brazil™. This success underscores the huge appeal of FIFA's flagship tournament.

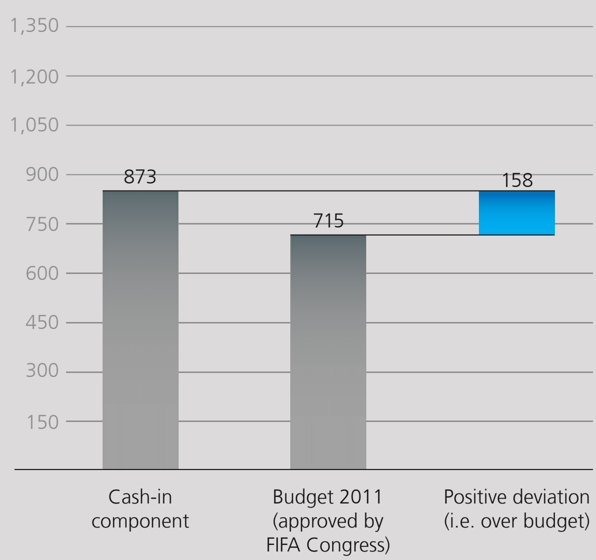
Revenue 2011: Components

USD million



Revenue 2011: Budget comparison

USD million



Budget comparison

Analysis of expenses for 2011

The basic principle described for the analysis of revenue also applies to expenditure.

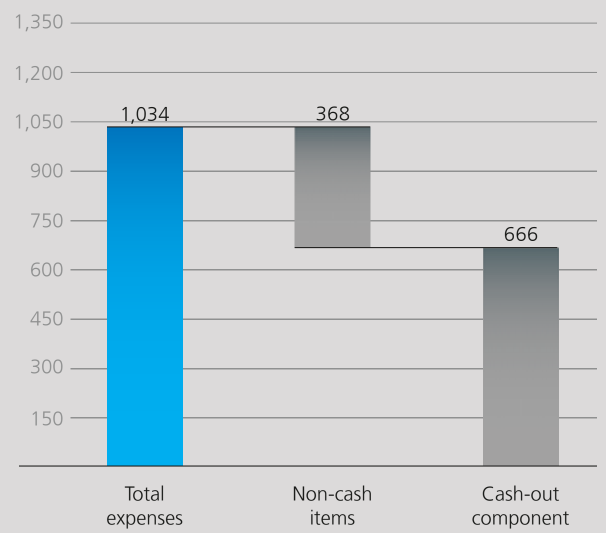
A **transition from IFRS is necessary** in order to enable the actual expenses to be compared with the cash budget. Hence, from the total amount of expenses according to IFRS, an adjustment was made for the expenses that could not be included for a budget comparison. The resultant cash-out component was then compared with the budget.

In order to carry out a budget comparison, **USD 368 million** in **non-cash items** had to be adjusted from the **overall expenses** of **USD 1,034 million** for the 2011 financial year, leading to a cash-out component of USD 666 million. The amounts adjusted consisted primarily of expenses in relation to the percentage-of-completion method.

The FIFA Congress passed an **expense budget** of USD 703 million for the 2011 financial year, which was **underspent** by **USD 37 million**. This underspend is mainly due to deferred costs for the 2014 FIFA World Cup™ and cost savings.

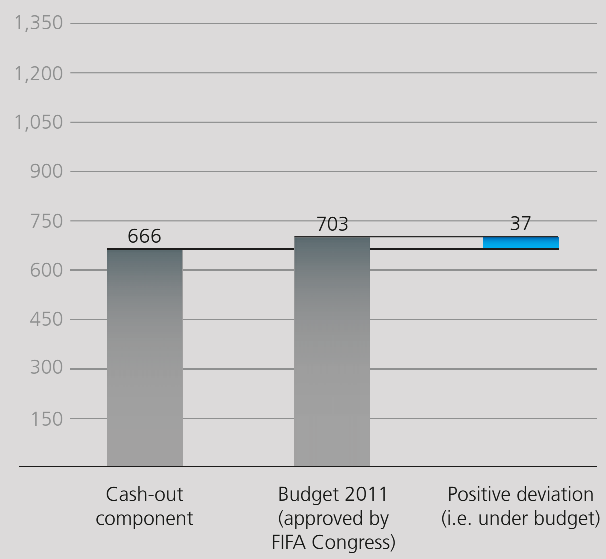
Expenses 2011: Components

USD million



Expenses 2011: Budget comparison

USD million

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Detailed budget for 2013

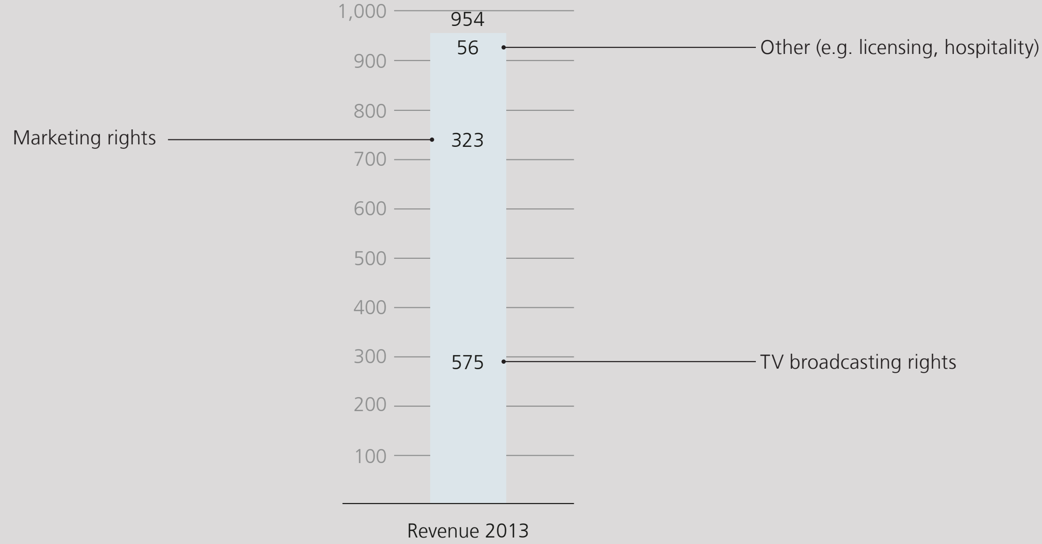
Revenue and investments in 2013

The detailed budget for 2013 has been **approved** by the **FIFA Finance Committee** and the **FIFA Executive Committee** and it now requires **ratification** from the **FIFA Congress 2012.**

The detailed budget for 2013 was part of the overall budget approved by the 2010 Congress for the 2011-2014 period with the exception of the cost for the worldwide player insurance on behalf of member associations, in the amount of USD 50 million for 2013 (estimated total of USD 100 million, for the entire 2011-2014 cycle).

Budget 2013: Revenue

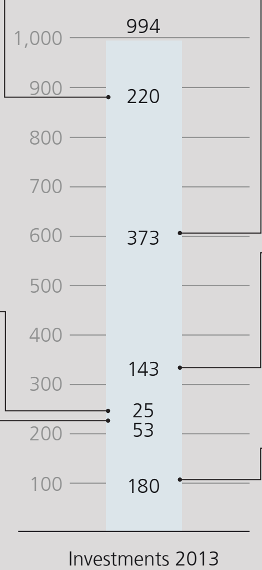
USD million



Budget 2013: Investments

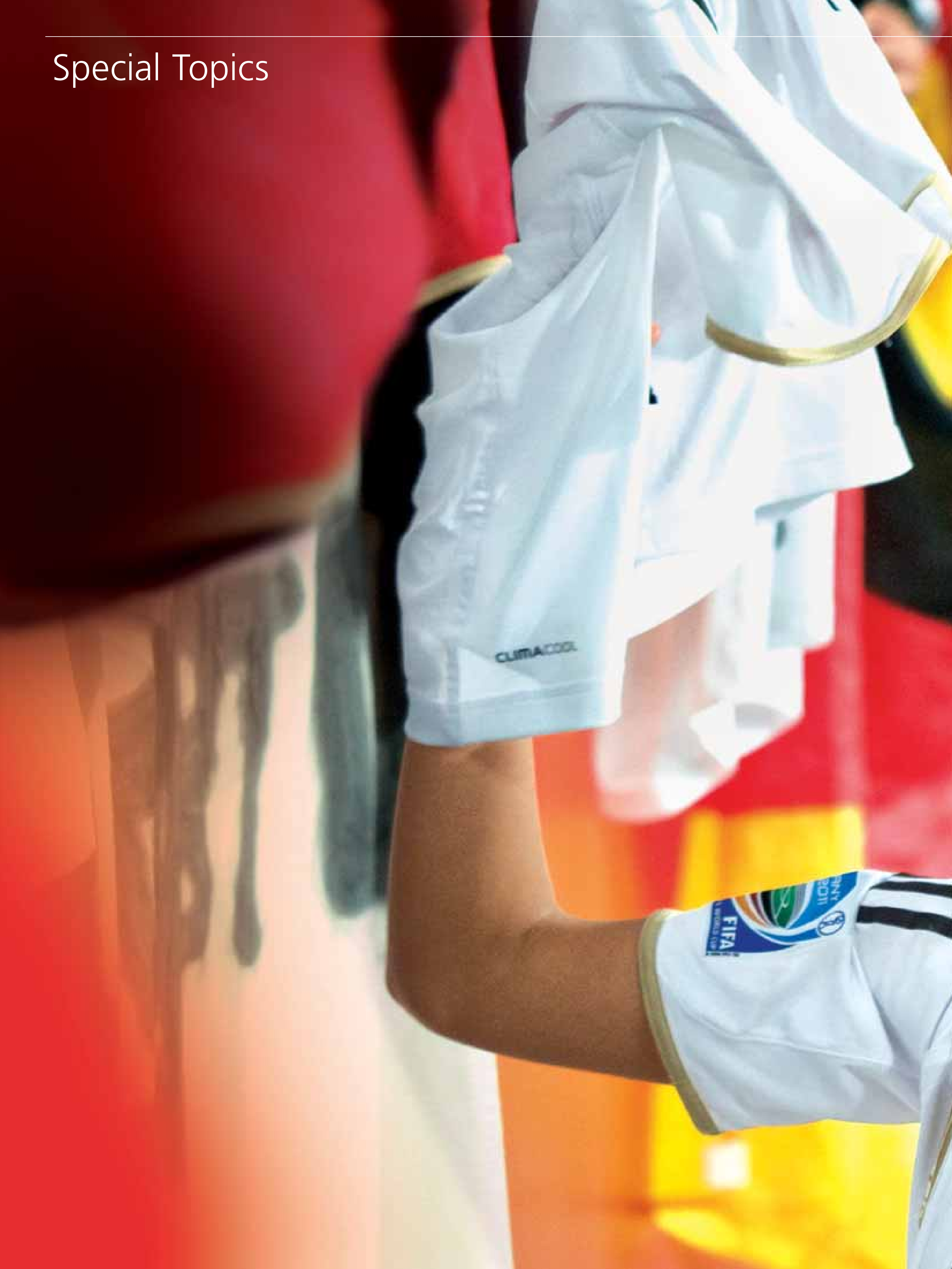
USD million

Development	**220**
• Financial Assistance Programme (FAP) – member associations	54
• *Goal* Programme	30
• New MA development programmes	20
• PERFORMANCE	17
• Financial Assistance Programme (FAP) – confederations	15
• Confederation development programmes	15
• Technical development	12
• Refereeing Assistance Programme (RAP)	11
• Football for Hope	8
• Football for Health	6
• Education	5
• Other (e.g. artificial turf, solidarity projects, FIFA Trophy Tour)	27
Exploitation of rights	**25**
• Broadcasting and media rights	13
• Marketing rights	8
• Licensing rights	4
Football governance	**53**
• Committees and Congress	36
• Transfer Matching System (TMS)	5
• Early Warning System	1
• Other (e.g. FIFA Brand)	11



