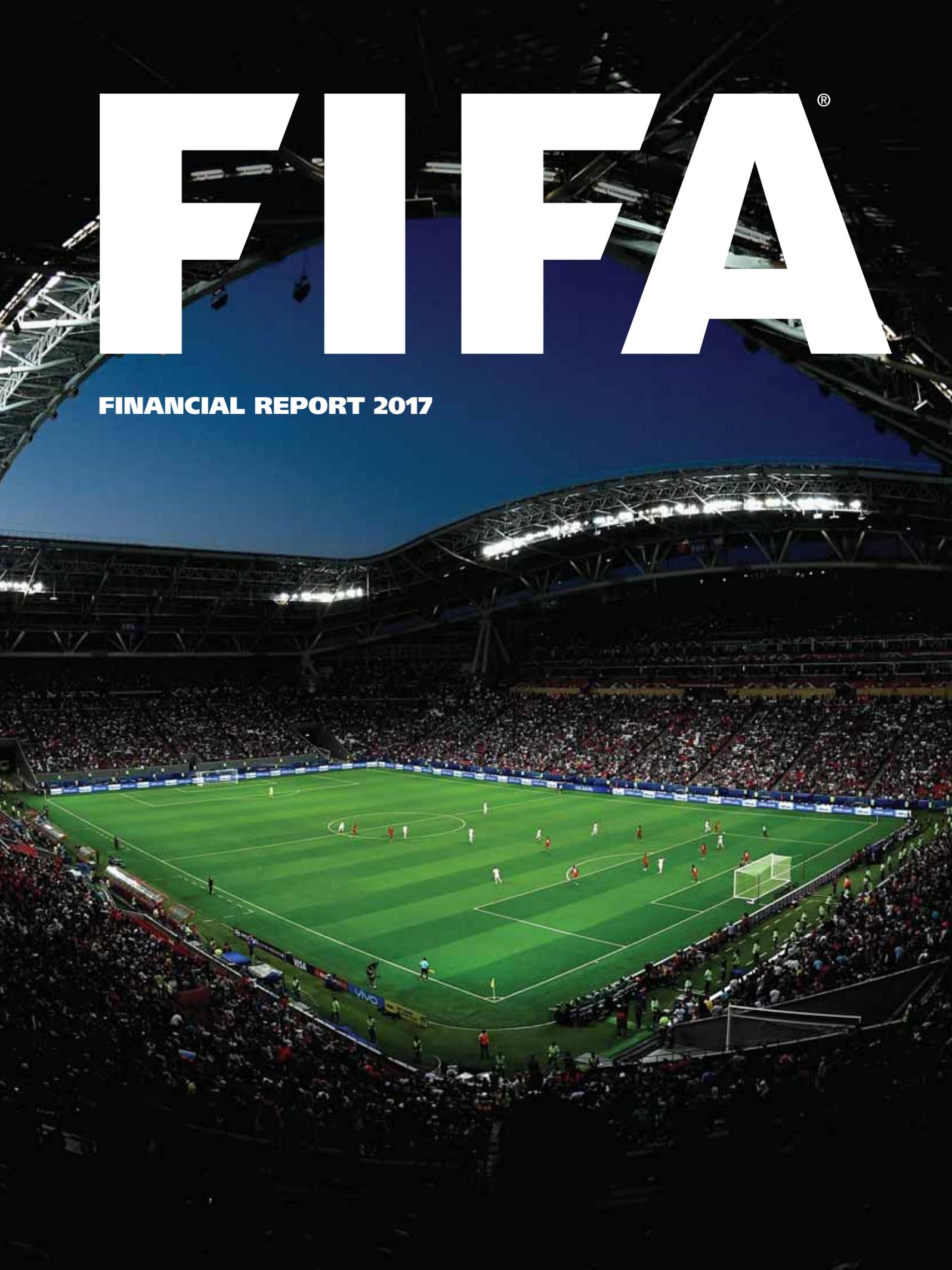


# FIFA®

**FINANCIAL REPORT 2017**





## FIFA Activity Report 2017

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### **Key decisions by the FIFA Congress and the FIFA Council**

A newly expanded FIFA World Cup and improved bidding regulations for FIFA's flagship tournament – two major changes passed in 2017

### **Long-time competitor, first-time host**

Football comes to the fore as Russia puts on a fine show for the FIFA Confederations Cup and the Final Draw for the FIFA World Cup™

### **New technology on and off the pitch**

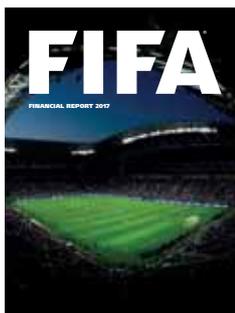
In-competition trialling of video assistant referees – minimum interference for maximum benefit

### **FIFA Forward continues to take shape**

The programme moves to pitches, technical centres and stadiums, as member association projects get off the ground

### **FIFA listens**

The organisation opens its ears to voices from every corner of the footballing world through the Executive Football Summits, the Football Stakeholders Committee and the Legends Think Tank



## FIFA Financial Report 2017

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### **Enduring revenue growth**

98% of budget revenue signed by the end of 2017: FIFA is on track to exceed the target of the 2015-2018 financial cycle

### **Expenses well under control**

In 2017, savings against budget totalled USD 180 million thanks to cost containment measures

### **Solid financial result supports further football development**

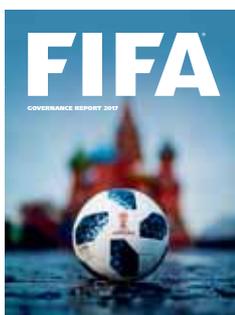
Successful sales and effective operations delivered a result before taxes and financial result of USD 300 million over budget, ensuring sufficient financial resources for football development

### **Healthy and sustainable financial position**

65% of total assets were in the form of cash and cash equivalents, and financial assets

### **Promising outlook for the 2019-2022 cycle**

The 2019-2022 budget foresees strong revenue growth on the basis of 70% signed contracts, and increased direct investment in football through the FIFA Forward Programme



## FIFA Governance Report 2017

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### **Greater transparency across the organisation**

Accountability and transparency are key principles of FIFA 2.0 – and 2017 saw FIFA continue to build a more open and approachable institution

### **Improved funding oversight**

Central reviews of 73 member associations and four confederations – with more to follow in 2018

### **Pioneering work in human rights**

The launch of FIFA's Human Rights Policy, the first of its kind in global sport, and the FIFA Human Rights Advisory Board

### **A better bidding process for the FIFA World Cup™**

Transparent, objective, inclusive and sustainable – new rules for 2026

### **A continued focus on compliance**

A new FIFA Code of Conduct and FIFA's first-ever Compliance Summit – two major new initiatives in 2017





 Germany's Julian Draxler celebrates with the FIFA Confederations Cup trophy after the 2017 final in Russia.

# FIFA®

## FINANCIAL REPORT 2017

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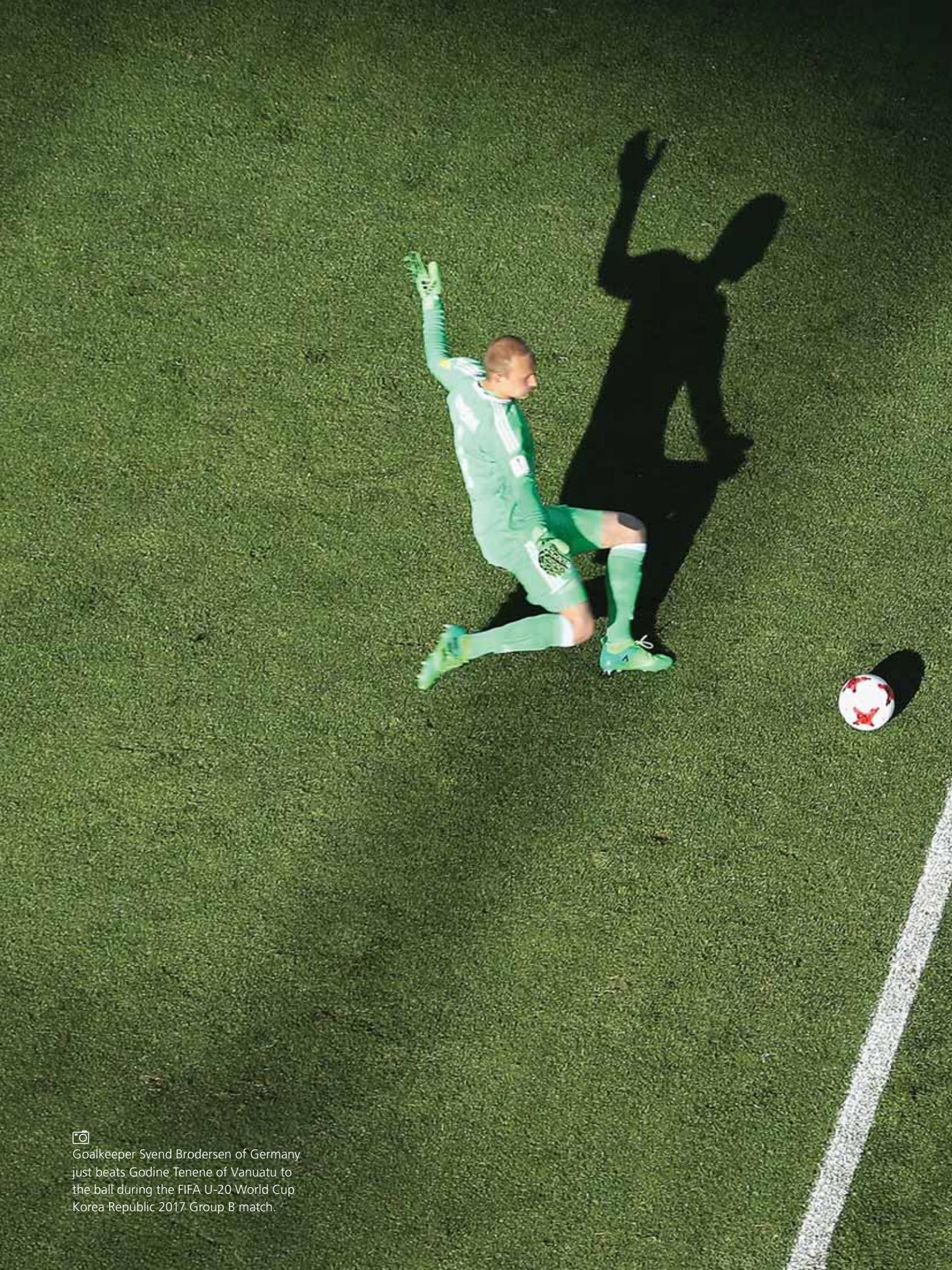
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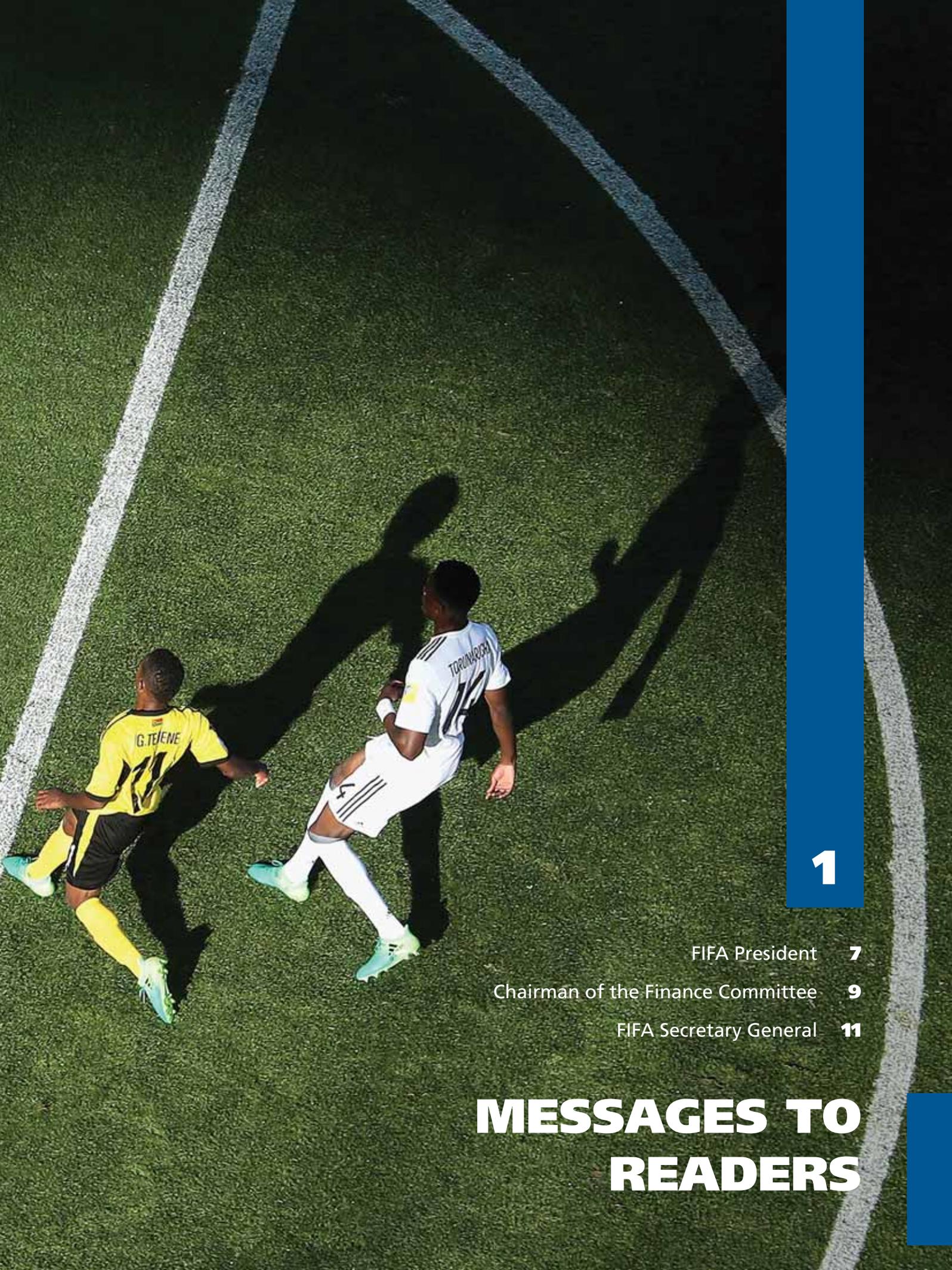
The statements in this publication relating to matters that are not historical facts are projections of future performance that are subject to significant known and unknown risks, uncertainties and other factors beyond the control of the organisation. FIFA does not provide any guarantee of future performance.