2014 FIFA World Cup™	**373**
• Financial contributions	113
• TV production	75
• Worldwide player insurance on behalf of member associations	50
• Finalist payments (preparation)	34
• MATCH Services	21
• Insurance	15
• Preliminary competition	10
• Final Draw	3
• Local office Brazil	2
• Other (e.g. media, new media, inspections, marketing, TV)	50
Other FIFA events	**143**
• FIFA Confederations Cup	48
• FIFA Club World Cup	24
• FIFA U-20 World Cup	22
• FIFA U-17 World Cup	22
• FIFA Beach Soccer World Cup	8
• Other (e.g. FIFA Ballon d'Or, FIFA Interactive World Cup, Blue Stars/FIFA Youth Cup)	19
Other operating expenses	**180**
• Personnel, information technology, building and maintenance	129
• Communications	27
• Other (e.g. reception, logistics, production, travel, translations, insurance, tax, finance-related matters)	24

Special Topics

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Good governance reform plan

After the FIFA President submitted proposals to the **61st FIFA Congress** in relation to **good governance, transparency** and **zero tolerance**, in October and December 2011 the FIFA Executive Committee ratified the procedure for defining, discussing and implementing reforms.

At the heart of this procedure was the establishment of four **Task Forces** (Revision of Statutes; Ethics Committee; Transparency & Compliance; Football 2014) as well as the creation of an **Independent Governance Committee** to supervise the entire reform process and ultimately submit recommendations to the FIFA Executive Committee.

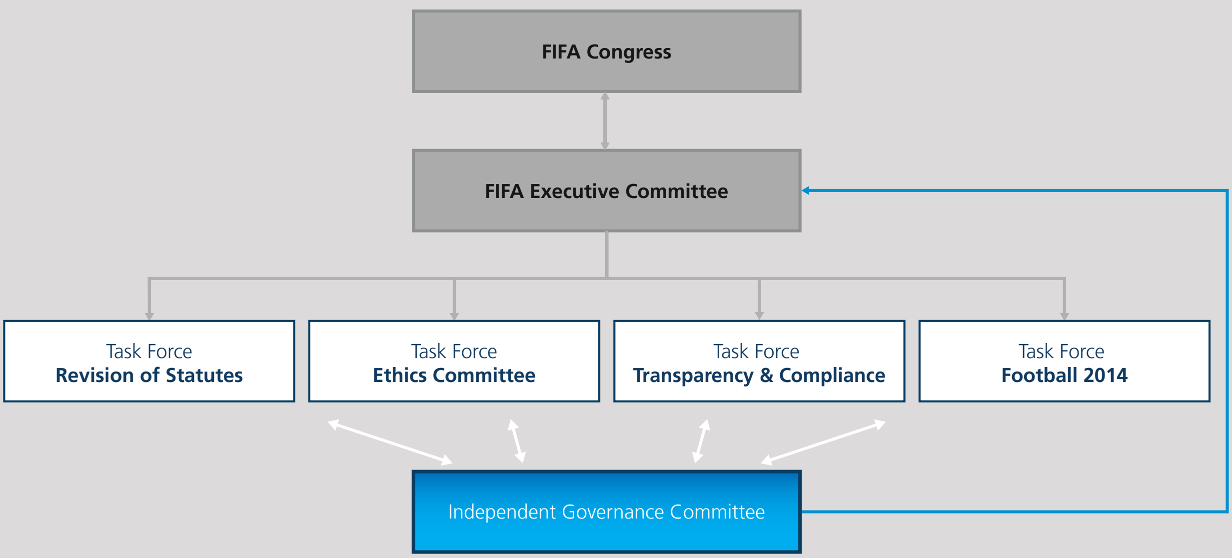
The Task Force **Revision of Statutes**, chaired by Executive Committee member Dr Theo Zwanziger, is dealing with amendments to the FIFA Statutes, particularly the procedures for awarding World Cup hosting rights and for electing procedures of committee members, as well as with increasing the independence and powers of the Audit Committee. The FIFA Statutes were last revised in 2003.

The Task Force **Ethics Committee** is revising the FIFA Code of Ethics, which was ratified in 2004 to protect the integrity and reputation of football. Chaired by Ethics Committee chairman Claudio Sulser, this Task Force is also drawing up proposals to strengthen the Ethics Committee, the focus of which is on dividing the committee up into two chambers (an investigation chamber and a decision-making chamber) and on the election of members by the FIFA Congress.

The Task Force **Transparency & Compliance**, chaired by New Zealand FA President Frank van Hattum, is looking into the general procedure for conflicts of interest, improving control procedures, increasing the transparency of FIFA development programmes, the sale of rights, as well as setting up a whistle-blower hotline and establishing a compliance unit.

The Task Force **Football 2014**, chaired by Franz Beckenbauer, is looking at all aspects of modern-day football and coming up with proposals to improve the game at all levels.

Structure



Composition of Task Forces

Task Force Revision of Statutes

Chairman
Theo ZWANZIGER (GER)

Deputy chairman
Suketu PATEL (SEY)

Members
John COLLINS (USA)
James JOHNSON (AUS)
Tai NICHOLAS (NZL)
Manuel BURGA (PER)

Task Force Ethics Committee

Chairman
Claudio SULSER (SUI)

Deputy chairman
Petrus DAMASEB (NAM)

Members
Burton K. HAIMES (USA)
Jack KARIKO (PNG)
Robert TORRES (GUM)
Jorge Ivan PALACIO (COL)

Task Force Transparency & Compliance

Chairman
Frank VAN HATTUM (NZL)

Deputy chairman
Juan Ángel NAPOUT (PAR)

Members
Allan HANSEN (DEN)
Danny JORDAAN (RSA)
Kohzo TASHIMA (JPN)
Jeffrey WEBB (CAY)

Task Force Football 2014

Chairman
Franz BECKENBAUER (GER)

Deputy chairmen
PELÉ (BRA)
Kalusha BWALYA (ZAM)

Members
Carlos ALARCÓN (PAR)
Demetrio ALBERTINI (ITA)
Massimo BUSACCA (SUI)
CAFU (BRA)
Ivan CURKOVIC (SRB)
Jiri DVORAK (SUI)
Sunil GULATI (USA)
Fernando HIERRO (ESP)
Alex HORNE (ENG)
Christian KAREMBEU (FRA)
Tracy LU (CHN)
Peter MIKKELSEN (DEN)
Dejan SAVICEVIC (MNE)
Marina SBARDELLA (ITA)
Kohzo TASHIMA (JPN)
Theo VAN SEGGELEN (NED)
Abedi PELÉ (GHA)
Gheorghe HAGI (ROM)

The **Independent Governance Committee** oversees the reform process, assesses the work and proposals submitted by the Task Forces and will present its final recommendations to the FIFA Executive Committee. It is composed of experts from both within and outside of football.

Chairman:
Prof. Mark Pieth (SUI)

From within football:
Sunil Gulati (USA) – member associations
José Luis Astiazarán (ESP) – leagues
Carlos Heller (ARG) – clubs
Leonardo Grosso (ITA) – players
Lydia Nsekera (BDI) – women
Seung-Tack Kim (KOR) – sponsors

From outside football:
Lord (Peter) Goldsmith (ENG)
Alexandra Wrage (CAN)
Michael Hershman (USA)
Guillermo Jorge (ARG)
James Klotz (CAN)
François Morinière (FRA)

The **road map** for implementing reforms is an ambitious one. Although the four **Task Forces** were only established in October 2011, they held their first meetings in November and December 2011, primarily to analyse the current situation and to discuss various recommendations from experts, particularly Prof. Mark Pieth's report of 19 September 2011 and Transparency International's report of August 2011. The Task Forces also discussed the first proposals for structural and procedural improvements.

In December 2011, the FIFA Executive Committee confirmed the composition of the **Independent Governance Committee**, and the members were tasked with elaborating the first, crucial reform proposals between January and March 2012. With this in mind, the committee and Task Forces have held several meetings, with the committee kept fully up to date with the Task Forces' discussions and results. A sub-committee, consisting of five governance experts, has also held various meetings for in-depth discussions and to go into greater detail on the recommendations.

Finally, the Independent Governance Committee's recommendations will be discussed by the **Executive Committee** on 29 and 30 March 2012 with a view to approving the first reform proposals for ratification at the **FIFA Congress 2012**.

Road map

	Key steps
ExCo 21.10.2011: Structural set-up	• Establishment of four Task Forces: Revision of Statutes; Ethics Committee; Transparency & Compliance; Football 2014
Reform work Nov-Dec 2011: First Task Force meetings	• First Task Force meetings: Revision of Statutes (30.11); Ethics Committee (08.12); Transparency & Compliance (29.11): analysis of situation and discussion of reform proposals
ExCo 17.12.2011: Detailing and briefing on first reform proposals	• Establishment of Independent Governance Committee: definition of competences and confirmation of members as proposed by Prof. Pieth • Briefing on first reform proposals by the Task Forces
Reform work January to March 2012: Meetings of Task Forces and Independent Governance Committee	• Further Task Force meetings: Revision of Statutes (18.01 and 22.02); Ethics Committee (24.01 and 20.02); Transparency & Compliance (19.01 and 27.02): establishment of concrete reform proposals • Meetings of Independent Governance Committee (18.01, 19.01, 21.02, 22.02, 23.02): evaluation of Task Forces' work and establishment of recommendations for the Executive Committee
ExCo March 2012: Approval of reforms	• Discussion of the Task Forces' reform proposals and the Independent Governance Committee's recommendations • Approval of reform proposals
Congress May 2012: Approval and implementation of reforms	• Implementation of reform proposals (1st part): e.g. approval and implementation of changes to the FIFA Statutes, Ethics Committee to be split into two chambers, bidding process for the FIFA World Cup™, etc.
Congress May 2013: Completion of good governance process	• Implementation of reform proposals (2nd part): e.g. new election of Ethics Committee members, approval of further changes to the FIFA Statutes, etc.

Asset management

As FIFA built up its reserves considerably over the last few years, thereby reducing financial dependency on future events, the focus is now increasingly on asset management.

The Finance Committee approved new **Asset Management Regulations** in 2010, and they came into force in 2011. The overriding, long-term investment objective is the real preservation of the value of FIFA's assets over the respective budget period. To ensure that FIFA can meet its financial obligations at all times, liquidity must also be ensured.

The Asset Management Regulations restrict assets to the following two categories:

Cash and cash equivalents
This asset class includes all current accounts, savings accounts, sight and time deposits, money-market investments with maximum maturities of 12 months and money market funds. Cash and cash equivalents are held predominantly in USD, GBP, EUR and CHF.

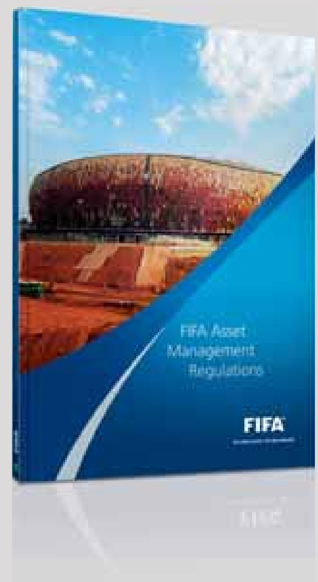
Fixed-income investments with residual terms to maturity of 12 months or less are only permitted with borrowers with a short-term rating of "A-3" or higher.

Bonds
Investments may only be made in listed, tradable bonds issued by borrowers with a "BBB-" rating or higher.

The financial assets are split into two groups and managed in compliance with the Asset Management Regulations:
- **operational portfolio**
- **investment portfolio**

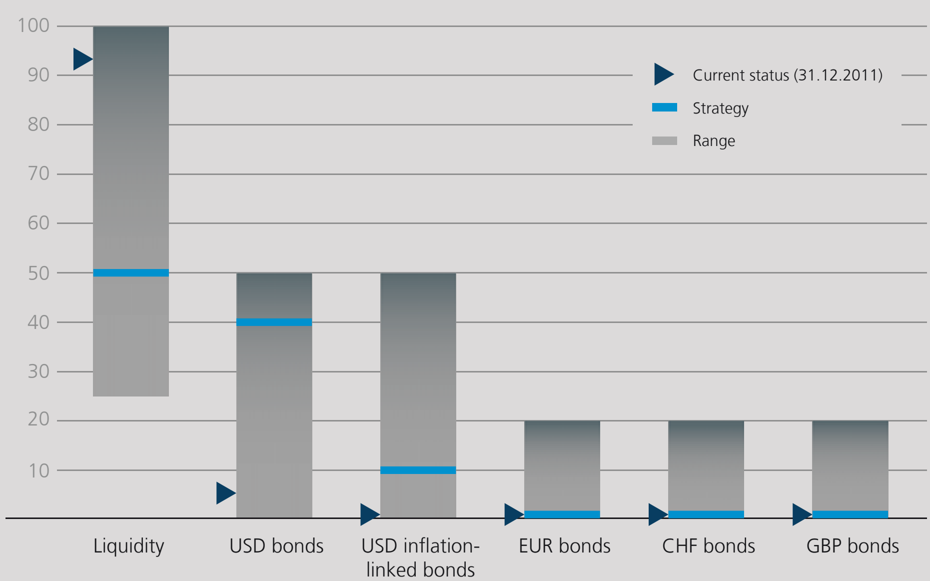
In the operational portfolio, only highly liquid instruments are held, with the purpose of securing the day-to-day liquidity needs including a security margin. In the investment portfolio, both short-term and long-term investments are held.

FIFA Asset Management Regulations



Asset management strategy and current status

Portfolio profile by asset category (in per cent)



100% = USD 1,682 million

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Financial report on investment portfolio in 2011

The overriding, long-term investment objective is the **real preservation of the value** of FIFA's assets. Returns must be in line with the market, having regard to the risks incurred.

The investment portfolio is divided into a **liquid part** (investment periods of less than one year) and a **bond part** (investment periods of more than one year).

The apportionment into liquidity and bonds is made firstly on the basis of liquidity needs, and secondly on the basis of the yield forecasts of the duration and credit-rating strategy updated at quarterly intervals. This is specified in the FIFA Asset Management Regulations.

In 2011, the following was achieved in terms of investments:

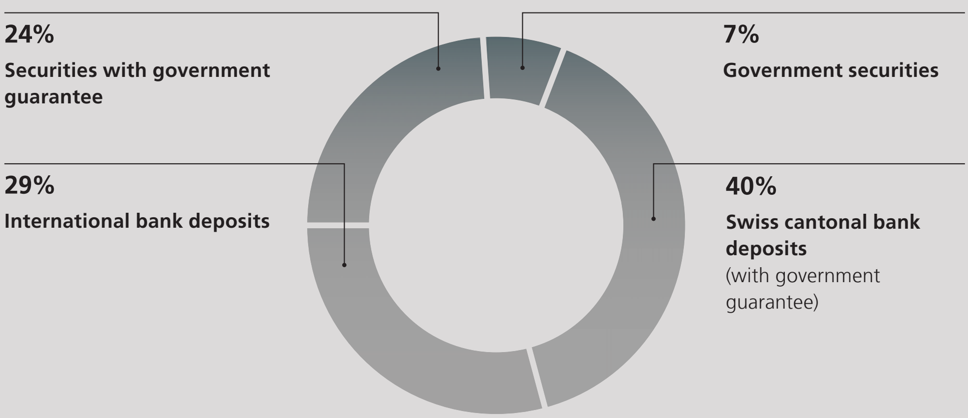
1. **A positive return** was achieved that was very close to the actual money market yield. This was based on building up the portfolio in accordance with the benchmark, which stipulates, among other things, an allocation in inflation-protected bonds as well as longer-term bonds. Due to the turbulence of the financial markets in 2011 (return of the liquidity and banking crises as well as the new government debt crisis), the implementation period for the benchmark was set at 12-18 months in order to minimise the risk. Consequently, the portfolio mainly consisted of short-term investments in the interest-rate sector with first-class borrowers, which resulted in a lower return. As the turbulence is still ongoing, the implementation of the benchmark, which is classified as sensible over the long term, will continue slowly. Building up at the incorrect time would lead to significant potential for setbacks.

2. A **new reporting system** that is **in line with financial market requirements** and meets all of FIFA's needs was also installed.

Overall, since the start of the financial crises, FIFA has been able to assert itself very well in the capital markets, and in 2011, FIFA was once again able to make a **positive contribution towards the development of the value of its assets**.

Details on current investment portfolio

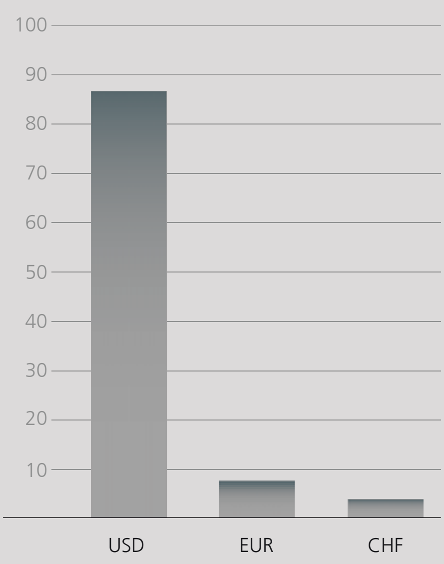
Portfolio profile by counterparty (in per cent)



100% = USD 958 million

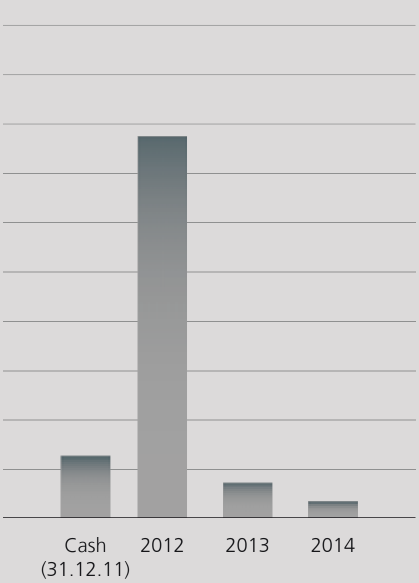
Details on current investment portfolio

Portfolio profile by currency (in per cent)



100% = USD 958 million

Portfolio profile by timeline (in per cent)



New member association development programmes

The FIFA Executive Committee, at its meeting in Tokyo in December 2011, approved the creation of four new development programmes for the current 2011-2014 cycle with a total budget of USD 60 million.

In the **football governance and institutional strength** area, FIFA will adopt a proactive approach to solve and manage potential political difficulties in the associations and with their governments. This will be achieved by helping the members to strengthen their legal framework and normalise their relationship with local authorities. The programme aims to provide the members with stability and institutional strength, even in electoral periods, and has an initial three-year budget of USD 3 million.

The **global worldwide registration system** will support members in procuring a player registration and competition management software and implementing it for various applications (registration of players, coaches, referees, competition management and schedule generation, medical follow-ups). The project is crucial for player transfers and tracking, age issues, medical follow-ups and match schedules, and with FIFA's support, will ensure that each system is adapted to an international football data standard to guarantee compatibility across the world. The budget of this project will be USD 9 million for three years.

Revenue generation and diversification is vital for members that have the potential to expand their financial revenue streams but lack the investment to exploit this potential. FIFA, through its new development programme, will support associations that meet selection criteria in setting up revenue generation projects, ranging from the procurement of partners and sponsors to the development of merchandising opportunities. The project has a three-year budget of USD 12 million.

Finally, to perpetuate FIFA's on-going support for the most vulnerable associations, a fourth programme has the objective of **supporting the development of infrastructure and competitions**. For the most underprivileged football associations, the main development obstacles remain the lack of sporting structures for football competitions: infrastructure, but also logistics, human resources and financial funds. This programme has a three-year budget of USD 36 million.

04

↑ In 2011, FIFA laid 15 new football turf pitches worldwide. A further 37 are still under construction.

← The new Football for Hope Centre in Mathare

Annexe 2011

Consolidated financial statements according to International Financial Reporting Standards (IFRS) as at 31 December 2011

Notes to the consolidated financial statements

These consolidated financial statements are published in English, German, French and Spanish. If there is any divergence in the wording, the English original text is authoritative.