The Financial Report 2017 is also available in German, French and Spanish. In the event of any discrepancy, the English version shall prevail.

The electronic versions of the report can be found on FIFA's official website, FIFA.com.



 Goalkeeper Svend Brodersen of Germany just beats Godine Tenene of Vanuatu to the ball during the FIFA U-20 World Cup Korea Republic 2017 Group B match.



**1**

FIFA President **7**

Chairman of the Finance Committee **9**

FIFA Secretary General **11**

# **MESSAGES TO READERS**



 The Germany team celebrate victory over Chile after the FIFA Confederations Cup Russia 2017 final.

## Dear friends,

When we presented *FIFA 2.0: the Vision for the Future*, we committed to invest more than USD 4 billion in developing football by 2026, “giving back to the game the resources derived from its showcase competitions and new, technology-driven sources of revenues”. That will be no small feat, but we have started well, shoring up income through major new sponsorship deals and investing money where it counts by allocating funds to the member associations and the confederations.

This was the year when the Forward Programme, unveiled at the FIFA Congress in 2016, went from the pages of application forms to investments in pitches, technical centres and stadiums the world over. It was the year when the member associations started receiving funds through one central development programme that covers all of their specific financial needs. And while Forward is a development initiative, it is also FIFA’s greatest financial undertaking to date.

By the end of 2017, we had received 1,554 Forward applications and released development funds totalling USD 393 million covering operational costs, project funding and other financial support for the 211 FIFA member associations and six confederations. A further USD 272 million was also approved and committed to milestone payments across the cycle for projects and activities already underway. In total, our member associations received USD 193 million to help run their daily activities, with a further USD 70 million released to support their tailor-made football development projects.

However, it is critical that with this significant increase in development funding there must also be much tighter scrutiny. Stringent financial controls are now in place to ensure that these funds are being used properly. All of the 211 member associations and six confederations receiving Forward funds will undergo a central audit review this year, with FIFA commissioning world-class independent auditors to undertake this task. Such a high level of commitment to transparency and accountability by FIFA and its members aims to ensure that every cent invested can be accounted for, just as the administration is tasked to make every cent count at the Home of FIFA.

From the beginning of the new administration in 2016, we have taken measures to bring the organisation’s



expenditure under control and to rationalise expenditures wherever it makes sense. However, it is not our policy to scrimp and save across the board purely out of principle and we understand that it is important to invest fully and heavily in those assets that will bring the greatest returns.

In particular, our prize asset is the FIFA World Cup™ and we took steps this past year to ensure that its benefits will continue to grow as our sport grows in popularity. As the fans dream bigger, so must we, and that is why we have decided to expand the format of the competition as of the 2026 edition. This will bring benefits for everyone – both tangible, through improved TV and sponsorship deals, and intangible, with an ever more engaged footballing community around the world that recognises its stake in FIFA. These steps will help to shape the way forward for the organisation and the sport.

Ultimately, FIFA 2.0 is about understanding that the more we invest in football, the more we will all benefit. It is a virtuous cycle, whereby ploughing the dividends achieved through the responsible use of sponsorship money into inclusive development, in turn, grows the base of players and fans around the world, making the game even more attractive for sponsors. This cycle is already in motion and we will certainly see its impact more fully in the coming years. ■

Yours in football,

A handwritten signature in blue ink, which appears to be 'Gianni Infantino'. The signature is fluid and stylized, with a prominent 'G' and 'I'.

Gianni Infantino  
FIFA President



The Mexico team celebrate during the FIFA Confederations Cup Russia 2017 Group A match against Russia.

## Dear friends,

This year, in testament to this administration's commitment to make good on the pledge to manage FIFA's finances with due responsibility and respect, the costs connected to the FIFA Confederations Cup 2017 held in Russia have come out some way below budget. The practice of carrying out competitive, watertight procurement processes for each and every significant expense has become embedded throughout the organisation and is already beginning to show results in FIFA's increasingly healthy financial outlook.

Our breakdown of financial results is based on reporting standards and practices that enforce transparency. They ensure that we set accurate and realistic budgets – a clarity that has been paramount for our external reporting and that is now fully reflected in our internal mechanisms. Throughout 2017, FIFA equipped itself with a set of administrative tools that enhance the internal reporting and forecasting in a way that is perfectly in line with the mechanisms used in the external recount of our finances. Now there is one single method, and one single source of information, to log every cent we spend or earn.

Effectiveness and transparency apply to FIFA's disbursement of development funds to those that nurture the game on the ground around the world. Since launching the Forward Programme in mid-2016, FIFA has paid out targeted development funding in the amount of USD 393 million to the benefit of its member associations and the confederations, as well as the regional associations. This increased funding has coincided with the introduction of far stricter controls on the management, destination and use of that money by the recipients, a step that has boosted the professionalism and integrity in the administration of our sport at every level.



As the different stakeholders in football have become increasingly familiar with the modern, responsible and, quite frankly, more sensible way of budgeting, requesting, spending and reporting funds, the FIFA administration made good progress in 2017 in paying out the funds that ensure that more and more girls, boys, women and men can play and grow in our wonderful game, whether in Switzerland, Swaziland, St Lucia or Singapore.

The financial report for 2017 reflects the earnest approach that FIFA takes to its business affairs and I am both pleased and proud to look back on a year that provided a sturdy springboard for FIFA's future. ■

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Alejandro Domínguez'. The signature is fluid and cursive, with a large initial 'A' and 'D'.

Alejandro Domínguez  
*Chairman of the Finance Committee*

Scotland players are cock-a-hoop after taking the lead during their 2018 FIFA World Cup™ qualifier against Slovakia.



## Dear friends,

While 2016 was the turning point when we laid the foundations for much-needed organisational change within FIFA, 2017 was the year to put all the different segments of this reform into practice. A year to transform the daily work carried out within the football administration and to strengthen the processes that allow it to function in a diligent and transparent manner.

From day one, we have been committed to monitoring FIFA's expenditure with rigour and responsibility and to scrutinising every single cent flowing into and out of our books. For this is money that belongs to football – of which we are the custodians – and that should go back into football.

Although claiming that every single cent we receive and spend is accounted for might seem pompous and somewhat premature, we can confidently state that the tools to safeguard transparency and efficiency in our finances are being constantly enhanced by the FIFA administration. In 2017, for example, FIFA decided to adopt the resource-planning tool developed by market leaders SAP. The new framework will be fully implemented over the course of 2018 and will help to integrate the multiple software programs and data-logging platforms across the organisation and to increase productivity.

Also, following the early adoption of the IFRS 15 accounting standard and the enhancement of our reporting mechanisms – including this Financial Report – this year we have strengthened the internal tools to facilitate timely and effective decision-making. For that, FIFA's senior management now receives a monthly financial report that provides vital information about the organisation's financial position and a quarterly outlook on upcoming activities.

These are few of the introduced improvements that, although less visible, play a critical role in protecting the most popular sport on earth. This is what football



administration should aim to be: a force that goes unnoticed and is taken as given; the solid ground that allows the game to flourish and shine.

This holds particularly true as we enter 2018, the crucial year of this cycle, and look ahead to the FIFA World Cup™ in Russia. We are happy to state that FIFA's financial solidity is proportional to the mounting excitement that the tournament generates. By December 2017, 98% of the budgeted revenue for the 2015-2018 cycle had already been contracted – a sizable increase compared to 12 months previously and a figure that corroborates just how successful the sales of commercial rights have been so far.

This should come as no surprise. Financial robustness is just what football – and its crown jewel, the FIFA World Cup™ – deserve. We are here to protect and enable it. ■

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'FS', written over a set of horizontal lines.

Fatma Samoura  
*FIFA Secretary General*



Sardar Azmoun (left) and Mehdi Taremi of IR Iran rejoice after their team's first goal against Qatar in the 2018 FIFA World Cup™ qualifier.





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# **2017 IN REVIEW**

## FINANCIAL HIGHLIGHTS &amp; OUTLOOK

# Solid financial results and a promising outlook

---

**98%** +22% versus 2016  
Revenue contracts signed as % of full-cycle budget

---

**734** +120 versus budget  
Revenues (USD million)

---

**923** +180 versus budget  
Investments/expenses (USD million)

---

**-189** +300 versus budget  
Result before taxes and financial result (USD million)

---

**930** +325 versus budget  
Reserves (USD million)

---

**479**  
Operating cash flow (USD million)

---

FIFA operates in a four-year cycle, with the FIFA World Cup™ being the crowning event in the fourth year and the main source of its income. Having adopted the revenue recognition standard IFRS 15 early, FIFA thus shows the majority of its revenue in the fourth year, whereas the football development is equally spread over all years of the cycle. As a result, each year in FIFA's cycle should be viewed together, keeping the full cycle in mind. Moreover, as a result of FIFA's distinctive operating model, the first three years of a cycle normally show a negative result.

FIFA can look back on a successful 2017 for all key financial parameters:

**Revenue** stood at USD 734 million, up USD 120 million compared to budget. More importantly, the sale of FIFA's commercial rights developed favourably in a difficult environment. As at 31 December 2017, contracted revenue amounted to USD 5,555 million, representing 98% of the budgeted revenue for the 2015-2018 cycle.

**Investments** amounted to USD 923 million, USD 180 million lower than budgeted, following continuous measures taken to contain expenses. In

line with its vision to promote the game of football, protect its integrity and bring the game to all, FIFA accelerated the implementation of FIFA Forward, which was launched in 2016 and provides financial support to all member associations and confederations, and the programme became fully operational in 2017. The Forward Programme made up 42% of 2017's investments. In contrast, expenses for administrative activities dropped by 27%.

The **financial result** was characterised by strong income achieved from FIFA's investments and currency fluctuation gains (USD 51 million, up USD 26 million on 2016) and a one-time effect resulting from the so-called recycling of incurred currency translation impacts (USD -52 million). This recycling is an accounting treatment caused by a repatriation of funds and currency losses incurred in previous years. It does not affect the cash flow or equity, since it is a purely technical recycling of a past event that had previously been charged to equity via other comprehensive income.

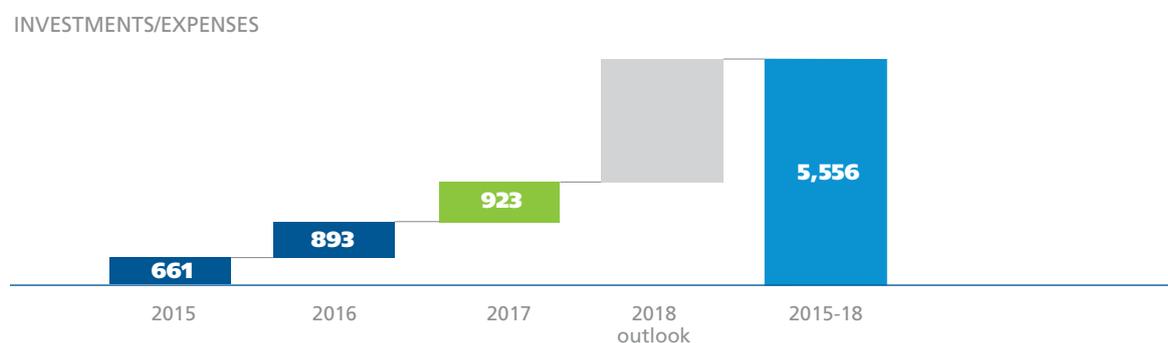
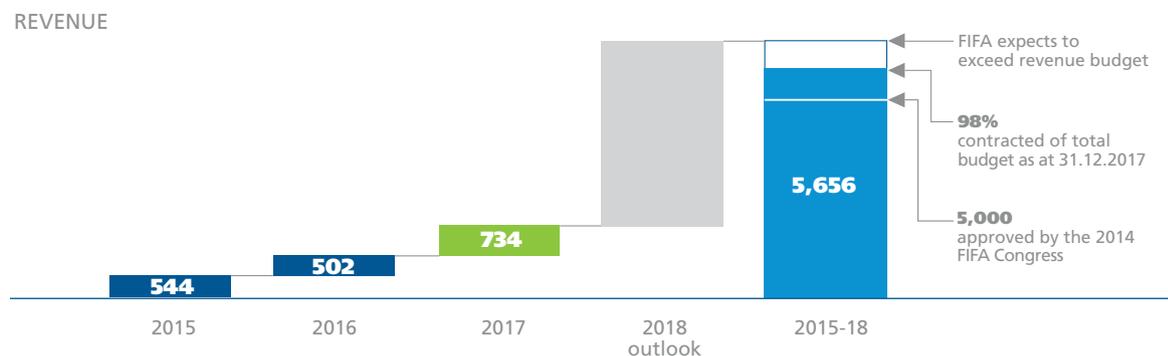
The **net result** for 2017 came to USD -192 million, being 57% or USD 251 million better than the budget (USD -443 million).