Consolidated income statement

in TUSD	Note	2011	2010
Event-related revenue			
Revenue from television broadcasting rights	1	550,286	717,978
Revenue from marketing rights	2	381,245	342,936
Revenue from licensing rights	3	12,475	26,100
Revenue from hospitality rights	4	15,111	40,000
Other event-related revenue	5	28,927	52,215
Total event-related revenue		**988,044**	**1,179,229**
Event-related expenses			
FIFA World Cup™ expenses	6	–427,944	–345,269
Other FIFA event expenses	6	–160,658	–84,174
Total event-related expenses		**–588,602**	**–429,443**
Event-related gross result		**399,442**	**749,786**
Other operating income	7	52,356	57,681
Development-related expenses	8	–182,900	–335,067
Football governance	9	–51,893	–57,966
Exploitation of rights	10	–15,174	–31,040
Personnel expenses	11	–88,937	–77,433
Depreciation and amortisation	19–20	–13,182	–13,471
Other operating expenses	12	–66,295	–103,858
Taxes and duties	15	–4,866	–893
Operating result before financial items		**28,551**	**187,739**
Financial income	13	29,841	54,066
Financial expenses	14	–22,430	–39,859
Net result for the year		**35,962**	**201,946**
Allocation to restricted reserves		–35,962	–201,946
Result for the year after allocation		**0**	**0**

Consolidated balance sheet

in TUSD	Note	31 Dec 2011	31 Dec 2010
Assets			
Cash and cash equivalents	16	859,071	1,609,436
Receivables	17	290,386	218,039
Derivative financial assets	27	13,010	19,344
Financial assets	21	736,198	30,173
Prepaid expenses and accrued income	18	151,423	39,842
Current assets		**2,050,088**	**1,916,834**
Property and equipment	19	178,587	189,244
Intangible assets	20	542	1,084
Derivative financial assets	27	1,146	9,734
Financial assets	21	97,408	27,909
Non-current assets		**277,683**	**227,971**
Total assets		**2,327,771**	**2,144,805**
Liabilities and reserves			
Payables	22	88,291	179,485
Tax liabilities		1,027	659
Derivative financial liabilities	27	1,322	0
Accrued expenses and deferred income	23	805,913	667,709
Current liabilities		**896,553**	**847,853**
Accrued expenses and deferred income	23	118,267	0
Derivative financial liabilities	27	6,025	0
Provisions	24	14,035	16,816
Non-current liabilities		**138,327**	**16,816**
Total liabilities		**1,034,880**	**864,669**
Association capital	25	4,104	4,104
Hedging reserve	27	3,079	26,338
Translation reserves		–89	–141
Restricted reserves	25	1,285,797	1,249,835
Reserves		**1,292,891**	**1,280,136**
Total liabilities and reserves		**2,327,771**	**2,144,805**

Consolidated cash flow statement

in TUSD	Note	2011	2010
Net result for the year		35,962	201,946
Depreciation and amortisation	19–20	13,182	13,471
Net financial result	13–14	–7,411	–14,207
Other non-cash items		5,783	4,742
Taxes and duties	15	4,866	893
(Increase)/Decrease in receivables		–72,347	42,219
(Increase)/Decrease in prepaid expenses and accrued income		–110,472	45,760
(Decrease)/Increase in payables		–91,200	123,850
Purchase of foreign currency hedging derivatives		–989	–2,741
Increase/(Decrease) in accrued expenses and deferred income		283,220	–293,146
(Decrease)/Increase in provisions	24	–2,781	4,221
Taxes and duties paid		–4,498	–944
Net cash provided by operating activities		**53,315**	**126,064**
Purchase of property and equipment	19	–1,983	–1,849
Investment in financial assets	21	–807,794	–21,750
Repayments and sale of financial assets	21	606	49,457
Interest received	13	4,937	5,759
Income from investments in financial assets		2,737	42
Net cash (used in)/provided by investing activities		**–801,497**	**31,659**
Interest paid	14	–432	–427
Net cash used in financing activities		**–432**	**–427**
Net (decrease)/increase in cash and cash equivalents		**–748,614**	**157,296**
Cash and cash equivalents as at 1 January	**16**	**1,609,436**	**1,447,577**
Effect of exchange rate fluctuations		–1,751	4,563
Cash and cash equivalents as at 31 December	**16**	**859,071**	**1,609,436**

Consolidated statement of changes in reserves

in TUSD	Association capital	Hedging reserve	Restricted reserves	Translation reserves	Total
Balance as at 1 January 2010	**4,104**	**9,203**	**1,047,889**	**–116**	**1,061,080**
Effective portion of changes in fair value of hedging instruments	0	26,338	0	0	26,338
Net change in fair value of hedging instruments transferred to income statement	0	–9,203	0	0	–9,203
Translation adjustment	0	0	0	–25	–25
Total other comprehensive income	**0**	**17,135**	**0**	**–25**	**17,110**
Net result for the year	0	0	201,946	0	201,946
Total comprehensive income for the year	**0**	**17,135**	**201,946**	**–25**	**219,056**
Balance as at 31 December 2010	**4,104**	**26,338**	**1,249,835**	**–141**	**1,280,136**

in TUSD	Association capital	Hedging reserve	Restricted reserves	Translation reserves	Total
Balance as at 1 January 2011	**4,104**	**26,338**	**1,249,835**	**–141**	**1,280,136**
Effective portion of changes in fair value of hedging instruments	0	–3,915	0	0	–3,915
Net change in fair value of hedging instruments transferred to income statement	0	–19,344	0	0	–19,344
Translation adjustment	0	0	0	52	52
Total other comprehensive income	**0**	**–23,259**	**0**	**52**	**–23,207**
Net result for the year	0	0	35,962	0	35,962
Total comprehensive income for the year	**0**	**–23,259**	**35,962**	**52**	**12,755**
Balance as at 31 December 2011	**4,104**	**3,079**	**1,285,797**	**–89**	**1,292,891**

Consolidated statement of comprehensive income

in TUSD	2011	2010
Other comprehensive income		
Effective portion of changes in fair value of hedging instruments	–3,915	26,338
Net change in fair value of hedging instruments transferred to income statement	–19,344	–9,203
Translation adjustment	52	–25
Total other comprehensive income	**–23,207**	**17,110**
Net result for the year	35,962	201,946
Total comprehensive income for the year	**12,755**	**219,056**

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 208 associations affiliated to six confederations. FIFA's principal mission is to promote the game of association football in every way it deems fit. FIFA uses its reserves in pursuit of its principal mission.

FIFA prepares the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

Based on the FIFA Statutes, the financial period of FIFA is four years and begins on 1 January in the year following the final competition of the FIFA World Cup™. The reporting financial period therefore runs from 1 January 2011 until 31 December 2014.

Some figures cannot be compared on a year-to-year basis, especially since the 2010 FIFA World Cup South Africa™ took place in the previous year, while the 2011 financial year is the first year of the 2011-2014 cycle. Consequently, a comparison with figures for the previous year is in some cases not meaningful. The structure of the income statement reflects the structure of the four-year budget approved by the 2010 FIFA Congress. The presentation of the income statement has been adjusted accordingly.

B Basis of presentation

The consolidated financial statements are presented in US dollars (USD) which is the functional currency of FIFA.

The consolidated financial statements are prepared on a historical cost basis, except that the following assets and liabilities are stated at fair value: derivative financial instruments and certain financial assets are classified as “at fair value through profit or loss”.

Several new and revised standards and interpretations came into effect in 2011. None of the new or revised standards or interpretations had a significant influence on the financial statements.

FIFA is currently assessing the potential impacts of the new and revised standards that will be effective from 1 January 2012 or later. FIFA does not expect the new and revised standards to have a significant effect on its financial statements.

C Basis of consolidation

The term "FIFA" is hereafter also used for the consolidated group, which represents FIFA and its subsidiaries.

Subsidiaries are those entities 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 commenced until the date that control ceased. The individual subsidiaries included in this consolidation are shown in Note 32.

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

a) Foreign currency transactions and balances
Transactions in foreign currencies are converted 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 converted at the foreign exchange rate ruling on that date. Foreign exchange differences arising from conversion are recognised in the income statement.

b) Financial statements of foreign subsidiaries
For FIFA's foreign subsidiaries, assets and liabilities including fair value adjustments arising on consolidation are converted into USD at the foreign exchange rate ruling on the balance sheet date. The revenue and expenses of foreign subsidiaries are converted into USD at the average foreign exchange rates of the period. Exchange differences arising from conversion of the accounts of foreign subsidiaries are recognised in other comprehensive income.

The foreign exchange rates used are as follows (USD per unit):

	31 Dec 2011	Average 2011	31 Dec 2010	Average 2010
CHF	1.0517	1.1057	1.0560	0.9505
EUR	1.2939	1.3806	1.3291	1.3443
GBP	1.5409	1.5950	1.5444	1.5517

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 operating 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 other FIFA events. For accounting purposes, FIFA defines other FIFA events as all other football events, such as the FIFA Women's World Cup™, FIFA Confederations Cup, FIFA Club World Cup, FIFA U-20 World Cup, FIFA U-17 World Cup, FIFA U-20 Women's World Cup, FIFA U-17 Women's World Cup, Olympic Football Tournaments, FIFA Futsal World Cup, FIFA Beach Soccer World Cup, Blue Stars/FIFA Youth Cup, FIFA Interactive World Cup, etc.

F Revenue recognition

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

- Television broadcasting rights
- Marketing rights
- Hospitality rights
- Licensing rights

Under these revenue-generating contracts, FIFA receives either fixed royalty payments or royalties in the form of guaranteed minimum payments plus additional sales-based payments (profit share). Such revenue elements are only recognised if it is virtually certain that FIFA will receive additional payments.

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 fixed royalty and guaranteed minimum payments, additional sales-based revenue (profit share) is included in the percentage-of-completion method only when the amount is probable and can be measured reliably.

Revenue from hospitality rights is recognised in line with the payments received. In previous years, revenue from hospitality rights has been recognised using the percentage-of-completion method.

Ticket sales in connection with the FIFA Confederations Cup Brazil 2013 and the 2014 FIFA World Cup Brazil™ will be recognised in the year the event takes place. The ticket sales of the 2010 FIFA World Cup South Africa™ and the FIFA Confederations Cup South Africa 2009 have not been recognised since the 2010 FIFA World Cup Organising Committee South Africa was the beneficiary of the net revenue.

Revenue from rendering of services is recognised in the accounting period in which the services are rendered.

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

FIFA receives value-in-kind revenue from several Commercial Affiliates. This value-in-kind revenue consists of pre-determined services and delivery of goods to be used in connection with the 2014 FIFA World Cup Brazil™ or other FIFA events. The revenue is recognised when the services/goods have been received and the equivalent costs are accounted for in the same period as an event-related expense.

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. The costs of the event are estimated based on the approved budgets of all event-related projects and include an estimation uncertainty.

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

Expenses relating to other 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 in which the event takes place.

H Development-related expenses

FIFA gives financial assistance to member associations and confederations in return for past or future compliance with certain conditions relating to their activities. During the four-year period under review, FIFA is providing each member association and confederation with funds under the Financial Assistance Programme (FAP). The *Goal* Programme provides member associations with specific funding for tailor-made projects. The expenses are recorded in the income statement once FIFA has approved the project in question.

For other development projects, 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, foreign exchange gains, gains on derivatives that are not accounted for as hedging instruments and gains arising from a change in the fair value of financial assets designated at fair value through profit or loss. Financial expenses consist of interest on financial liabilities, foreign exchange losses, losses on derivatives not accounted for as hedging instruments and losses arising from a change in the fair value of financial assets designated at fair value through profit or loss.

Interest income is recognised in the income statement using the effective interest rate method. Dividend income is recognised in the income statement on the date that the dividend is declared.

K Taxes and duties

FIFA was established in the legal form of an association pursuant to 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 reserves for the above-mentioned purpose.

FIFA is taxed in Switzerland according to the ordinary taxation rules applying to associations. The non-profit character of FIFA and the four-year accounting cycle are thereby taken into account. The subsidiaries are taxed according to the relevant tax legislation.

This position includes all non-recoverable taxes and duties borne by FIFA or its subsidiaries.

Therefore, a reconciliation of the effective tax rate to the consolidated result before tax would not be meaningful. Consequently, this reconciliation has not been carried out. No taxes are recognised in other comprehensive income.

L Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, post 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 rate risks arising from operating 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 forward exchange contracts is their 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 from highly probable forecast transactions, the effective part of any gain or loss on re-measurement of the hedging instrument is recognised directly in the hedging reserve. The ineffective part of any gain or loss is recognised in the income statement immediately.

Gains or losses on a hedging instrument are reclassified from hedging reserve in the same period in which the hedged forecasted cash flows affect profit or loss.