The **operating cash flow** generated a solid inflow of USD 479 million (2016: 149 million), which was used in investing activities (USD -550 million, 2016: 40 million) and in financing activities (USD -3 million, 2016: USD -1 million).

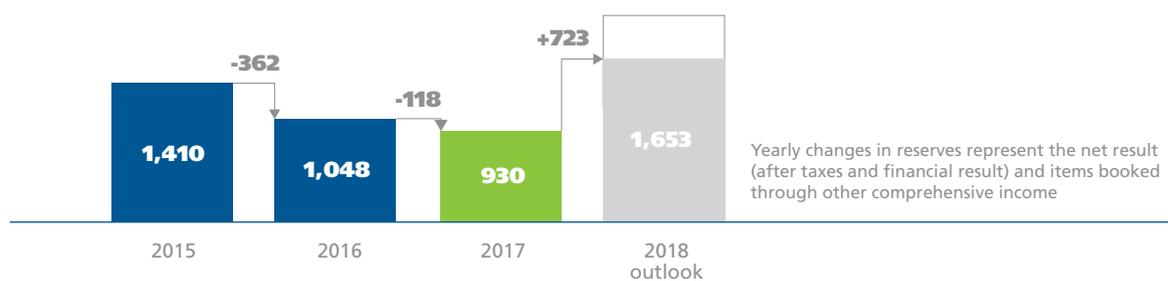
FIFA's **balance sheet** continues to remain healthy. The robust cash flow stemming from the sales of commercial rights resulted in FIFA's total assets amounting to USD 4,417 million (2016: USD 3,352 million) as at balance sheet date, of which 65% is in the form of cash, cash equivalents and financial assets.

In conclusion, 2017 was a successful year for FIFA and the **outlook** remains promising. FIFA confidently forecasts revenue targets to be exceeded and expects to maintain control over its expenses.

### STATEMENT OF PROFIT OR LOSS 2015-2017 (USD MILLION)



### DEVELOPMENT OF RESERVES (USD MILLION)



## REVENUE

# On track to exceed the full-cycle revenue budget

The total revenue for the 2015-2018 budget cycle is budgeted at USD 5,656 million. Of this target, already USD 5,555 million or 98% had been contracted as at the balance sheet date, i.e. one full year to go until the end of the cycle. In line with IFRS 15, revenue is recognised to reflect the underlying business, i.e. the majority of revenue is deferred to 2018, the year of the FIFA World Cup™.

---

**98%**

Revenue contracts signed of 2015-2018 budget

---

**> 98%**

2018 FIFA World Cup™ TV coverage secured worldwide

---

**5**

versus 2 in 2016

New partners/sponsors signed in 2017

---

**734**

+20% versus budget

Revenue in 2017 (USD million)

---

**4,900,000**

FIFA World Cup™ tickets requested by end of sales phase 2

---

In 2017, the revenue totalled USD 734 million, 20% higher than the budgeted revenue. The detailed analyses of each source are shown below.

Revenue from **TV broadcasting rights** amounted to USD 229 million in 2017, exceeding the previous year's level by 139%. FIFA has completed new contracts for media rights in a number of territories by running open tender processes. For 42 territories in sub-Saharan Africa, FIFA has granted media rights for all 2017-2018 FIFA events to five major broadcasting entities in the region. FIFA also completed new contracts for media rights in Russia with the 2SPORT2 consortium relating to the FIFA Confederations Cup 2017 and 2018 FIFA World Cup™. Through two separate tender processes, Mediaset secured live rights in both Spain and Italy to all 64 matches for the 2018 FIFA World Cup™ to be aired on its free-to-air channels. In Greece, all 64 matches will also be on free TV through state broadcaster ERT, and in China PR, FIFA has reached

an agreement with China Central Television (CCTV) to grant CCTV the exclusive media rights for the 2018 and 2022 FIFA World Cups™ as well as all of its other major international competitions until 2022, including the FIFA Women's World Cup 2019™. Rights in certain other territories in Asia have also been granted. Overall, FIFA expects to achieve its four-year budgets by the end of 2018.

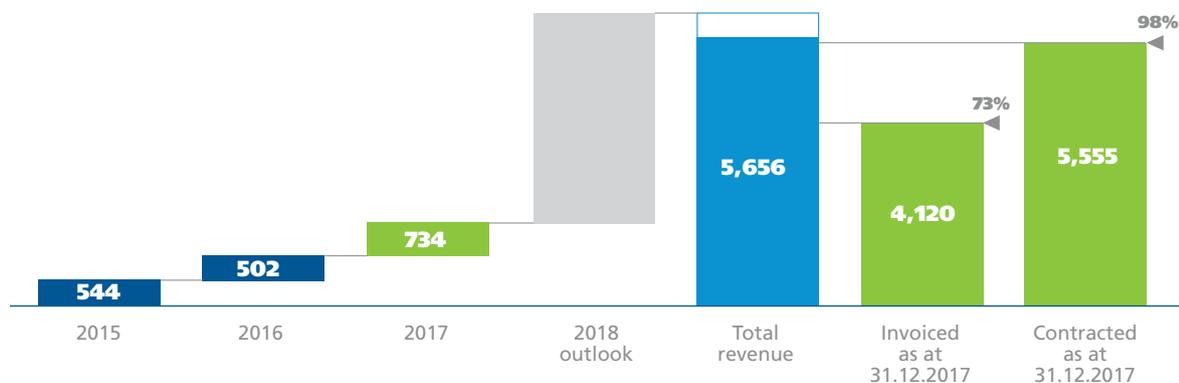
The sale of **marketing rights** proved to be successful and revenue in 2017 amounted to USD 245 million. In 2017, FIFA strengthened its line-up of Commercial Affiliates, namely with a new FIFA Partner, Qatar Airways, and three new FIFA World Cup Sponsors, Hisense, VIVO and Mengniu Group, all from China PR. Additionally, another Chinese company, Desports, purchased the sales right for Regional Supporters for the Asia region. FIFA is well on track to exceed its four-year budget of USD 1,450 million.

Revenue from **licensing rights** amounted to USD 160 million, with 233% significantly ahead of budget and driven by a strong performance in brand licensing. Furthermore, in 2017 FIFA and EA SPORTS™ launched a first-ever, global competitive gaming initiative, EA SPORTS™ FIFA Global Series and the FIFA eWorld Cup 2018. This exciting new format will give millions of players around the globe the chance to be crowned EA SPORTS FIFA 18 world champion in August 2018.

Revenue from **hospitality rights and ticket sales** stood at USD 22 million, relating solely to the sale of tickets for FIFA Confederations Cup 2017, lower than budget. In positive contrast stands the demand for the 2018 FIFA World Cup™, with over 4.9 million tickets requested by the end of sales phase 2.

**Other revenue** totalled USD 78 million, with the FIFA Club World Cup 2017 in the UAE generating USD 37 million. The remaining amount came from the FIFA Quality Programme, rental income, income from penalties/appeals, income from the sale of film and video rights and other income.

## REVENUE SPLIT 2015-2018 (USD MILLION)



## REVENUE SPLIT 2015-2018 (USD MILLION)

	Actual			Budget 2015-2018
	2015	2016	2017	
Television broadcasting rights	258	96	229	3,000
Marketing rights	157	115	245	1,450
Licensing rights	51	204	160	363
Hospitality/accommodation rights and ticket sales	0	0	22	575
Other revenue (for details, refer to Note 5)	78	87	78	268
<b>TOTAL</b>	<b>544</b>	<b>502</b>	<b>734</b>	<b>5,656</b>

## FIFA PARTNERS



## INVESTMENTS/EXPENSES

## 2017 expenses well under control

The FIFA Confederations Cup 2017 in Russia was a resounding operational success and a promise of things to come as the clock ticks down towards the 2018 FIFA World Cup Russia™, for which the preparations are in full swing. 2017 was another sparkling year with the FIFA U-17 World Cup in India being the best attended U-17 World Cup in FIFA's history. FIFA continued to invest heavily in football through the FIFA Forward Programme.

**923**

Investments/Expenses in 2017 (USD million)

**171**

Invested in eight tournaments and events in 2017 (USD million)

**477**

Invested in Development &amp; Education in 2017 (USD million)

**-34%**

Expenses in FIFA Governance &amp; Administration

FIFA's 2017 expenses amounted to USD 923 million, of which 78% was spent on football activities and 22% on administrative activities. Compared to 2016's expenses of USD 893 million, the expenses in the year under review increased by USD 30 million, which was attributable to a combination of increased costs relating to the organisation of the FIFA Confederations Cup 2017 and the continuation of the Forward Programme. There were, however, cost reductions in FIFA's governance and administration activities.

FIFA invested a total of USD 219 million in **competitions and events**. The lion's share – USD 171 million – was dedicated to organising 2017's eight tournaments and events: the FIFA Confederations Cup in Russia, the FIFA Club World Cup in the United Arab Emirates, the FIFA U-20 World Cup in Korea Republic, the FIFA Beach Soccer World Cup in the Bahamas, the FIFA U-17 World Cup in India, The Best FIFA Football Awards in London, the Blue Stars/FIFA Youth Cup, and the FIFA Interactive

World Cup. This figure also includes a reversal of provisions for legal matters in the amount of USD 65 million. Furthermore, USD 28 million was invested in the FIFA Club Protection Programme and USD 20 million covered personnel expenses and the depreciation of property and equipment.

Investments in **development & education** totalled USD 477 million, of which USD 391 million reflects the total amount of Forward Programme entitlements. After the launch in 2016, the programme was fully operational in the year under review and FIFA sped up the release of Forward funds with more straightforward project application processes and by providing support to those member associations most in need. More information on the Forward Programme and the detailed grants paid to member associations and confederations can be found on page 42.

Another emphasis was to reset the FIFA World Football Museum: a more sustainable model was successfully launched, resulting in a significantly healthier cost base but still with rewarding visitor feedback. Third-party costs therefore decreased from USD 23 million in 2016 to USD 12 million in 2017.

At the same time, personnel expenses were increased in the area of development oversight and decreased in the area of the museum, leading to a small overall reduction in personnel expenses.

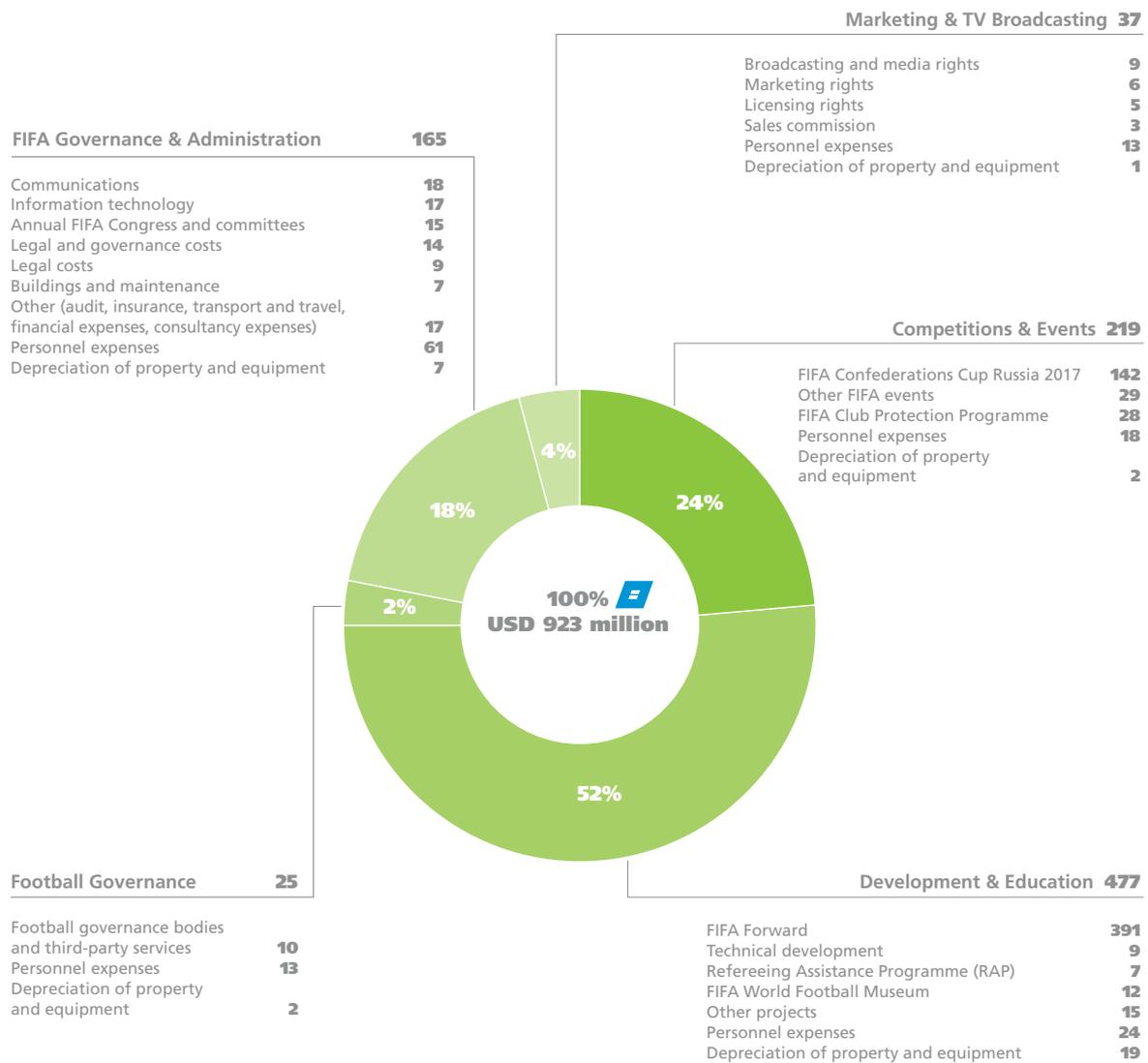
The expenses for **football governance** decreased to USD 25 million. The reductions are attributable to the enhanced structures applied to activities relating to the transfer matching system and to preventing match manipulation (Early Warning System).