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 hedging reserve remains in hedging reserve 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 hedging reserve 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 presented 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 and equipment

Property and equipment are stated at acquisition cost less accumulated depreciation and impairment losses. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment. Repairs and maintenance costs are recognised in the income statement as an expense as they are incurred.

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

Operational buildings	20-50 years
Office and other equipment	3-20 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:

Film archive	10 years

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

R Non-derivative financial assets

FIFA classifies non-derivative financial assets into the following categories: loans and receivables, financial assets at fair value through profit or loss and held-to-maturity financial assets.

Until 2011, FIFA managed and evaluated its debt and equity securities on a fair-value basis in accordance with its previous documented asset management strategy. Therefore, these financial assets were designated at fair value through profit or loss. In 2011, FIFA implemented a new asset management strategy. The overriding long-term investment objective is the real preservation of the value of FIFA's financial assets for the respective four-year budget period. As such, the respective debt securities purchased from 2011 onwards are classified as held to maturity. The change in the asset management strategy has led to no reclassifications of previously recognised financial assets.

Loans and receivables are those created by FIFA when providing money or services to third parties. Initially, they are recognised at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortised cost using the effective interest method less impairment losses.

Marketable equity securities are classified as at fair value through profit or loss. Such financial assets are measured at fair value with changes thereto recognised in profit or loss.

If FIFA has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held to maturity. They are measured at amortised cost using the effective interest method less impairment losses.

Any debt or equity security that does not have a quoted market price in an active market and for which fair value cannot be reliably measured is stated at cost less impairment losses.

Financial assets and liabilities are offset and the net amount is presented 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 Non-derivative financial liabilities

Non-derivate financial liabilities such as payables are measured at amortised cost, which equals nominal value for short-term payables.

T Impairment

The carrying amounts of FIFA's property and equipment, intangible assets and financial assets measured at amortised cost are reviewed at each balance sheet date to determine whether there is any indicator of impairment. If any such indication exists, the non-financial 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.

A financial asset measured at amortised cost is impaired if there is objective evidence of impairment as a result of an event that occurred after initial recognition, and that event has an impact on the estimated future cash flows of that asset. An impairment loss in respect of such financial asset is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities.

When an event occurring after the impairment was recognised causes the impairment loss to decrease, the decrease is reversed through profit or loss.

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 using the effective interest rate method.

v Employee benefit obligations

FIFA has established a retirement benefit plan for all of its employees, which is maintained by an insurance company. 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 in accordance with 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 obligations 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 Reserves

Reserves consist of association capital and restricted reserves, as well as hedging reserve and translation reserves. As FIFA is an association, no dividends are paid.

Based on article 69 of the FIFA Statutes, the revenue and expenditure of FIFA shall be managed so that they balance out over the financial period. FIFA's major duties in the future shall be guaranteed through the creation of reserves. Therefore, the net result for the year is allocated to the reserves. Such reserves are presented as restricted reserves in the balance sheet.

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 headquarters are situated. The supreme court shall invest them in gilt-edged securities until the re-establishment of the federation.

Y Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 6 Event-related expenses: accounting estimates and judgments
- Note 11 Personnel expenses: accounting estimates and judgments
- Note 21 Financial assets: accounting estimates and judgments

Notes to the consolidated income statement

1 Revenue from television broadcasting rights

in TUSD	2011	2010
Revenue from television broadcasting rights – FIFA World Cup™		
– Europe	281,144	334,089
– Asia and North Africa	107,054	157,625
– South and Central America	83,025	85,528
– North America and the Caribbean	61,159	51,767
– Rest of the world	9,909	34,425
– Other revenues	376	110,954
– Sales commission	–5,939	–59,244
Total revenue from television broadcasting rights – FIFA World Cup™	**536,728**	**715,144**
Other FIFA events	13,558	2,834
Total revenue from television broadcasting rights	**550,286**	**717,978**

The revenue from television broadcasting rights for the 2014 FIFA World Cup™ is recognised applying the percentage-of-completion method. Since the year 2011 only takes into account any signed contracts for the 2014 FIFA World Cup™, any comparison with the figures for the previous year is limited. In addition, "other revenues" reflects the service revenues from broadcasters for event-related services, which decreased due to the fact that the FIFA World Cup™ took place in 2010.

The revenue recognised through the percentage-of-completion method (excluding hedge accounting effects, other revenues and sales commission) amounts to TUSD 533,979. The accumulated amount of TUSD 494,497 has been invoiced.

A substantial part of the income from television broadcasting rights is denominated in EUR. The majority of the contractually agreed revenue in currencies other than USD is hedged. The revenue is increased by the amount of TUSD 8,312 to reflect the effect of hedge accounting (see also Note 27).

Sales commission

The broadcasting rights in certain countries, especially in parts of Africa and Asia, are sold in cooperation with agencies.

Other FIFA events

The revenue from the television broadcasting rights for other FIFA events includes the revenue from the sale of television broadcasting rights and services offered to the broadcasters in connection with the FIFA Women's World Cup Germany 2011™.

2 Revenue from marketing rights

in TUSD	2011	2010
Revenue from marketing rights – FIFA World Cup™		
– FIFA Partners	177,125	148,500
– FIFA World Cup Sponsors	130,787	98,175
– National Supporters	28,590	8,333
– FIFA Fan Fest™	0	7,034
– Value-in-kind transactions	14,983	83,414
– Sales commission	–3,579	–4,967
Total revenue from marketing rights – FIFA World Cup™	**347,906**	**340,489**
Other FIFA events	33,339	2,447
Total revenue from marketing rights	**381,245**	**342,936**

The revenue recognised through the percentage-of-completion method (excluding hedge accounting effects, value-in-kind transactions and sales commission) amounts to TUSD 335,640. The revenue invoiced from marketing rights amounts to TUSD 466,235.

The revenue is increased by the amount of TUSD 862 to reflect the effect of hedge accounting (see also Note 27).

Other FIFA events

The revenue from other FIFA events includes National Supporter payments in connection with the FIFA Women's World Cup Germany 2011™, the FIFA U-20 World Cup Colombia 2011, the FIFA U-17 World Cup Mexico 2011 and the FIFA Beach Soccer World Cup Ravenna/Italy 2011. The majority of these payments are transferred to the Local Organising Committees. The relevant costs are shown as event-related expenses (Note 6).

3 Revenue from licensing rights

in TUSD	2011	2010
FIFA World Cup™	10,231	24,542
Other FIFA events	2,244	1,558
Total revenue from licensing rights	**12,475**	**26,100**

The recognised revenue from licensing rights for the 2014 FIFA World Cup Brazil™ amounts to TUSD 10,231. The amount collected totals TUSD 19,061.

4 Revenue from hospitality rights

in TUSD	2011	2010
FIFA World Cup™	15,000	40,000
Other FIFA events	111	0
Total revenue from hospitality rights	**15,111**	**40,000**

The hospitality rights for the 2014 FIFA World Cup Brazil™ have been granted to MATCH Hospitality AG for USD 120 million. The revenue recognised equals the amounts received.

5 Other event-related revenue

in TUSD	2011	2010
Revenue from the FIFA Club World Cup	26,000	38,661
Match levies from qualifying competitions	1,849	923
Penalties/appeals from qualifying competitions	2,062	1,105
Various event-related revenue	–984	11,526
Total other event-related revenue	**28,927**	**52,215**

6 Event-related expenses

in TUSD	2011	2010
FIFA World Cup™	427,944	345,269
Other FIFA events	160,658	84,174
Total event-related expenses	**588,602**	**429,443**

Expenses related to the 2014 FIFA World Cup™

in TUSD	2011
Travel and accommodation – teams and officials	10,823
Contributions to the LOC	58,050
Ticketing and accommodation services/IT solution	23,046
Event marketing rights and TV production	23,975
Other	11,187
Event-related expenses – accrued	300,863
Total expenses related to the 2014 FIFA World Cup™	**427,944**

The expenses recognised in connection with the 2014 FIFA World Cup Brazil™ amount to USD 427.9 million. The expenses incurred amount to USD 127.0 million.

The biggest amount incurred relates to the financing of the 2014 FIFA World Cup Organising Committee Brazil in the amount of USD 58.1 million. The approved budget for the Local Organising Committee amounts to BRL 892 million, which is fully financed by FIFA.

The travel and accommodation costs were incurred primarily in relation to the Preliminary Draw which took place in Rio de Janeiro in July 2011 and the costs of FIFA officials involved in the preliminary competitions.

Accounting estimates and judgments

Expenses related to the 2014 FIFA World Cup Brazil™ are recognised based on the stage of completion of the event preparation. 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 cost estimate for the event. The recognition of expenses is adjusted accordingly. However, the overall cost estimate at a certain stage inherently includes an estimation uncertainty.

Expenses related to other FIFA events

in TUSD	2011	2010
FIFA Women's World Cup Germany 2011™	70,385	0
FIFA U-20 World Cup Colombia 2011	23,166	0
FIFA U-17 World Cup Mexico 2011	20,981	0
FIFA Club World Cup UAE 2010	–319	26,894
FIFA Club World Cup Japan 2011	23,538	0
FIFA Beach Soccer World Cup Ravenna/Italy 2011	6,084	0
FIFA U-17 Women's World Cup Trinidad & Tobago 2010	–37	17,462
Youth Olympic Football Tournaments Singapore 2010	56	2,526
FIFA U-20 Women's World Cup Germany 2010	–39	21,211
2010 FIFA World Cup South Africa™	3,667	0
FIFA Confederations Cup South Africa 2009	0	89
FIFA U-20 World Cup Egypt 2009	0	908
Blue Stars/FIFA Youth Cup	1,423	1,074
Host Announcement/Bidding 2018/2022 FIFA World Cup™	0	9,350
2014 FIFA World Cup Brazil™	0	3,638
Other events	11,753	1,022
Total expenses related to other FIFA events	**160,658**	**84,174**

The expenses for the other FIFA events are recognised in the year when the event takes place. The expenses related to other FIFA events include the financial support to the Local Organising Committee, travel and accommodation costs of the FIFA officials and the participating teams and other expenses. Part of the expenses are incurred as value-in-kind transactions.

Costs related to the FIFA Women's World Cup Germany 2011™ include payments from National Supporters which were transferred to the Local Organising Committee (see also Note 2).

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7 Other operating income

in TUSD	2011	2010
Quality Concept	14,637	11,183
Income from sale of film and video rights	3,177	11,978
Brand licensing	25,556	24,474
Penalties/appeals from friendly matches	41	1,515
Rental income	1,380	1,024
Match levies from friendly matches	3,841	1,689
Other	3,724	5,818
Total other operating income	**52,356**	**57,681**

Quality Concept contains the revenue in connection with the test programmes for footballs and football turf. Brand licensing relates to licences granted to use the brand "FIFA".

8 Development-related expenses

in TUSD	2011	2010
Financial Assistance Programme (FAP) – member associations	53,218	52,255
Financial Assistance Programme (FAP) – confederations	17,500	15,000
Extraordinary FAP payments	0	144,400
Confederation development programmes	15,000	0
PERFORMANCE	9,218	0
Goal Programme	30,687	42,481
Win in Africa with Africa	6	11,834
Refereeing Assistance Programme (RAP)	10,218	15,788
Solidarity projects	6,300	0
Football for Hope	5,613	10,587
Education	5,429	0
Win in ... projects	0	17,706
Women's football	4,261	1,270
Football for Health (F-MARC)	3,293	3,075
Other projects	22,157	20,671
Total development-related expenses	**182,900**	**335,067**

FAP
FAP is a financial aid programme under which USD 1 million is granted to each member association and USD 10 million to each confederation during the four-year cycle 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 member association;
- Promote youth football;
- Provide basic and further training for member association members, as well as others seconded to the member associations for administrative and technical duties;
- Promote technical and sports development;
- Support member associations in arranging and taking part in official football competitions.

All member associations and confederations have to provide FIFA with an audited financial statement every year. Additionally, FIFA arranges a central audit of 21 member associations and one confederation each year through its statutory auditors KPMG to ensure that all financial assistance payments are in compliance with the FAP Regulations.

As at 31 December 2011, funds committed but not yet paid out amounted to USD 18.6 million (2010: USD 21.7 million).

Extraordinary FAP payments
The extraordinary FAP payments recognised in 2010 were due to the financial success of the 2010 FIFA World Cup South Africa™. The first payment of USD 250,000 to all 208 member associations and USD 2.5 million to the confederations was announced at the FIFA Congress in June 2010. The second payment of USD 300,000 to all 208 member associations and USD 2.5 million to the confederations has been approved by the members of the Emergency Committee and the chairman of the Finance Committee. The total extraordinary financial support amounts to USD 144.4 million. The FAP Regulations as described above also apply to the extraordinary FAP payments. This means that the use of the funds by the member associations and the confederations is restricted to the purposes defined in the Regulations and is also subject to external audits.

Contributions to confederation development programmes
For the 2011-2014 cycle, each of the six confederations is granted additional financial support of USD 2.5 million per year. The use of these funds must be in compliance with the FAP Regulations. In addition, this programme is also subject to local and central audits as described above.

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

- Administration – setting up national and regional associations, including team 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.

The maximum amount that can be awarded per project is limited to USD 500,000. As at 31 December 2011, funds committed but not yet paid out to *Goal* projects amounted to USD 50.3 million (2010: USD 50.6 million). These commitments are recognised and stated under accrued expenses.

PERFORMANCE

The main objective of the PERFORMANCE programme is to strengthen and enhance football leadership and management systems, enabling the member associations to better organise, professionalise and commercialise their activities in order to become more efficient, accountable and self-sustaining.

Refereeing Assistance Programme (RAP)

The Refereeing Assistance Programme includes several programmes to support the education of referees, for example through various seminars and courses.

Solidarity projects

In 2011, additional financial support was granted to the member associations of Japan and New Zealand to support the reconstruction of football infrastructure that was destroyed by natural disasters. In addition, FIFA granted USD 1 million to the International Red Cross to support their programmes in Somalia.

Football for Hope

Football for Hope is a social responsibility programme which uses the power of the game for social development. Part of Football for Hope is the 20 Centres for 2010 initiative related to the 2010 FIFA World Cup South Africa™. Its aim is to create 20 Football for Hope Centres to promote public health, education and football in disadvantaged communities across Africa.

Education

FIFA supports the International Centre for Sports Studies (CIES) at the University of Neuchâtel in Switzerland with yearly financial contributions.

Women's football

The 5th FIFA Women's Football Symposium took place in Frankfurt from 15-17 July 2011. In addition, various courses and seminars are organised to improve the game.

Football for Health (F-MARC)

Football for Health includes various programmes in the medical field such as medical research, doping control and the "11 for Health" programme.

9 Football governance

in TUSD	2011	2010
Committees and Congress	31,067	33,070
Legal matters	20,826	18,433
Football administration	0	4,008
CIES	0	2,455
Total football governance	**51,893**	**57,966**

The costs for committees and the Congress comprise the costs incurred in connection with the 61st FIFA Congress in Zurich which took place at the beginning of June 2011, plus the costs of the meetings of more than 25 standing committees and three FIFA judicial bodies (Disciplinary Committee, Appeal Committee and Ethics Committee). The cost for travel and accommodation of the committee members as well as of the official delegates of the 208 member associations, the six confederations and guests for the FIFA Congress are paid by FIFA.

The costs in connection with football administration and the International Centre for Sports Studies (CIES) at the University of Neuchâtel in Switzerland are presented as Development expenses from 2011 onwards.

10 Exploitation of rights

in TUSD	2011	2010
Marketing	2,593	9,060
Broadcasting and media rights	10,249	19,802
Licensing	2,332	2,178
Total exploitation of rights	**15,174**	**31,040**

The costs for exploitation of rights reflect the costs incurred by the FIFA TV & Marketing Division for the commercialisation of marketing and broadcasting rights.

11 Personnel expenses

in TUSD	2011	2010
Wages and salaries	67,344	65,280
Social benefit costs	13,789	8,818
Other employee benefit costs	1,918	1,992
Other	5,886	1,343
Total personnel expenses	**88,937**	**77,433**

The average number of employees during the year ending 31 December 2011 was 390 (2010: 387). The majority of the salaries are paid in CHF. These costs have increased primarily due to the strengthening of the CHF against the USD.

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 accounting provisions for defined benefit plans as described in IAS 19.

Change in present value of defined benefit obligations

in TUSD	2011	2010
Defined benefit obligations at beginning of year	87,370	64,414
Current service cost	11,046	7,729
Past service cost	0	1,136
Interest on obligations	2,378	2,086
Actuarial loss	5,408	5,531
Benefits paid	–1,680	–2,025
Foreign exchange effect	–928	8,499
Defined benefit obligations at end of year	**103,594**	**87,370**

Change in fair value of plan assets

in TUSD	2011	2010
Fair value of plan assets at beginning of year	81,064	65,324
Expected return on plan assets	2,334	1,952
Employer contribution	7,382	6,346
Employees' contribution	2,578	1,939
Benefits paid	–1,680	–2,025
Actuarial gain/(loss) on plan assets	990	–338
Foreign exchange effect	–896	7,866
Fair value of plan assets at end of year	**91,772**	**81,064**

The actual annual return on plan assets for the year ending 31 December 2011 amounted to TUSD 3,324 (2010: TUSD 1,614).

Amount recognised in the balance sheet

in TUSD	2011	2010
Present value of defined benefit obligations	103,594	87,370
Fair value of plan assets	–91,772	–81,064
Funded status	**11,822**	**6,306**
Unrecognised net actuarial (loss)/gain	–10,746	–6,306
Net liability	**1,076**	**0**

The expected contribution to be paid into the plan for 2011 is TUSD 7,021.

Components of pension expenses

in TUSD	2011	2010
Current service cost	11,046	7,729
Past service cost	0	1,136
Interest on obligations	2,378	2,086
Change in unrecognised plan assets	0	–908
Expected return on plan assets	–2,334	–1,952
Adjustment due to IAS 19.58	0	194
Net periodic pension cost	**11,090**	**8,285**
Employees' contribution	–2,578	–1,939
Total pension expenses	**8,512**	**6,346**

Historical information

in TUSD	2011	2010	2009	2008	2007
Present value of defined benefit obligations	103,594	87,370	64,414	55,225	39,906
Fair value of plan assets	–91,772	–81,064	–65,324	–56,206	–46,905
Funded status	**11,822**	**6,306**	**–910**	**–981**	**–6,999**
Change in assumptions in plan liabilities	4,270	5,091	–2,415	4,977	2,389
Experience loss/(gain) on plan liabilities	1,138	440	2,667	779	–3,254
Experience loss/(gain) on plan assets	–990	338	339	691	–89
Total actuarial loss/(gain)	**4,418**	**5,869**	**591**	**6,447**	**–954**

Principal actuarial assumptions

	31 Dec 2011	31 Dec 2010
Discount rate	2.25%	2.60%
Expected rate of return on plan assets	2.40%	2.75%
Future salary increases	2.00%	2.00%
Future pension increases	0.50%	0.50%

All assets are invested through an insurance contract, therefore the plan assets cannot be split into different categories.

Accounting estimates and judgments

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.

12 Other operating expenses

in TUSD	2011	2010
Information technology	9,750	7,937
Building and maintenance	10,045	7,964
Communications	22,277	36,004
Other	24,223	51,953
Total other operating expenses	**66,295**	**103,858**

13 Financial income

in TUSD	2011	2010
Interest income from cash and cash equivalents	6,046	5,936
Total interest income	**6,046**	**5,936**
Foreign currency gains	20,200	46,225
Gains on currency derivatives	1,509	0
Total foreign currency gains	**21,709**	**46,225**
Income from financial assets designated at fair value	277	1,905
Income from held-to-maturity investments	1,809	0
Total income from financial assets	**2,086**	**1,905**
Total financial income	**29,841**	**54,066**

Foreign currency gains result mainly from the valuation of the net assets in foreign currency such as GBP.

14 Financial expenses

in TUSD	2011	2010
Interest expenses	432	427
Total interest expenses	**432**	**427**
Foreign currency loss	21,998	39,432
Total foreign currency loss	**21,998**	**39,432**
Total financial expenses	**22,430**	**39,859**

Foreign currency loss results mainly from the valuation of the net assets in foreign currency such as CHF or EUR.

15 Taxes and duties

in TUSD	2011	2010
Taxes and duties	4,866	893
Total taxes and duties	**4,866**	**893**

FIFA is taxed according to the Swiss taxation rules for associations. Pursuant to these taxation rules, the statutory financial statements are the basis for taxation. In FIFA's statutory financial statements, the character of a non-profit organisation, the obligation to spend the net result, reserves and funds on the development of football, the long-term perspective of development projects, the four-year accounting cycle and the financial risks inherent to FIFA's core event, the FIFA World Cup™, are duly considered (see also Note 26 Financial risk management). FIFA's subsidiaries are taxed based on the applicable local tax regulations.

This position includes all non-recoverable taxes and duties borne by FIFA or its subsidiaries. The majority of taxes and duties are paid to tax authorities in Switzerland. In previous years, not all relevant taxes and duties were disclosed in this position. The presentation has been adjusted accordingly from 2011 onwards.

There are no tax loss carry-forwards.

Notes to the consolidated balance sheet

16 Cash and cash equivalents

in TUSD	31 Dec 2011	Weighted average interest rate	31 Dec 2010	Weighted average interest rate
Cash on hand, post and bank accounts	708,521		587,377	
Overnight deposits and fixed-term deposits with maturities of up to 3 months	150,550		1,022,059	
Total cash and cash equivalents	**859,071**	**0.35%**	**1,609,436**	**0.35%**

The fixed-term deposits have an average maturity of 49 days.

A bank account in the amount of TUSD 718 is pledged to cover a bank guarantee towards a third party.

17 Receivables

in TUSD	31 Dec 2011	31 Dec 2010
Receivables from exploitation of rights		
– Due from third parties	250,100	181,589
– Provisions for bad debts	–3,372	–3,101
Total receivables from exploitation of rights	**246,728**	**178,488**
Other receivables		
– Due from member associations and confederations	8,281	4,899
– Due from related parties	302	212
– Due from third parties	29,900	25,414
Total other receivables	**38,483**	**30,525**
Short-term loans		
– Due from related parties	5,175	6,646
– Due from third parties	0	2,380
Total short-term loans	**5,175**	**9,026**
Total receivables, net	**290,386**	**218,039**

The majority of the open receivables relates to contractual payments from broadcasters and sponsors for the 2014 FIFA World Cup™ which are due in January 2012.