The expenses for **FIFA's governance & administration** activities in 2017 amounting to USD 165 million dropped significantly by 34%. The reduction is mainly because the previous year was impacted by one-off costs relating to legal investigations, impairments and the Extraordinary FIFA Congress. Furthermore, strict cost containment measures further helped to reduce the expenses for FIFA's governance and administration activities.

USD 37 million covered the costs of **marketing & TV broadcasting**, mainly including the costs to commercialise marketing and media rights as well as related personnel expenses. Compared with 2016,

the expenses increased by USD 9 million from USD 28 million, due to the increased payment of sales commissions for 2017 achievements in the sales of marketing rights, licensing rights and TV broadcasting rights.

**2017 EXPENSES (USD MILLION)**



## BALANCE SHEET AND RESERVES

# Continued strong financial position with cash and financial assets representing 65% of total assets

In the year under review, FIFA increased its total assets by USD 1,065 million to USD 4,417 million as at 31 December 2017, or up 32% compared with the previous year-end. This increase is reflected mainly in the form of augmented short-term financial assets, long-term financial assets and increased contract liabilities. The increase is attributed to a robust cash flow stemming from the sale of marketing rights, TV broadcasting rights and licensing rights, which are mostly related to FIFA's flagship event – the 2018 FIFA World Cup Russia™.

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**4,417** +32% versus 2016  
Total assets at 31 December 2017 (USD million)

---

**2,891** 65% of total assets  
Cash and financial assets (USD million)

---

**104%**  
Current ratio (current assets over current liabilities)

---

**21%**  
Equity ratio (reserves over total assets)

---

As at the balance sheet date, cash and cash equivalents stood at USD 953 million. Short-term financial assets and long-term financial assets added up to USD 1,938 million, an increase of USD 595 million or 44% compared with the 2016 level. Cash, short-term financial assets and long-term financial assets represented 65% of FIFA's total assets, demonstrating FIFA's strong financial position. Prepaid expenses rose to USD 618 million and primarily included the deferred costs relating to the 2018 FIFA World Cup Russia™.

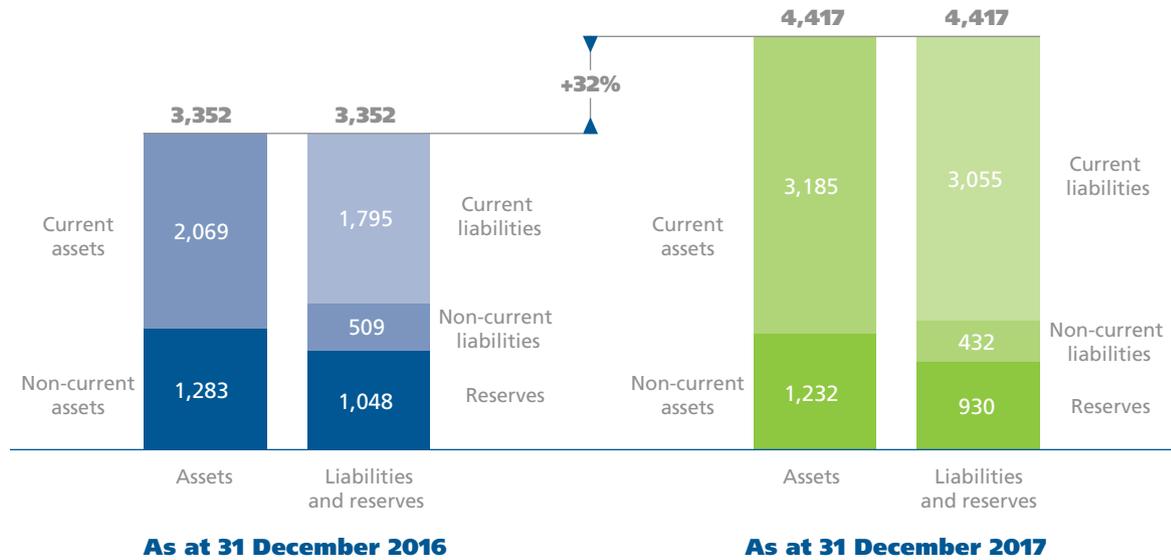
FIFA's total liabilities amounted to USD 3,487 million, an increase of USD 1,183 million. The lion's share of this increase related to higher contract liabilities in the amount of USD 1,158 million and in line with the revenue recognition standard IFRS 15, adopted in 2016.

## Reserves

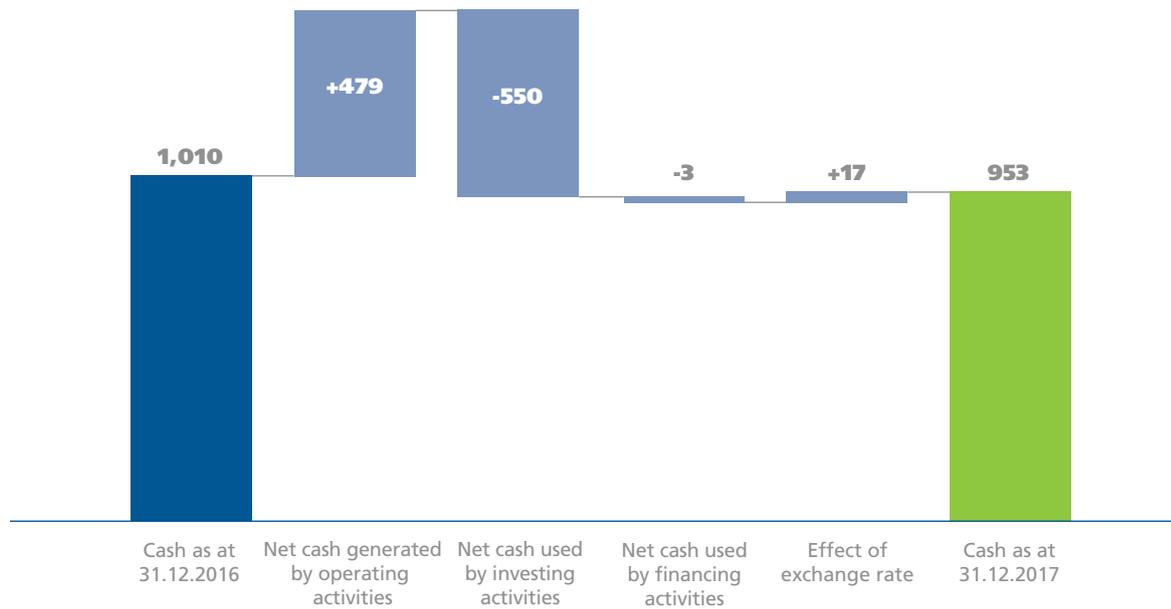
As at 31 December 2017, FIFA's reserves stood at USD 930 million, down from USD 1,048 million at the end of the previous year. This drop corresponds to the net income in the amount of USD -119 million, as reported in the 2017 consolidated statement of comprehensive income. According to the IFRS 15 standard, most of FIFA's revenue will be recognised in the fourth year of the 2015-2018 cycle, and will offset the expenses in the first three years. Accordingly, FIFA expects the equity ratio at the end of 2015-2018 cycle to rise to around 50% from the current 21% and to exceed the 2014 level of reserves.

In conclusion, FIFA's financial position is healthy and sustainable, with a strong liquidity and sufficient reserves. FIFA expects to close the cycle by the end of 2018 with reserves above the level of 2014.

## BALANCE SHEET AS AT 31 DECEMBER 2016 VERSUS 31 DECEMBER 2017 (USD MILLION)



## CASH FLOW 2017 (USD MILLION)



## ASSET MANAGEMENT

# Investment portfolio benefits from increased interest rate environment

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**2.05%**

 Portfolio yield (MTM) above relevant benchmarks
 

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**0.89**

 Modified duration of portfolio
 

---

 Only counterparties with good to very good credit ratings considered
 

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 Rise in the short-term US interest rates fully exploited
 

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The overriding long-term objective of FIFA's investment rules and guidelines is the **preservation** of the **real value** of FIFA's financial assets. The Finance Committee confirmed this objective once again during the annual review of the investment strategy. As such, the FIFA Financial Asset Management Regulations focus on liquidity, creditworthy counterparties, and the avoidance of non-market-compliant risks. Thus, the pursuit of objectives that are associated with higher risks and increased value fluctuations, such as the maximising of returns, is consciously avoided, and the requirement to ensure that high liquidity is always maintained is also taken into account.

The year was marked by an **improved political environment**, which had an influence on the markets, as well as by **strong economic fundamentals** and **low inflation**. The US dollar and **US interest rate rose** significantly after the US presidential election, and confidence in the stability of the euro also increased following elections in the Netherlands, France and Germany, which meant that the weak euro increasingly grew in strength. The US Federal Reserve increased the

interest rate three times, but even that could not stop the rise of the euro – despite the significant negative interest rates and further measures taken by the European Central Bank (quantitative easing).

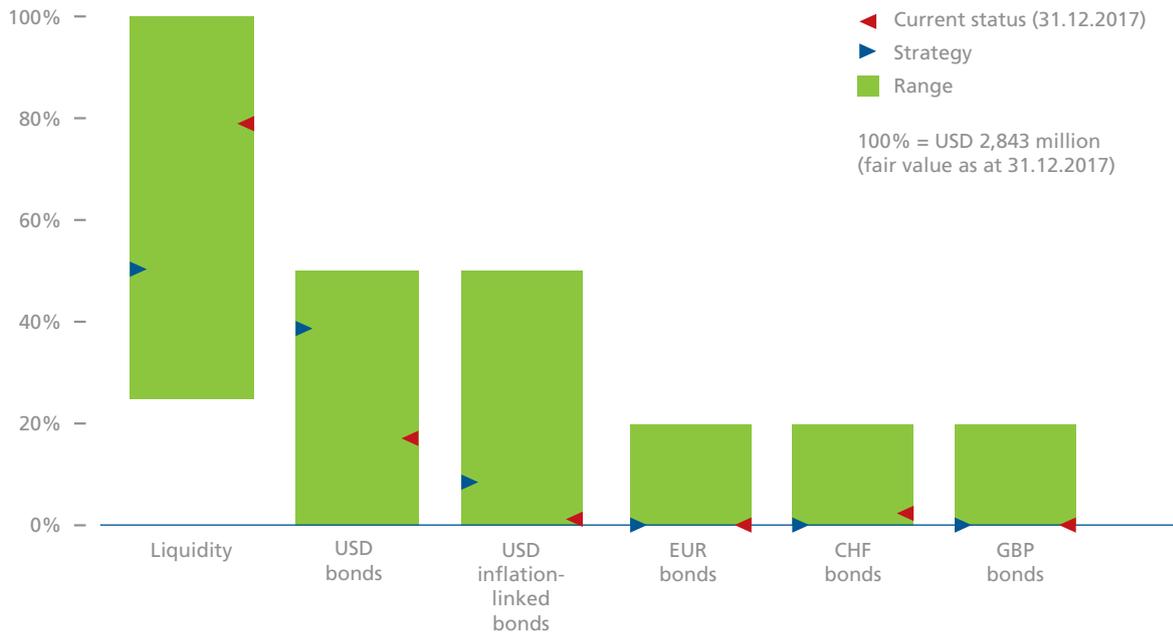
In 2017, the reserves in the entire FIFA investment portfolio **returned a risk-appropriate yield of 2.05%, above the benchmark**. The investment portfolio held in US dollars was able to benefit significantly from the rise in the US dollar interest rate, as FIFA's adopted strategy of maintaining an investment portfolio of short duration ensured that the rising interest rates could be fully exploited. As in previous years, it was possible to use the currency markets in conjunction with fixed-rate investments to optimise the financial result.

FIFA continued its focus on the strong reliability of its portfolio, which is why only counterparties with good to very good credit ratings were chosen (at least BBB+). In addition, in 2017 there was a strong focus on optimising the yield achieved in the area of liquidity, while cash balances in foreign currencies were further reduced. In view of the continued flat interest rate curve, FIFA did not make any investments with terms to maturity of more than three years. At the end of December 2017, the modified duration of the entire portfolio stood at 0.89 at the lower end of the investment strategy, and the yield from the investment portfolio was equivalent to the yield for 5-7-year US bonds.

Overall, FIFA's **investment strategy once again proved its worth** in 2017, delivering a portfolio yield above the benchmark and producing a positive contribution to FIFA's reserves.

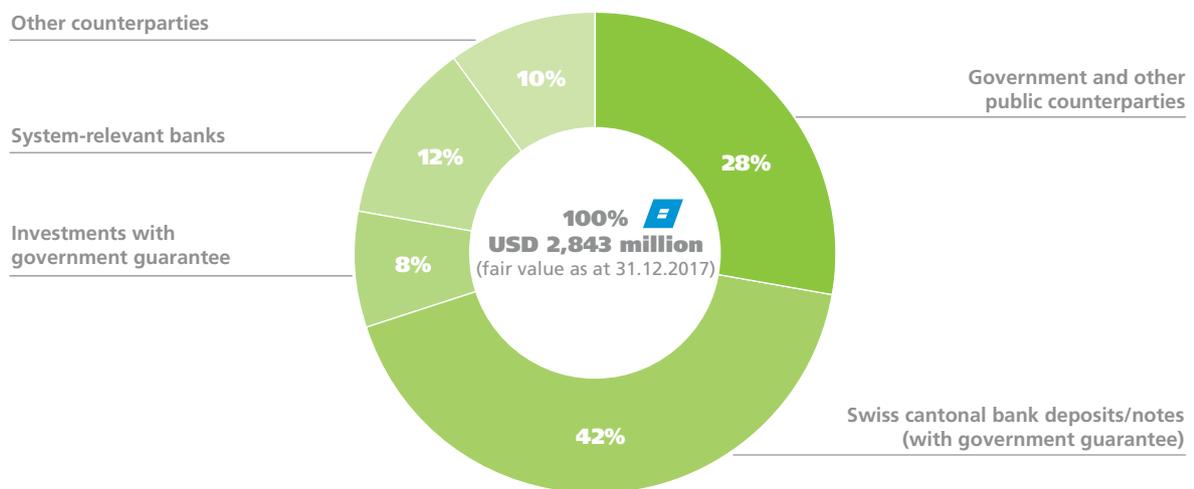
### ASSET MANAGEMENT STRATEGY AND CURRENT STATUS

TOTAL PORTFOLIO PROFILE (OPERATIONAL AND INVESTMENT) BY ASSET CATEGORY (%)



### DETAILS ON THE CURRENT TOTAL PORTFOLIO

(TOTAL PORTFOLIO PROFILE BY COUNTERPARTY)



## BUDGET COMPARISON

# Result before taxes and financial result 61% higher than budget

Compared with the budgeted revenue (USD 614 million) and expenses (USD 1,103 million) approved by the 67<sup>th</sup> FIFA Congress, the 2017 revenue surpassed the budget by USD 120 million and expenses were below budget by USD 180 million. The favourable deviation in both revenue and expenses resulted in a profit before taxes and financial result of USD -189 million for 2017 or 61% higher than the budgeted amount.

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**+120** versus budget  
Revenue (USD million)

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**+180** versus budget  
Total investments/expenses (USD million)

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**+300** versus budget  
Result before taxes and financial result (USD million)

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Strong revenue from licensing rights in particular

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Continuous cost containment and one-time release of contingency provision

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## Revenue

In 2017, total revenue amounted to USD 734 million, exceeding the budget level by USD 120 million, which represents a 20% positive deviation. This was mainly attributable to the successful sales of licensing rights totalling USD 112 million, 233% over budget. The detailed comparison between the actual recognised revenue and the budget is shown on page 25.

Revenue from **television broadcasting rights** surpassed the budget by USD 20 million. The additional revenue in particular came from the rights to broadcast FIFA tournament and events in 2017 excluding contracted revenue relating to the 2018 FIFA World Cup™.

Sales of **marketing rights** in 2017 were promising with one new FIFA Partner, three FIFA World Cup™ Sponsors and one Regional Supporters in the course of the year. However, the contracts with one FIFA World Cup™

Sponsor and two Regional Supporters were finalised after the 2017 FIFA Confederations Cup, and therefore were not recognised as 2017 revenue.

The main source of revenue from **licensing rights** in 2017 was contracts with royalty payments that hold additional payments with a specified minimum guarantee threshold. In 2017, the amount received from royalty amounts exceeded the minimum, generating a positive difference of USD 112 million compared to budget.

Revenue from **hospitality rights and ticket sales** remained short of budget, as a result of low sales of 2017 FIFA Confederations Cup tickets, which produced a total revenue of USD 22 million. It is expected that the budget gap will be closed by sales of 2018 FIFA World Cup Russia™ tickets.

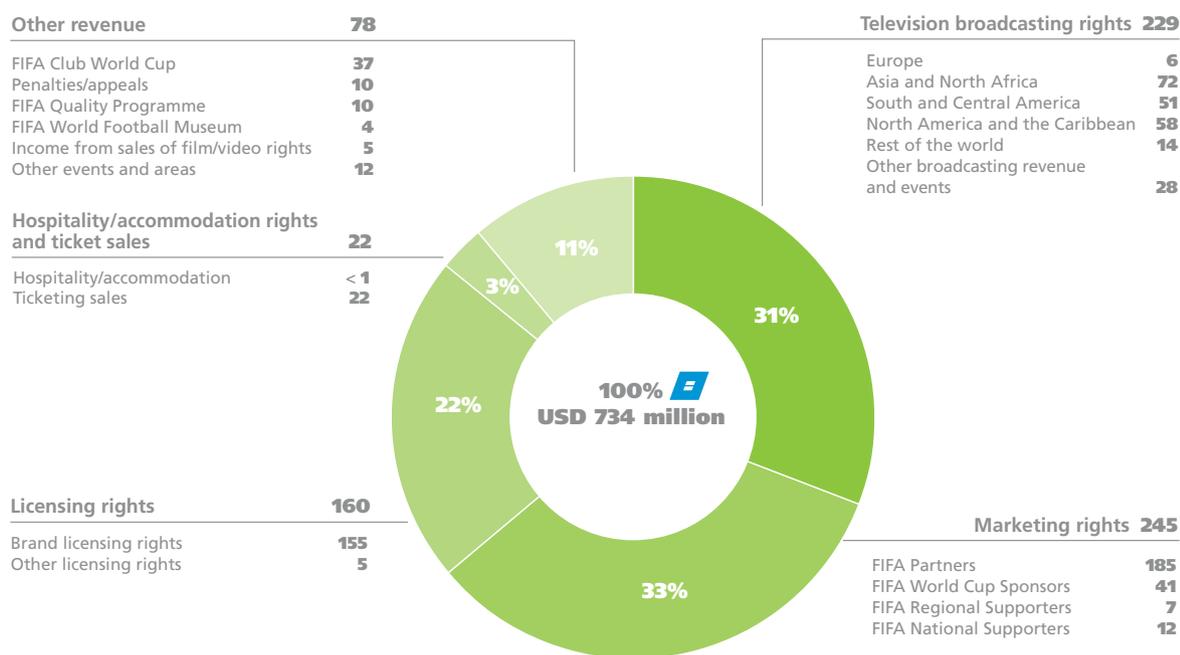
**Other revenue** was mainly from the FIFA Club World Cup and the FIFA Quality Programme. Revenue from the FIFA Club World Cup exceeded budgeted sales, generating a positive variance of USD 12 million.

## Expenses

In 2017, FIFA continued its investment in football via the FIFA Forward Programme and by organising the FIFA Confederations Cup Russia and other international football tournaments. As a result of the FIFA administration's rigorous yet responsible commitment to controlling FIFA's expenditure, in 2017 expenses remained well below budget, except for Marketing & TV Broadcasting. Overall, expenses stood at USD 923 million or 16% below the budgeted target.

**Competitions & Events** were below budget by USD 77 million. The costs for the 2017 tournaments and events overall remained just below budget thanks to the of the FIFA Confederations Cup in Russia and the FIFA U-20 World Cup Korea Republic. In addition, the contingency provision for previous-cycle events was reduced in 2017 by USD 65 million. The costs of the FIFA

## REVENUE 2017 (USD MILLION)



## REVENUE 2017: BUDGET VERSUS ACTUAL (USD MILLION)

	Budget	Actual	Variance	
Television broadcasting rights	209	229	20	
Marketing rights	261	245	-16	
Licensing rights	48	160	112	
Hospitality/accommodation rights and ticket sales	45	22	-23	
Other revenue	51	78	27	
<b>Total</b>	<b>614</b>	<b>734</b>	<b>120</b>	

Club Protection Programme were below budget by USD 6 million due to the lower number of international “A” matches.

**Development & Education** progressed well and remained below budget. The FIFA Forward Programme was executed as planned, resulting in no deviation from the budget, with the exception of travel and equipment which not only included entitlements for 2017 but also 2016 accruals. On top of USD 29 million achieved from cancelled projects such as Football for Health, unused provisions for development programmes no longer in operation (FAP, *Goal*, Challenger and Win-Win) in the amount of USD 23 million were released. In 2017, the FIFA World Football Museum successfully strove to improve efficiency, resulting in a reduction in operational costs of USD 11 million.

**Football Governance** expenses remained below budget mainly because FIFA’s Early Warning System was outsourced and the Transfer Matching System was redesigned and insourced.

**FIFA Governance and Administration** covers the costs of governing FIFA itself. The 2017 costs were well kept below budget, mainly due to the efficient organisation of the 2017 FIFA Congress and committee meetings, restructuring of and continuous improvement to the IT Department, pension adjustments and efficient management of external and internal human resources in 2017.

Overall, the costs of commercialising FIFA’s **Marketing & TV Broadcasting** rights were slightly above budget due to FIFA’s commitment to making significant incremental investments in the digital field to unlock the potential of FIFA 2.0 and keep pace with current football fans’ consumption of the sport.

#### **Result before taxes and financial result**

The successful sales and operations in 2017 delivered a result before taxes and financial result of USD 300 million over budget. It is confidently forecasted that a positive result before taxes and financial result of over 100 million will be achieved at the end of the 2015-2018 financial cycle.



Another goal celebration, this time for the USA during the FIFA U-17 World Cup India 2017 Group A match against Ghana.

## EXPENSES 2017: BUDGET VERSUS ACTUAL (USD MILLION)

	Budget	Actual	Variance	
<b>2018 FIFA World Cup Russia™</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Other FIFA events</b>	<b>245</b>	<b>171</b>	<b>74</b>	
FIFA Confederations Cup Russia 2017	153	142	11	
FIFA Club World Cup UAE 2017	22	21	1	
FIFA U-20 World Cup Korea Republic 2017	24	16	8	
FIFA Beach Soccer World Cup Bahamas 2017	7	8	-1	
FIFA U-17 World Cup India 2017	18	21	-3	
FIFA Interactive World Cup	4	4	0	
Best FIFA Football Awards	6	5	1	
FIFA past events/other FIFA events from previous cycle	0	-64	64	
Value in kind and other	11	18	-7	
<b>FIFA Club Protection Programme</b>	<b>34</b>	<b>28</b>	<b>6</b>	
<b>Personnel expenses</b>	<b>15</b>	<b>18</b>	<b>-3</b>	
<b>Depreciation of property plant and equipment</b>	<b>2</b>	<b>2</b>	<b>0</b>	
<b>Competitions &amp; Events</b>	<b>296</b>	<b>219</b>	<b>77</b>	
<b>Total development &amp; education programmes</b>	<b>454</b>	<b>422</b>	<b>32</b>	
FIFA Forward project costs member associations	158	158	0	
FIFA Forward operational costs member associations	106	106	0	
FIFA Forward confederations	60	60	0	
FIFA Forward travel/equipment	27	54	-27	
FIFA Forward zonal/regional associations	13	13	0	
Technical development programmes	15	9	6	
Refereeing Assistance Programme (RAP)	9	7	2	
Other projects (FIFA World Cup Trophy Tour, FIFA Football Summits, etc.)	56	28	28	
Previous projects (FAP/Goal/MA programmes)	10	-13	23	
<b>FIFA World Football Museum</b>	<b>23</b>	<b>12</b>	<b>11</b>	
<b>Personnel expenses</b>	<b>22</b>	<b>24</b>	<b>-2</b>	
<b>Depreciation of property and equipment</b>	<b>12</b>	<b>19</b>	<b>-7</b>	
<b>Development &amp; Education</b>	<b>511</b>	<b>477</b>	<b>34</b>	
Football governance bodies and third-party services	15	10	5	
Personnel expenses	16	13	3	
Depreciation of property and equipment	2	2	0	
<b>Football Governance</b>	<b>33</b>	<b>25</b>	<b>8</b>	
Legal and governance costs related to investigations	14	14	0	
Annual FIFA Congress and committees	24	15	9	
Communications	23	18	5	
Information technology	25	17	8	
Buildings and maintenance	12	7	5	
Legal costs	15	9	6	
Other (audits, insurance, travel, consultancy, office equipment)	39	17	22	
Personnel expenses	69	61	8	
Depreciation of property and equipment/investment properties	8	7	1	
<b>FIFA Governance &amp; Administration</b>	<b>229</b>	<b>165</b>	<b>64</b>	
Broadcasting and media rights	11	9	2	
Marketing rights	4	6	-2	
Licensing rights	4	5	-1	
Sales commission	1	3	-2	
Personnel expenses	12	13	-1	
Depreciation of property and equipment	2	1	1	
<b>Marketing &amp; TV Broadcasting</b>	<b>34</b>	<b>37</b>	<b>-3</b>	
<b>Total investments/expenses</b>	<b>1,103</b>	<b>923</b>	<b>180</b>	



 Fans pack Kazan Arena during the FIFA Confederations Cup Russia 2017 Group A match between Mexico and Russia.