Provisions for bad debts

in TUSD	31 Dec 2011	31 Dec 2010
Provisions for bad debts		
Balance as at 1 January	3,101	2,840
Use	–236	–1,442
Additions	507	1,661
Foreign exchange effect	0	42
Balance as at 31 December	**3,372**	**3,101**

Ageing structure of receivables

in TUSD	31 Dec 2011	31 Dec 2010
Receivables		
Not due	274,680	212,703
Overdue – less than 30 days	13,204	195
Overdue – less than 60 days	253	793
Overdue – more than 60 days	5,621	7,449
Total receivables	**293,758**	**221,140**

18 Prepaid expenses and accrued income

in TUSD	Note	31 Dec 2011	31 Dec 2010
Accrued income			
– 2010 FIFA World Cup™	1–4	0	10,368
– 2014 FIFA World Cup™	1–4	123,716	0
– Other FIFA events	1–5	6,000	0
Total accrued income		**129,716**	**10,368**
Prepaid expenses			
– Other FIFA events	6	10,609	21,651
– Development programmes	8	2,565	1,157
Total prepaid expenses		**13,174**	**22,808**
Other prepaid expenses and accrued income		8,533	6,666
Total prepaid expenses and accrued income		**151,423**	**39,842**

19 Property and equipment

in TUSD	Operational buildings	Land	Office and other equipment	Total
Cost				
Balance as at 1 January 2010	225,302	15,124	21,745	262,171
Acquisitions	563	0	1,286	1,849
Foreign exchange effects	0	0	49	49
Disposals	0	0	–337	–337
Balance as at 31 December 2010	**225,865**	**15,124**	**22,743**	**263,732**
Acquisitions	1,749	0	234	1,983
Balance as at 31 December 2011	**227,614**	**15,124**	**22,977**	**265,715**
Accumulated depreciation				
Balance as at 1 January 2010	49,842	0	11,992	61,834
Depreciation	11,414	0	1,516	12,930
Foreign exchange effects	0	0	24	24
Disposals	0	0	–300	–300
Balance as at 31 December 2010	**61,256**	**0**	**13,232**	**74,488**
Depreciation	11,442	0	1,198	12,640
Balance as at 31 December 2011	**72,698**	**0**	**14,430**	**87,128**
Net carrying amount				
As at 1 January 2010	175,460	15,124	9,753	200,337
As at 31 December 2010	164,609	15,124	9,511	189,244
As at 31 December 2011	**154,916**	**15,124**	**8,547**	**178,587**

The column "operational buildings" includes the Home of FIFA, FIFA House and two other buildings in Zurich.

20 Intangible assets

Film archive

in TUSD	2011	2010
Cost		
Balance as at 1 January	5,418	5,418
Acquisitions	0	0
Balance as at 31 December	**5,418**	**5,418**
Accumulated amortisation		
Balance as at 1 January	4,334	3,793
Amortisation	542	541
Balance as at 31 December	**4,876**	**4,334**
Net carrying amount		
As at 1 January	1,084	1,625
As at 31 December	**542**	**1,084**

21 Financial assets

in TUSD	31 Dec 2011	31 Dec 2010
Debt securities	284,558	30,173
Fixed-term deposits with maturities of over 3 months	451,640	0
Current financial assets	**736,198**	**30,173**
Debt securities	96,314	0
Equity securities	1,094	1,159
Other	0	26,750
Non-current financial assets	**97,408**	**27,909**
Total financial assets	**833,606**	**58,082**

A new investment strategy was implemented in 2011. Based on this strategy, part of the financial assets are invested in short and long-term bonds. In previous years, the majority of the financial assets was held as cash and cash equivalents.

22 Payables

in TUSD	31 Dec 2011	31 Dec 2010
– Due to member associations and confederations	52,113	156,651
– Due to related parties	1,616	6,554
– Due to third parties	34,562	16,280
Total payables	**88,291**	**179,485**

23 Accrued expenses and deferred income

in TUSD	Note	31 Dec 2011	31 Dec 2010
Accrued expenses			
– 2014 FIFA World Cup™	6	302,898	20,213
– Other FIFA events	6	14,286	16,336
– Development programmes	8	126,060	212,068
Total accrued expenses		**443,244**	**248,617**
Deferred income			
– 2014 FIFA World Cup™	1–3	236,523	297,466
– Other FIFA events	1–3	8,124	2,625
Total deferred income		**244,647**	**300,091**
Other accrued expenses and deferred income		118,022	113,001
Total accrued expenses and deferred income		**805,913**	**661,709**
Deferred income – non-current			
– 2018 FIFA World Cup™	1–3	118,267	6,000
Total deferred income – non-current		**118,267**	**6,000**
Total accrued expenses and deferred income		**924,180**	**667,709**

24 Provisions

in TUSD	2011	2010
Balance as at 1 January	**16,816**	**12,595**
Provisions made during the year	866	4,399
Provisions used during the year	–266	–308
Adjustments	–114	130
Reclassification	–3,267	0
Balance as at 31 December	**14,035**	**16,816**

The provisions cover the future costs of the pension plan for members of the FIFA Executive Committee. An annual pension payment will be made to all long-serving FIFA Executive Committee members retiring. Under this retirement plan, Executive Committee members receive pension payments if they have served as a member of the committee for eight or more years. The pension is paid for up to a maximum of the number of years that the member served on the committee. Only the FIFA Executive Committee members may benefit from this scheme. Family members or relatives of the Executive Committee member are not entitled to receive any payments. The retirement payments start in the financial year following retirement.

The provisions created in connection with the earthquake in Haiti in January 2010 have been reclassified to accrued liabilities and the majority have been spent.

There are no other legal or constructive obligations that require the establishment of provisions.

25 Reserves

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 (see Note 27).

Restricted reserves

Pursuant to articles 2 and 69 of the FIFA Statutes, FIFA has to balance out revenue and expenditure over the financial period and has to build up sufficient reserves to guarantee the fulfilment of its major duties.

The purpose of the reserves is to protect FIFA against risks and unforeseen events, in particular in relation to the FIFA World Cup™. The financial dependency of FIFA on the FIFA World Cup™, which takes place only every four years, needs to be considered, since the FIFA World Cup™ is FIFA's main revenue source.

The use of the reserves is restricted to FIFA's statutory duties such as the organisation of international competitions, in particular the FIFA World Cup™, and implementation of football-related development programmes.

Capital management

FIFA was established in the legal form of an association pursuant to 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 results, reserves and funds for this purpose. As FIFA is an association, 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 headquarters are situated. The supreme court shall invest them in gilt-edged securities until the re-establishment of the federation.

FIFA's strategy is to increase reserves to cover inherent risks in connection with the FIFA World Cup™ (see also Note 26).

Other disclosures

26 Financial risk management

Exposure to currency and interest risks as well as credit and liquidity risks arises in the course of FIFA's normal operations.

Credit risk

In line with FIFA's marketing and TV strategy, FIFA sold the television broadcasting rights in the key markets for the final competitions of the 2010 and 2014 FIFA World Cups™ directly to broadcasters. For the 2006 FIFA World Cup™, the rights were sold in packages to intermediaries.

The revenue from television and marketing rights is received from large multinational companies and public broadcasters. Part of the outstanding revenue is also covered by bank guarantees. Additionally, the contracts include a default clause, whereby the contract terminates as soon as one party is in default. In the event of a Commercial Affiliate defaulting, FIFA is not required to reimburse any of the services or contributions received. FIFA is also entitled to replace terminated contracts with new marketing or broadcasting agreements.

Material credit risks could potentially arise if several Commercial Affiliates were unable to meet their contractual obligations and if FIFA was unable to find a replacement in due time. The FIFA management monitors the credit standing of Commercial Affiliates very closely on an ongoing basis. Given their good credit ratings and the high diversification of the Commercial Affiliates portfolio, FIFA management believes that this scenario is very unlikely to occur.

Fixed-income investments with residual terms to maturity of 12 months or less are only executed with borrowers with a short-term rating of "A-3" or higher. Investments in bonds are only executed in listed, tradable bonds issued by borrowers with a "BBB-" rating or higher. Derivative financial instruments are executed only with counter-parties with high credit ratings.

Interest rate risk

FIFA is exposed to fluctuations in interest rates on its short-term placements in fixed-term deposits. Since the interest rate of all short-term deposits is fixed at year end, there is no direct interest rate exposure. Some debt securities are linked to LIBOR. Therefore, there exists a certain exposure on future cash inflows due to possible changes in interest rates. This interest rate risk is assessed as low.

As at 31 December 2011, there is no interest rate risk arising from financing transactions because FIFA is fully self-financed.

Foreign currency risk

FIFA's functional currency is the USD because the majority of its cash flows are denominated in USD. Exposure to foreign currency exchange rates arises from transactions denominated in currencies other than USD, especially in EUR, CHF, GBP and BRL.

FIFA receives foreign currency cash inflows in the form of revenue from the sale of certain rights denominated in EUR, GBP or CHF. On the other side, FIFA has substantial costs, especially employee costs and operating costs in connection with FIFA's offices in Zurich, denominated in CHF, while no major costs are expected in EUR or GBP. A substantial part of the costs in connection with the 2014 FIFA World Cup Brazil™ are denominated in BRL. The Controlling & Strategic Planning Department regularly forecasts the liquidity and foreign exchange requirements up to the 2018 FIFA World Cup™. If any foreign currency risks are identified, FIFA uses forward currency exchange contracts and derivative products to hedge this exposure (see also Note 27).

As at 31 December 2011, FIFA is exposed to the following foreign exchange fluctuation risks:

- If the EUR had gained (lost) 10% against the USD as at 31 December 2011, the net result would have been USD 39.0 million higher (lower).
- If the CHF had gained (lost) 10% against the USD as at 31 December 2011, the net result would have been USD 14.1 million higher (lower).
- If the GBP had gained (lost) 10% against the USD as at 31 December 2011, the net result would have been USD 3.8 million higher (lower).
- If the BRL had gained (lost) 10% against the USD as at 31 December 2011, the net result would have been USD 2.1 million higher (lower).

This fluctuation analysis only shows the effect from an accounting perspective and not realised gains or losses.

Positions exposed to foreign currency risk as at 31 December 2011

in thousands	CHF	EUR	GBP
Cash and cash equivalents	101,826	56,026	11
Receivables	28,826	68,306	690
Exposure from applying percentage-of-completion method	3,862	156,680	24,375
Financial assets	29,928	20,924	0
Total assets in foreign currency	**164,442**	**301,936**	**25,076**
Payables	10,755	855	118
Accrued expenses and deferred income	20,046	0	0
Total liabilities in foreign currency	**30,801**	**855**	**118**
Net exposure in foreign currency	**133,641**	**301,081**	**24,958**

Liquidity risk

As at 31 December 2011, FIFA is fully self-financed. Additionally, FIFA has access to contractual or secured short-term credit facilities in the amount of CHF 158 million, guaranteed by its own properties, which could be used to cover any additional liquidity needs.