**3**

Budget 2019-2022 **30**

Detailed budget for 2019 **38**

# **A LOOK AHEAD TO 2019-2022**

## BUDGET 2019-2022

# Continuous revenue growth combined with strict cost management to deliver significant increase in Forward funding

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**6,560**

Revenue (USD million)

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**6,460**

Total investments/expenses (USD million)

---

**100**

Result before taxes and financial result (USD million)

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**1,746**

+667 versus previous cycle

Investment in Forward (USD million)

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 Significant investment in digital and e-gaming
 

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 Strategic functions planned to be brought back into FIFA
 

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FIFA's 2019-2022 budget is aligned to its strategic vision 2.0, with the clear objective being to increase football development funds and to allow FIFA's international tournaments to flourish.

The budget is also presented in a more accurate and transparent manner compared to previous cycles. For more details, see "Basis of preparation and approval of the 2019-2022 budget" on page 37.

## Revenue 2019-2022

The 2019-2022 budget assumes an increase in revenue of USD 904 million compared to the previous budget cycle, to a total amount of USD 6,560 million.

This rise can be attributed to increased revenue from TV broadcasting rights (up by USD 480 million) and from marketing rights (up by USD 435 million). Additional revenue of USD 97 million is planned from licensing rights. The budgeted income from ticket sales is a conservative amount given the smaller stadiums for the 2022 FIFA World Cup™, leading to a reduction in revenue

from hospitality and ticket sales. A minor decrease is also anticipated in the "Other revenue" category.

The increase in revenue targets is also supported by the fact that a significant share of 70% of contracts have already been signed compared to the total budget (as at the end of 2017). Although the remaining 30% to be contracted is still a challenging target, FIFA is confident it will be reached.

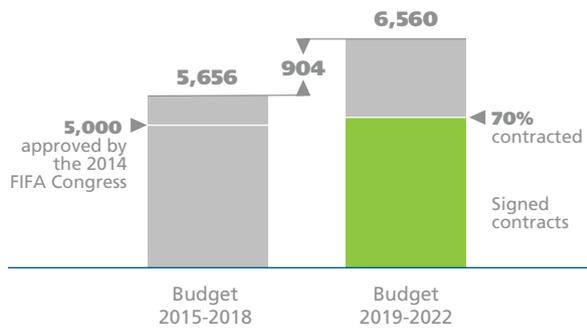
The largest revenue source for FIFA is the sale of **TV broadcasting rights**, for which the 2019-2022 cycle is expected to generate USD 3,480 million, 86% of which is already contracted (as at the end of 2017). Several international regions have already been completely sold.

Revenue from **marketing rights** is planned to generate USD 1,885 million in the coming cycle. As at the balance sheet date, 67% of this amount is already contracted. This number is relatively low since sales for the Regional Supporter category for the 2022 FIFA World Cup Qatar™ will begin only after the 2018 FIFA World Cup Russia™ has been delivered.

The remaining part of the revenue budget contains revenue from the sale of licensing rights, hospitality rights, ticket sales, other FIFA events, the FIFA World Football Museum, the FIFA Quality Programme and other revenue. The already contracted portion of these rights is 27% (as at the end of 2017).

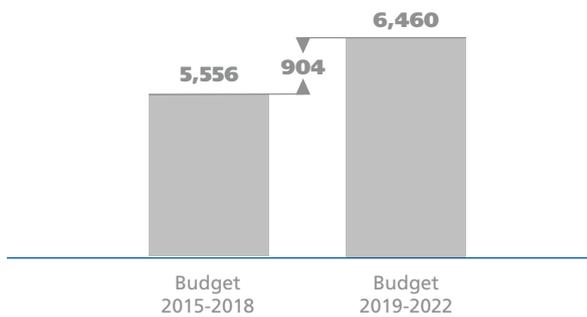
FIFA recognises the majority of its revenue in the fourth year, whereas the football development is equally spread over all years of the cycle. As a result, each year in FIFA's cycle should be viewed in combination and keeping the full cycle in mind. Moreover, as a result of the distinct operating model of FIFA, the first three years of a cycle typically show a negative result.

**OVERVIEW OF THE REVENUE BUDGET FOR THE 2019-2022 CYCLE BY YEAR (USD MILLION)**



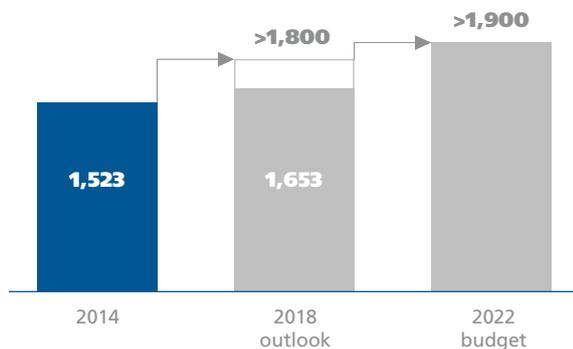
	Budget 2019-2022	Variance
TV broadcasting rights	3,480	+480
Marketing rights	1,885	+435
Licensing rights	460	+97
Hospitality rights and ticket sales	500	-75
Other revenue	235	-33
<b>Total</b>	<b>6,560</b>	<b>904</b>

**OVERVIEW OF THE INVESTMENT BUDGET FOR THE 2019-2022 CYCLE BY YEAR (USD MILLION)**



	Budget 2019-2022	Variance
Competitions & Events	2,756	+9
Development & Education	2,321	+671
Football Governance	127	-9
FIFA Governance & Administration	969	+78
Marketing & TV Broadcasting	287	+155
<b>Total</b>	<b>6,460</b>	<b>904</b>

**DEVELOPMENT OF RESERVES AND OUTLOOK (USD MILLION)**



FIFA prepares its financials in accordance with IFRS and adopted the IFRS 15 revenue recognition standard early. Although the majority of revenue is contracted well in advance, it is not recognised until the last year of the cycle, i.e. the year of the FIFA World Cup™. Consequently, the first three years of a cycle typically show a negative result and the last year shows the compensating surplus.

### 2019-2022 investments

Article 62 paragraph 2 of the FIFA Statutes states: “The revenue and expenditure of FIFA shall be managed so that they balance out over the financial period.” Furthermore, the level of reserves is deemed to be sufficient to cover FIFA’s inherent risks at the end of 2018. Consequently, the investment budget for the 2019-2022 cycle has increased to a similar extent as the revenue budget, totalling USD 6,460 million, producing a result before taxes and financial result of USD 100 million.

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**Key changes** in the 2019-2022 budget include **increased investment** in Forward, digital marketing and e-gaming, and the insourcing of several strategic functions.

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The **FIFA Forward Programme** was launched in 2016 and reached full operational status in 2017. In the 2019-2022 cycle, the member associations and confederations will benefit from a fully four-year operational Forward Programme with additional funds amounting to USD 376 million. In addition, an increase of 20% for all elements of Forward has been included for the 2019-2022 cycle amounting to USD 291 million overall. The total increase compared with the 2015-2018 cycle amounts to an additional investment of **USD 667 million**.

In October 2016, FIFA launched FIFA 2.0: The Vision for the Future, which incorporates the implementation of a number of long-term strategic initiatives, and therefore affects the 2019-2022 investment budget. Development & Education (USD 64 million) and Marketing & TV Broadcasting (USD 59 million) benefit in particular from FIFA 2.0. These include initiatives in the areas of **technical development** (various workshops, football in schools, internships, etc.), **women’s football**, sustainability (human rights) and commercial with increased investments into **digital marketing** and **e-gaming/e-sports**.

In addition, FIFA 2.0 sets out the way forward in terms of FIFA’s operating model. FIFA is in the process of redesigning a number of strategic, previously outsourced, activities that it will now deliver FIFA in-house. The **insourced** activities include the following:

- FIFA has traditionally worked with **Local Organising Committees (LOCs)**, run by the respective host country, to deliver the World Cup. For the 2026 edition, this model will be replaced by a FIFA-controlled entity. Planning for the 2022 FIFA World Cup Qatar™ is also ongoing and the restructuring of operational management of the LOC is included in the 2019-2022 budget.
- FIFA has engaged a third-party company to provide a comprehensive **ticketing services** solution. Beginning with the FIFA Women’s World Cup France 2019™, FIFA will perform the task of the ticketing services in-house. A dedicated team will be established and will also handle the 2022 FIFA World Cup Qatar™.
- Similarly, **broadcaster servicing** was previously provided by a third-party company. This service will be insourced for the 2019-2022 cycle.
- **Information technology activities** were largely outsourced in the past. FIFA is now planning to insource many of these activities.
- FIFA ran the **Transfer Matching System (TMS)** services via a subsidiary (FIFA Transfer Matching System GmbH). In 2017, the scope of the services provided was reviewed and adjusted, as a result of which the company is being liquidated and the majority of TMS staff became employees of FIFA itself.
- FIFA **Early Warning System** GmbH provided a range of services to FIFA to protect the integrity of football (e.g. detecting the manipulation of football matches). The company is being liquidated and the services are now provided by a specialist third-party company.
- Some of the **logistics and cleaning services** for the FIFA buildings in Zurich were previously provided by a third-party company. In 2017, these services were insourced.

As a result of the insourced activities described above, the **number of FIFA employees will increase** significantly until 2022. The estimated total increase in

**TOTAL REVENUE AND INVESTMENT BUDGET FOR THE 2019-2022 CYCLE (USD MILLION)**

	2015-2018	2019-2022	Variance	
<b>Total revenue</b>	<b>5,656</b>	<b>6,560</b>	<b>904</b>	
2022 FIFA World Cup Qatar™		1,656		
FIFA Confederations Cup 2021		150		
FIFA Women's World Cup™		131		
FIFA Club World Cup (four editions)		83		
FIFA youth tournaments		203		
Other tournaments and events		122		
Value in kind and other		112		
FIFA Club Protection Programme		148		
Personnel expenses		143		
Depreciation of property and equipment		8		
<b>Competitions &amp; Events</b>	<b>2,747</b>	<b>2,756</b>	<b>9</b>	
Forward Programme		1,746		
Technical development		57		
Refereeing Assistance Programme (RAP)		40		
Development offices, Executive Football Summits and administration		100		
Other Development & Education programmes		223		
Personnel expenses		112		
Depreciation of property and equipment		43		
<b>Development &amp; Education (details see next page)</b>	<b>1,650</b>	<b>2,321</b>	<b>671</b>	
Football governance bodies and third-party services		54		
Personnel expenses		66		
Depreciation of property and equipment		7		
<b>Football Governance</b>	<b>136</b>	<b>127</b>	<b>-9</b>	
Legal costs		94		
Annual FIFA Congress and committee meetings		92		
Communications		90		
Information technology		92		
Buildings and maintenance		54		
Other (including finance, executive office, ERP costs, insurance and auditors' fees, VIK)		135		
Personnel expenses		370		
Depreciation of property and equipment/investment properties		42		
<b>FIFA Governance &amp; Administration</b>	<b>891</b>	<b>969</b>	<b>78</b>	
Broadcasting and media rights		26		
Marketing rights		79		
Licensing rights		11		
Sales commission		95		
Personnel expenses		69		
Depreciation of property and equipment		7		
<b>Marketing &amp; TV Broadcasting</b>	<b>132</b>	<b>287</b>	<b>155</b>	
<b>Total investments</b>	<b>5,556</b>	<b>6,460</b>	<b>904</b>	
<b>Result before taxes and financial result</b>	<b>100</b>	<b>100</b>	<b>0</b>	

personnel expenses for the cycle amounts to USD 248 million. The total net savings are estimated at about USD 180 million. In addition, the extra workforce will increase the cost of the administrative functions, such as office costs, IT costs and the like, which are reflected in the FIFA Governance & Administration expense category.

Another key change to the previous cycle relates to the amount of **prize money for the 2022 FIFA World Cup Qatar™**: the budget contains a 10% increase compared to the prize money for the 2018 FIFA World Cup Russia™ of USD 400 million.

### Competitions & Events

Expenses for the **2022 FIFA World Cup Qatar™** have been carefully budgeted and tailored to local needs. Compared to the 2015-2018 cycle, the restructuring of operational management, the relatively low number of venues and the reduced local travel requirements are helping to contain costs.

Total expected savings in comparison to the 2018 FIFA World Cup™ amount to around USD 300 million.

The budget foresees a similar amount for the **FIFA Confederations Cup 2021** as for prior editions.

**Youth tournaments** include investments for eight events in the course of the four-year cycle for both men and women. The costs are higher than in the last cycle, which is due to higher anticipated travel and accommodation costs.

We are investing in **The Best FIFA Football Awards** to raise the events profile and increase its commercial value on a global scale. On the other hand, FIFA expects a higher revenue from this event, which will at least compensate for the increase in expenses.

The **FIFA Club Protection Programme** is expected to cover an increased number of matches in the 2019-2022 cycle and hence costs were increased accordingly.

The significant increase in **personnel expenses** relates to the higher number of staff needed to absorb the various insourcing activities.

In the budget for 2015-2018, the value in kind (VIK) contributions were not considered, and the modification of the budgeting approach leads to a technical budget increase of USD 80 million.

### Development & Education

As outlined before, a significant increase of 20% has been budgeted for football development through the **FIFA Forward Programme**:

- **Each member association** will receive USD 1.5 million per year (up from USD 1.25 million in the prior cycle), totalling **USD 6 million for the cycle**.
- **Each confederation** will receive USD 12 million per year (up from USD 10 million), totalling **USD 48 million for the cycle**.
- Additional funds related to travel and equipment, zonal associations and territories, will increase to a total of USD 48 million per year (up from USD 40 million), or **USD 192 million for the cycle**.

The total increase in the investments under the Forward Programme in the 2019-2022 cycle compared to the last cycle amounts to USD 667 million.

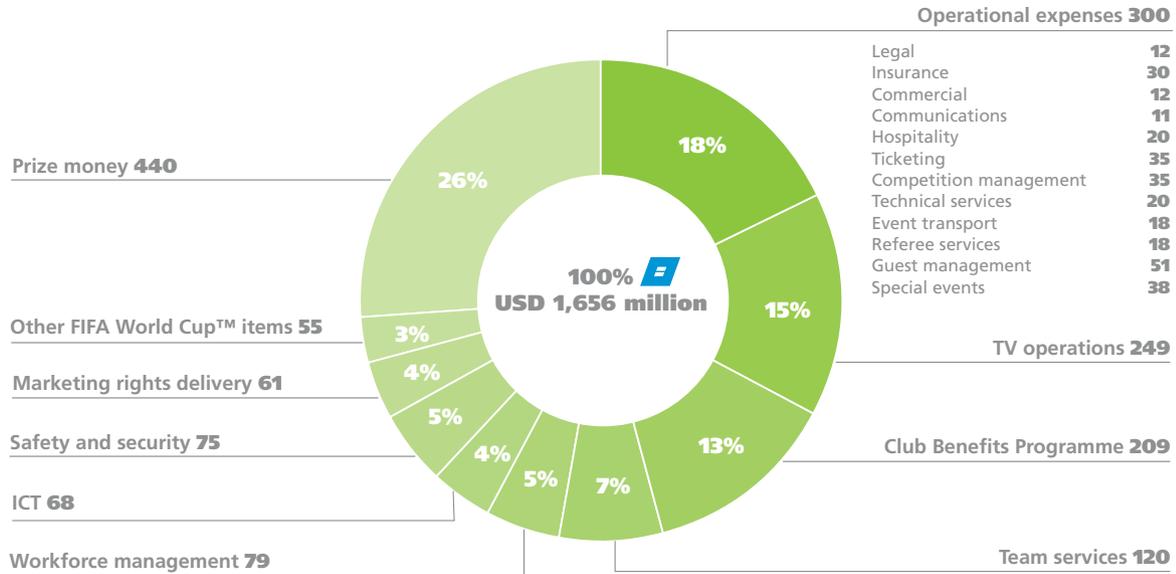
FIFA 2.0 initiatives includes member association performance workshops, football in schools, new instructor programmes, exchange and internship projects, a new strategy for women's football and additional programmes related to human rights.

**Other projects** include FIFA Executive Football Summits, as well as additional budgets for the setting up of the regional development offices.

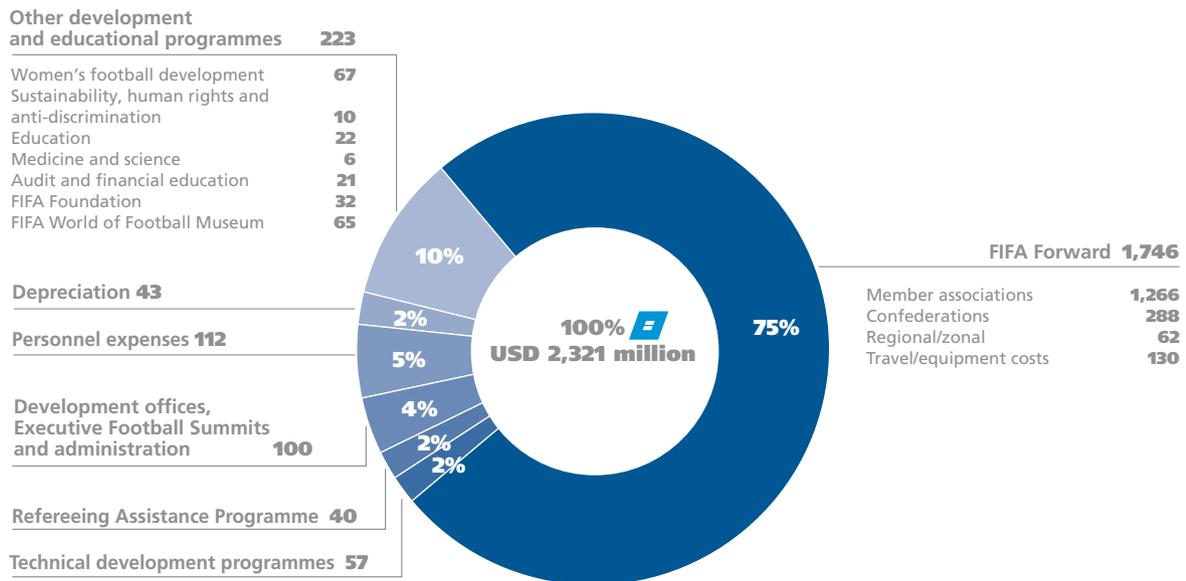
The scope of **medicine and science** was reviewed during the 2015-2018 cycle, resulting in some projects such as Football for Health being abolished.

The **FIFA Foundation** will be set up in 2018 with a budget of USD 4.0 million, with USD 3.2 million to be transferred from the Football for Hope project and another USD 0.8 million from the FIFA Player and Promotion Events budget for 2018. In the 2019-2022 cycle, the FIFA Foundation will remain the same as in 2018, with the addition of the solidarity projects for a total of USD 4 million per year.

**INVESTMENT BUDGET FOR THE 2022 FIFA WORLD CUP QATAR™ (USD MILLION)**



**INVESTMENT BUDGET FOR DEVELOPMENT AND EDUCATION IN THE 2019-2022 CYCLE (USD MILLION)**



The budget for the **FIFA World Football Museum** was reviewed and optimised during 2016 and 2017. The budget for the 2019-2022 cycle amounts to USD 65 million (excluding personnel expenses and depreciation, which are shown in the respective line).

**Personnel expenses** are increasing due to enhanced support of the FIFA Forward Programme as well as for the implementation of the FIFA 2.0 initiatives in women's football development. In contrast, a strategy review in 2017 led to a reduction in personnel expenses for the FIFA World Football Museum.

### **Football Governance**

The main budget effect in Football Governance came from the insourcing and review of the Transfer Matching System (TMS) and the liquidation of the FIFA Early Warning System (EWS) subsidiary. Personnel expenses have decreased as a result of the redesign of TMS and EWS.

### **FIFA Governance & Administration**

**Legal cost** budgets are significantly lower than the costs incurred in the 2015-2018 cycle due to the non-recurring cost of the special investigations in 2016-2017.

**Congress/committees** expenses remain broadly flat (taking into account the additional costs in the 2015-2018 cycle for the Extraordinary FIFA Congress in February 2016); the cost increase resulting from the increased number of members in the FIFA Council was mitigated by the restructuring of the other FIFA committees and the optimisation of the Congress schedule and Congress organisation.

The reduction in **Communications** costs is due to a new strategic direction in digital content, as well as in digital production and technology.

The increase in **information technology** and **buildings and maintenance** is due to additional investments generated by insourcing activities.

The key drivers of the substantial increase in **personnel expenses** are a higher FIFA headcount in several FIFA divisions due to various insourcing activities and a greater demand for supporting activities (e.g. from Legal, Compliance, Finance, HR, etc.).

### **Marketing & TV Broadcasting**

The budgets for **FIFA Films** and **Broadcaster Servicing** have decreased due to the insourcing of these services from third-party suppliers. Thus, the budget for personnel expenses has increased. In addition, start-up costs have been allocated to the in-house ticketing solutions. The FIFA Women's World Cup 2019™, the 2022 FIFA World Cup™ and other FIFA events in the 2019-2022 cycle will be serviced by the in-house ticketing solutions. In line with FIFA 2.0, a substantial budget increase in **Marketing** has been dedicated to the digitalisation of services to the commercial affiliates. A **sales commission** budget has been established for sales agents and sales representatives who support FIFA in selling certain rights packages.

### **Summary**

In summary, FIFA anticipates revenue for the 2019-2022 cycle to remain strong, amounting to USD 6,560 million with investments of USD 6,460 million. A further increase in football development through Forward and the insourcing of a number of strategic activities are the major investments planned.

### **Result before taxes and financial result**

The **result before taxes and financial result** is expected to close the cycle at **USD 100 million**.

Following the revenue recognition under IFRS 15, the majority of the revenue will be recognised in the year of the 2022 FIFA World Cup™. In contrast, football will be continuously developed and investment is equally spread over the four years of the cycle. As a result, FIFA expects negative results from 2019 to 2021, followed by a positive, compensatory profit in 2022.

Accordingly, FIFA expects its **reserves to increase moderately** by the end of 2022.

### **Basis of preparation and approval of the 2019-2022 budget**

Article 62 paragraph 1 of the FIFA Statutes states: "The financial period of FIFA shall be four years and shall begin on each 1 January in the year following the final competition of the FIFA World Cup™." In accordance with this provision, the budget for the 2019-2022 four-year cycle must be ratified by the 68<sup>th</sup> FIFA Congress in June 2018.

The FIFA Finance Committee and the FIFA Council approved the budget for 2019-2022 at their meetings on 15 March and 16 March 2018 respectively.

In previous cycles, FIFA presented its budgets on a cash basis, whereas the financial reporting followed IFRS standards. This situation led to a lack of transparent budget analysis, as the IFRS figures had to be translated back into a "cash" basis for budget comparison purposes.

For the sake of clarity and better understanding, FIFA changed this approach starting with the Financial Report 2016. The budget presented herein is thus in accordance with IFRS. The application of IFRS on the budget has an effect on both the allocation of the revenue and investment to the individual years (i.e. purely in terms of timing) and on the inclusion of non-cash items, namely depreciation. The key changes are outlined below:

- Under IFRS, expenses for events are shown in the year in which the competition takes place. Therefore, the entire expense budget for the 2022 FIFA World Cup™ is shown in the year 2022. The same applies to other FIFA events: the full expense budget is included in the year of the respective event.
- In some of the revenue contracts, the rights licensees are obliged to not only pay FIFA in cash, but also to provide products or services, so-called "value in kind" (VIK). For the 2019-2022 cycle, in order to enhance the transparency of the budget, the respective monetary values of such products or services are included as VIK expenses (previously, VIK was considered as "non-cash" and therefore not included in the budgets).
- For the sale of certain rights, FIFA works with sales agents/sales representatives. In most cases, these companies are remunerated on a commission basis. For the 2019-2022 cycle, in order to enhance the transparency of the budget, these commissions are included in the expenses (previously, revenue was shown net of such commissions).
- In the interests of complete transparency, the budget presentation follows the same structure used to report the actual figures. Therefore, personnel expenses and depreciation of property and equipment are shown in the relevant expense category.

## DETAILED BUDGET FOR 2019

## Budget 2019

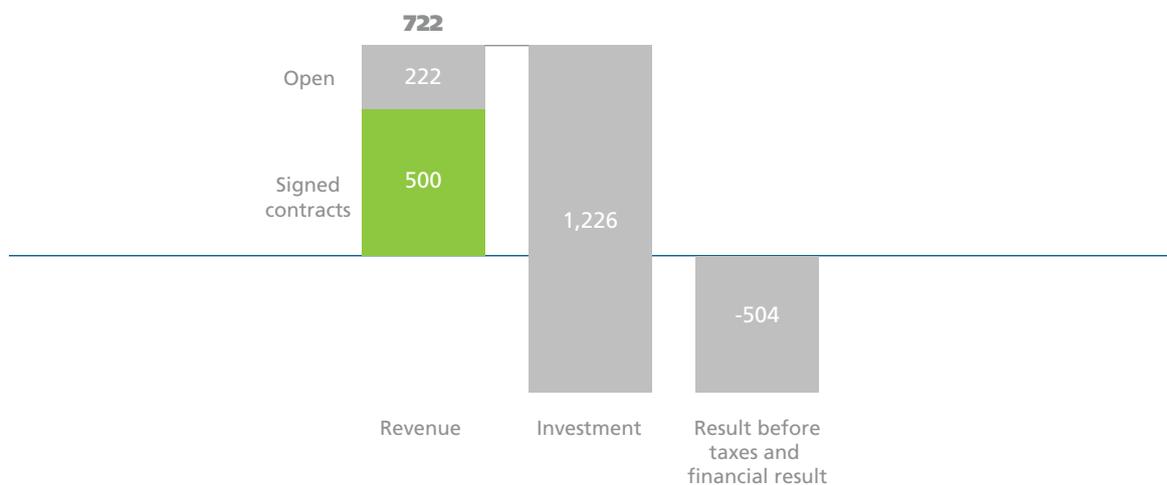
The full four-year cycle budget for 2019-2022 is presented on page 30. The budget for 2019 only is shown on this page using the same structure.

This budget for 2019 has been approved by the FIFA Finance Committee and the FIFA Council. Final approval is provided by the FIFA Congress.