Maturity of financial liabilities

	31 December 2011			31 December 2010		
in TUSD	**90 days**	**1 year or less**	**More than a year**	**90 days**	**1 year or less**	**More than a year**
Payables – associations and confederations	0	52,113	0	0	156,651	0
Payables – related parties	1,616	0	0	6,554	0	0
Payables – third parties	34,562	0	0	16,280	0	0
Derivative financial liabilities	0	1,322	6,025	0	0	0
Total	**36,178**	**53,435**	**6,025**	**22,834**	**156,651**	**0**

Payables and receivables to/from associations and confederations do not have a specific maturity date. Generally, the accounts are used to settle new invoices to and from associations and confederations. In accordance with the FIFA Statutes, payables and receivables can be netted.

Cancellation risk

FIFA's financial position depends on the successful staging of the FIFA World Cup™ because almost all contracts with Commercial Affiliates are related to this event. In the event of cancellation, curtailment or abandonment of the FIFA World Cup™, FIFA would run the risk of some of the revenues already received and accounted for having to be repaid.

At its meeting on 24 October 2008, the Executive Committee decided to insure against the risk of postponement and/or relocation of the 2010 and 2014 FIFA World Cups™. The risks covered include natural catastrophe, accidents, turmoil, war, acts of terrorism, non-participation of teams and epidemic diseases. The cancellation of the event is not covered by the insurance and would need to be covered by FIFA's own financial resources.

For the 2014 FIFA World Cup™, the maximum insurance volume is USD 900 million to cover FIFA's additional costs in case of postponement and/or relocation of the event.

Classification of financial assets

	31 December 2011				31 December 2010		
in TUSD	Loans and receivables	Financial assets at fair value through P&L	Financial assets held to maturity	Derivatives used for hedging activities	Loans and receivables	Financial assets at fair value through P&L	Derivatives used for hedging activities
Cash and cash equivalents	859,071	0	0	0	1,609,436	0	0
Receivables	290,386	0	0	0	218,039	0	0
Derivative financial assets	0	0	0	14,156	0	0	29,078
Financial assets	451,640	31,279	350,687	0	26,750	31,332	0
Accrued income	6,000	0	0	0	10,368	0	0
Total	**1,607,097**	**31,279**	**350,687**	**14,156**	**1,864,593**	**31,332**	**29,078**

Due to their short maturity, the carrying amount of the financial assets approximates the fair value.

Classification of financial liabilities

	31 December 2011			31 December 2010		
in TUSD	Financial liabilities at fair value through P&L	Financial liabilities at amortised cost	Derivatives used for hedging activities	Financial liabilities at fair value through P&L	Financial liabilities at amortised cost	Derivatives used for hedging activities
Payables	0	88,291	0	0	179,485	0
Derivative financial liabilities	0	0	7,347	0	0	0
Accrued expenses	0	443,244	0	0	345,320	0
Total	**0**	**531,535**	**7,347**	**0**	**524,805**	**0**

Due to their short maturity, the carrying amount of the payables approximates the fair value.

Fair value disclosure

Financial assets designated at fair value through profit or loss in the amount of USD 1.1 million are traded in active markets and the fair value is based on unadjusted quoted market prices on the balance sheet date (Level 1). Financial assets designated at fair value through profit or loss in the amount of USD 30.2 million and derivatives used for hedging activities in the net amount of USD 6.8 million are not traded in active markets and the fair value on the balance sheet date is determined by using valuation techniques (Level 2) with observable market data.

27 Hedging activities and derivative financial instruments

FIFA uses foreign currency derivatives and forwards to hedge the exposure on revenue from TV rights denominated in EUR or GBP. Depending on the expected needs based on the forecast, the revenue is converted into CHF or USD. All hedging transactions cover future revenue which is contractually defined. Additionally, FIFA hedges its exposure in BRL for future costs in connection with the 2014 FIFA World Cup Brazil™ and in RUB for future costs in connection with the 2018 FIFA World Cup Russia™. All hedging transactions are in line with the strategy decided by the FIFA Executive Committee.

FIFA uses hedge accounting in accordance with IFRS to reduce the volatility of earnings and event-related costs. All transactions are classified as "cash flow hedge". All hedging transactions are expected to be highly effective, as the amount, the currency and the maturity of the underlying and hedging transaction are identical.

As of 31 December 2011, FIFA has hedged part of the broadcasting rights in connection with the 2014 FIFA World Cup Brazil™ in EUR in the amount of EUR 130.2 million and part of the expected costs in BRL in the amount of BRL 414.0 million. In addition, RUB 1,858.6 million has been hedged to cover part of the expected costs in connection with the 2018 FIFA World Cup™ in Russia.

	31 December 2011		31 December 2010	
in TUSD	**Positive fair value**	**Negative fair value**	**Positive fair value**	**Negative fair value**
Cash flow hedges				
– effective in the next year	13,010	1,322	19,344	0
– effective in the following years	1,146	6,025	9,734	0
Total	**14,156**	**7,347**	**29,078**	**0**
whereof				
– recognised in hedging reserve	**3,079**	**0**	**26,338**	**0**

The effective part of the hedge transactions has been recognised in the hedging reserve. As at 31 December 2011, there is no significant ineffectiveness. From the previous year's hedging reserve, an amount of TUSD 19,344 was transferred to the income statement. The revenue from television broadcasting has been increased by TUSD 8,312 and the revenue from marketing rights by TUSD 862. The difference reflects the change in fair value of the hedging instruments between the beginning of the year and the settlement date.

28 Legal matters and contingent liabilities

FIFA is a defendant in various court cases. Based on the legal advice received, the management is of the opinion that the outcome of these proceedings will have no effect on FIFA's financial statements.

29 Capital commitments

As at 31 December 2011, FIFA has no capital commitments.

30 Operating leases

in TUSD	31 Dec 2011	31 Dec 2010
Less than 1 year	335	216
1–5 years	41	625
Total	**376**	**841**

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 period. None of the leases include contingent rentals.

In 2011, a total amount of TUSD 585 (2010: TUSD 1,068) was recognised as an expense in the income statement for operating leases.

31 Related-party transactions

Identity of related parties

FIFA as an association has 208 members. The member associations affiliated to FIFA also form confederations. Additionally, from FIFA's perspective, the following persons are regarded as related parties: members of the Executive Committee, the Finance Committee and other key management personnel.

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 member association of the country in which the match is being played pays a share of the gross receipts from the match to FIFA. Revenue from international matches totalled USD 5.7 million in 2011 (2010: USD 2.6 million).

FIFA makes yearly contributions to the member associations and confederations (FAP, *Goal* Programme and other development programmes) to support their efforts in promoting and developing football in their region (see Note 8). These development expenses totalled USD 182.9 million in 2011 (2010: USD 335.1 million). The accumulated development expenses accrued as at 31 December 2011 totalled USD 126.1 million (2010: USD 212 million).

FIFA organises the FIFA World Cup™ and other FIFA events. In connection with these competitions, FIFA offers financial support to Local Organising Committees and compensates teams for travel and accommodation expenses. For the FIFA World Cup™, the qualifying teams also receive a subsidy to cover the cost of their preparations. Up to 2011, FIFA paid USD 58.1 million to the 2014 FIFA World Cup Organising Committee Brazil.

The total financial support allocated to Local Organising Committees for other FIFA events amounted to USD 8.5 million. The total payments for teams and confederations for other FIFA events amounted to USD 39.5 million.

FIFA has outstanding receivables from related parties amounting to USD 13.8 million (2010: USD 5.1 million), while outstanding payables total USD 53.7 million (2010: USD 163.2 million).

Key management personnel

Members of the Executive Committee, the Finance Committee and the FIFA management, in particular the directors, are regarded as key management personnel. In 2011, short-term employee benefits of USD 29.5 million were paid to the key management personnel (2010: USD 32.6 million). In addition to these short-term employee benefits, FIFA contributes to defined post-employment benefit plans. The pension expenses in 2011 amounted to USD 2.1 million (2010: USD 1.9 million).

32 Consolidated subsidiaries

	Location of incorporation	Activity	Ownership interest 2011	Ownership interest 2010
FIFA Travel GmbH	Zurich, Switzerland	Travel agency	100%	100%
Early Warning System GmbH	Zurich, Switzerland	Service company	95%	95%
FIFA Transfer Matching System GmbH	Zurich, Switzerland	Service company	95%	95%
FIFA Beach Soccer S.L.	Barcelona, Spain	Event management	70%	70%
2010 FIFA World Cup Ticketing (Pty) Ltd	Nasrec, South Africa	Ticket sales	100%	100%
FIFA World Cup South Africa (Pty) Ltd	Nasrec, South Africa	Service company	100%	100%
FWC 2014 Assessoria Ltda	Rio de Janeiro, Brazil	Service company	95%	95%
FIFA World Cup Brazil Assessoria Ltda	Rio de Janeiro, Brazil	Service company	100%	n/a
FIFA Marketing & TV AG	Zurich, Switzerland	No activity	100%	100%
FIFA Ticketing AG (formerly FIFA Media AG)	Zurich, Switzerland	No activity	100%	100%
FIFA Marketing & TV Deutschland GmbH	Germany	No activity	Liquidated	In liquidation

The subsidiary in Brazil FWC 2014 Assessoria Ltda was incorporated in 2010. At that time, it was not possible for FIFA to become a 100% shareholder. Due to changes in the legal environment in Brazil, a new company has been set up and all activities have been transferred to the new entity, which belongs 100% to FIFA.

33 Post-balance-sheet events

The FIFA Executive Committee authorised the issue of these consolidated financial statements on 30 March 2012.

The consolidated financial statements for 2011 will be submitted to the FIFA Congress for approval on 25 May 2012.

No events have occurred since 31 December 2011 that would require any adjustment to the carrying amounts of FIFA's assets and liabilities as of 31 December 2011 and/or disclosure.

Report of the Statutory Auditor to the FIFA Congress

As statutory auditor, we have audited the accompanying consolidated financial statements of Fédération Internationale de Football Association (FIFA), which comprise the balance sheet, income statement, cash flow statement, statement of changes in reserves, statement of comprehensive income and notes (page 44-95) for the year ended 31 December 2011.

FIFA Executive Committee's Responsibility

The FIFA Executive Committee is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The FIFA Executive Committee is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the FIFA Executive Committee.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Roger Neininger Licensed Audit Expert Auditor in Charge	Alex Fähndrich Licensed Audit Expert

Zurich, 30 March 2012

Audit Committee report to the FIFA Congress

In our function as the Audit Committee of FIFA, we have assessed the consolidated financial statements (balance sheet, income statement, statement of changes in reserves, the cash flow statement, statement of comprehensive income and notes) of the Fédération Internationale de Football Association for the period from 1 January 2011 to 31 December 2011.

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 2011 financial statements through:

- Examination of the audit reports of the external auditors;
- Examination of the 2011 Comprehensive Auditor's Report to the Executive Committee;
- Discussion of the financial statements during the meetings of the Audit Committee held on 26 May 2011 and 27 March 2012 in the presence of the FIFA President, the Deputy Secretary General, 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 the relevant documents and information necessary for our assessment.

On this basis, we recommend that the FIFA Congress approve the consolidated financial statements for 2011.

For the Audit Committee

Dr Franco Carraro
Chairman

Zurich, 27 March 2012