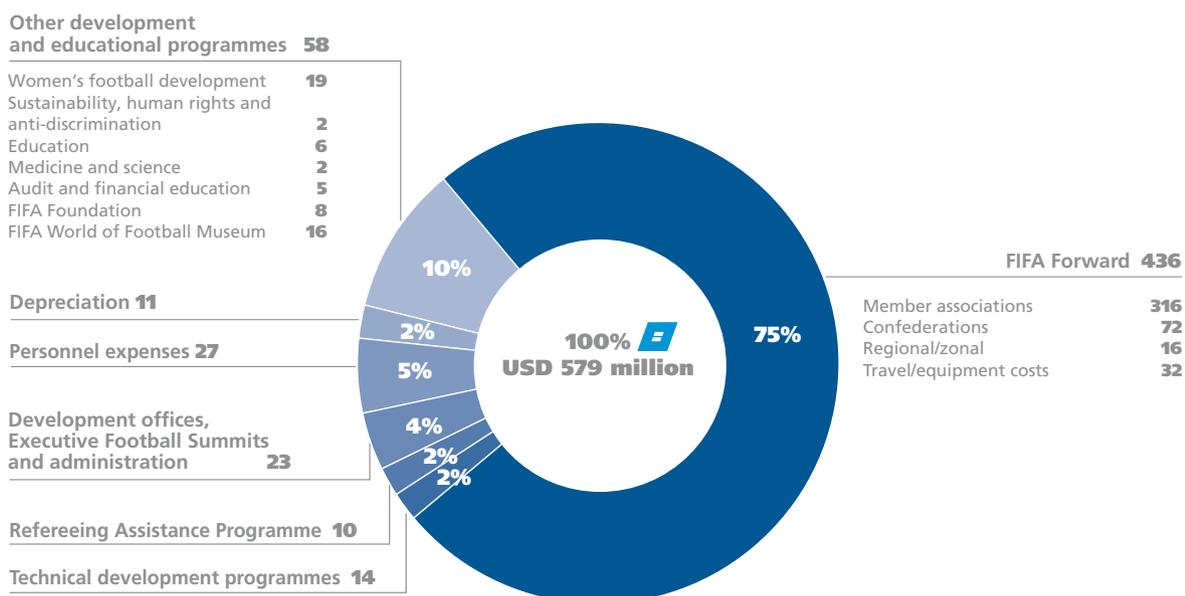
**TOTAL REVENUE AND INVESTMENT BUDGET FOR 2019 (USD MILLION)**

	<b>2019</b>
Revenue from TV broadcasting rights	327
Revenue from marketing rights	231
Revenue from licensing rights	111
Other revenue	53
<b>Total revenue</b>	<b>722</b>
FIFA Women's World Cup 2019™	131
FIFA Club World Cup 2019	21
FIFA Youth tournaments	59
FIFA Beach Soccer World Cup 2019	8
FIFA Interactive World Cup 2019	7
The Best FIFA Football Awards	7
Blue Stars/FIFA Youth Cup 2019	1
Value in kind and other	9
FIFA Club Protection Programme	40
Personnel expenses	34
Depreciation of property and equipment	2
<b>Competitions &amp; Events</b>	<b>319</b>
<b>Development &amp; Education</b> (for details, see next page)	<b>579</b>
Football governance bodies and third-party services	13
Personnel expenses	16
Depreciation of property and equipment	2
<b>Football Governance</b>	<b>31</b>
Legal costs	23
Annual FIFA Congress and committee meetings	23
Communications	25
Information technology	24
Buildings and maintenance	15
Other (including value in kind)	32
Personnel expenses	89
Depreciation of property and equipment/investment properties	11
<b>FIFA Governance &amp; Administration</b>	<b>242</b>
Broadcasting and media rights	6
Marketing rights	19
Licensing rights	3
Sales commission	9
Personnel expenses	16
Depreciation of property and equipment	2
<b>Marketing &amp; TV Broadcasting</b>	<b>55</b>
<b>Total investments</b>	<b>1,226</b>
<b>Result before taxes and financial result</b>	<b>-504</b>

**OVERVIEW OF 2019 BUDGET (USD MILLION)**



**INVESTMENT BUDGET FOR DEVELOPMENT & EDUCATION IN THE YEAR 2019 (USD MILLION)**





Local Indian children play football in a park ahead of the FIFA U-17 World Cup India 2017.



4

FIFA Forward fund payments – 2016 & 2017 42

Increased contributions for participating member associations 52

# INVESTMENT IN FOOTBALL

## FIFA FORWARD FUND PAYMENTS – 2016 &amp; 2017

# FIFA Forward funds – on time and under control

As the governing body of football, FIFA is committed to fulfilling its vision to promote the game of football, protect its integrity and bring the game to all. As of 2016, FIFA expanded its efforts to develop and promote the game worldwide and made it more accessible to girls and boys around the globe with the launch of the FIFA Forward Programme in 2016.

The Forward Programme embraces three crucial principles – more investment, more impact and more oversight. FIFA has increased its investment in football development to unprecedented levels and implemented oversight mechanisms to enhance the benefits of the funds invested in each project. The investments dedicated to Forward amounted to USD 1,079 million in the 2015-2018 cycle, comprising USD 475 million for their project costs, USD 317 million for member associations' operational costs, USD 81 million for travel and equipment costs, USD 180 million for confederations' costs and USD 26 million for zonal/regional costs.

The FIFA administration has been working closely with member associations and confederations to ensure that Forward funds are being used transparently, judiciously and effectively. Besides striving to release the funds more efficiently with more straightforward project application processes, the administration has also focused on providing member associations and confederations with best-practice support for project development, especially by assisting those member associations with more limited resources by enabling an initial payment to assist with pre-project planning and feasibility studies for larger projects. FIFA also distributes additional Forward funds in the form of (1) travel funds to the member associations that need the most assistance and are geographically isolated to cover the costs of travel and accommodation for their national teams when they play matches abroad, and (2) equipment funds to the member associations that are most in need of football equipment and/or that do not have an official equipment supplier for purchasing

national teams' equipment. The allocation mechanism for travel and equipment funds varies based on predefined criteria stipulated in the FIFA Forward regulations.

The list of member associations eligible for travel and equipment funding was established by FIFA's Development Committee. It should be noted that those member associations under sanction or suspension are not eligible to receive Forward funds. A restricted funding mechanism is also in place, subject to Audit and Compliance Committee approval, to assist certain member associations in meeting their financial obligations to receive Forward funds by releasing limited funds on a monthly basis, backed up by support in implementing financial good-governance practices.

As at 31 December 2017, FIFA had received 1,554 Forward applications, including 709 for project-related funds, 462 for operational costs and 383 for travel and equipment costs. For member associations, the projects invested by the Forward Programme cover football infrastructure, domestic competitions and organisational capacity-building within the associations. In addition, 203 member associations have so far benefited from the support of funds to cover the everyday running costs of their organisation, including utilities, salaries, rent and many other daily expenses. This support is fundamental to allowing member associations to maintain basic organisational and administrative operations, enabling them to allocate more resources to football-specific matters. FIFA has also initiated projects with each of the

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**1,079**

Investment outlook dedicated to Forward for the 2015-2018 cycle (USD million)

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**1,554**

Forward applications received by the end of 2017

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**393**

Forward funds released in 2016 & 2017 (USD million)

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six confederations covering a wide range of regional investments in centres of excellence, youth competitions and refereeing initiatives, etc., which boost football development in the relevant regions.

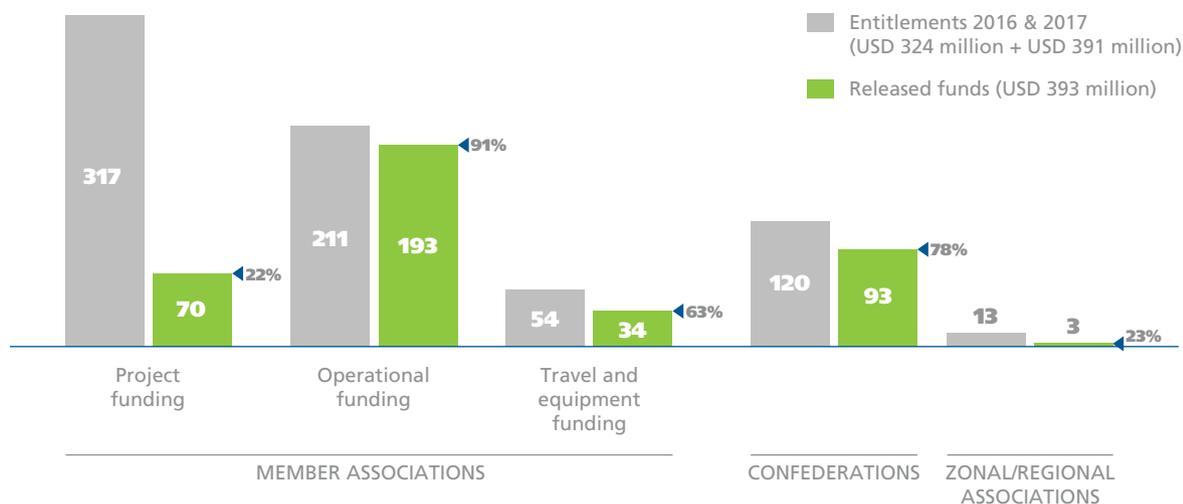
In 2016 and 2017, FIFA released Forward funds totalling USD 297 million to the member associations, USD 93 million to its confederations and USD 3 million

to zonal/regional associations. Under the Forward Programme, significant levels of funds have already been committed for release in future milestone payments over the lifespan of the specific projects presented. These committed funds will continue to be released progressively in accordance with the agreed individual milestones, pending successful demonstration of continued project delivery by the member association.

**FIFA FORWARD ENTITLEMENTS 2015-2018 CYCLE (USD THOUSAND)**

Associations	Entitlement 2016	Entitlement 2017	Entitlement 2018	Total cycle
Member associations				
Project funding	158,250	158,250	158,250	474,750
Operational funding	105,500	105,500	105,500	316,500
Travel and equipment funding	0	54,250	27,125	81,375
Confederations	60,000	60,000	60,000	180,000
Zonal/regional associations	0	13,000	13,000	26,000
<b>Total Forward funding</b>	<b>323,750</b>	<b>391,000</b>	<b>363,875</b>	<b>1,078,625</b>

**OVERVIEW OF 2016 AND 2017 FORWARD FUNDING (USD MILLION)**



## FIFA FORWARD FUNDS TO MEMBER ASSOCIATIONS (USD THOUSAND)

	Entitlement 2016 and 2017 <sup>1</sup>	Forward funds released	Percentage of funds released
Project costs	316,500	69,515	22%
Operational costs	211,000	192,844	91%
Equipment and travel costs	54,250	34,171	63%
<b>Total</b>	<b>581,750</b>	<b>296,530</b>	<b>51%</b>

## FIFA FORWARD FUNDS TO CONFEDERATIONS (USD THOUSAND)

Confederation	Entitlement 2016 and 2017 <sup>1</sup>	Forward funds released	Percentage of funds released
AFC	20,000	20,000	100%
CAF	20,000	5,500	28%
CONCACAF	20,000	18,811	94%
CONMEBOL	20,000	12,182	61%
OFC	20,000	16,804	84%
UEFA	20,000	20,000	100%
<b>Total</b>	<b>120,000</b>	<b>93,297</b>	<b>78%</b>

## FIFA FORWARD FUNDS TO ZONAL/REGIONAL ASSOCIATIONS (USD THOUSAND)

Confederation of zonal/regional associations	Entitlement 2016 and 2017 <sup>1</sup>	Forward funds released	Percentage of funds released
AFC	5,000	0	0%
CAF	6,000	1,000	17%
CONCACAF	2,000	2,000	100%
<b>Total</b>	<b>13,000</b>	<b>3,000</b>	<b>23%</b>

<sup>1</sup> The amounts of Forward funds to which member associations and confederation are entitled are also shown under Note 7 "Development & Education" (page 79).

	Entitlement 2016 and 2017 <sup>2</sup> (TUSD)	Forward funds released (TUSD)				Total <sup>3</sup>	Percentage of funds released <sup>4</sup>
		Project costs	Operational costs	Equipment and travel costs			
Afghanistan	2,963	747	1,000	610	2,357	80%	
Australia	2,500	750	1,000	0	1,750	70%	
Bahrain	2,917	198	1,000	272	1,471	50%	
Bangladesh	2,963	621	1,000	99	1,720	58%	
Bhutan	2,963	0	1,000	85	1,085	37%	
Brunei Darussalam	2,950	0	600	0	600	20%	
Cambodia	2,963	581	1,000	610	2,191	74%	
China PR	2,567	0	1,000	0	1,000	39%	
Chinese Taipei	2,917	289	1,000	0	1,289	44%	
Guam	2,917	704	849	525	2,077	71%	
Hong Kong	2,917	554	1,000	284	1,837	63%	
India	2,600	818	1,000	0	1,818	70%	
Indonesia	2,963	625	1,000	202	1,827	62%	
IR Iran	2,567	636	1,000	100	1,736	68%	
Iraq	2,950	0	1,000	0	1,000	34%	
Japan	2,500	1,500	1,000	0	2,500	100%	
Jordan	2,917	1,500	1,000	575	3,075	105%	
Korea DPR	2,917	0	70	0	70	2%	
Korea Republic	2,567	938	1,000	0	1,938	75%	
Kuwait	2,950	0	0	0	0	0%	
Kyrgyz Republic	2,950	776	1,000	135	1,911	65%	
Laos	2,963	543	1,000	610	2,153	73%	
Lebanon	2,950	100	1,000	600	1,700	58%	
Macau	2,917	100	1,000	525	1,625	56%	
Malaysia	2,600	0	1,000	0	1,000	38%	
Maldives	2,950	0	1,000	145	1,145	39%	
Mongolia	2,950	0	1,000	170	1,170	40%	
Myanmar	2,917	0	1,000	0	1,000	34%	
Nepal	2,963	0	1,000	170	1,170	39%	
Oman	2,950	431	1,000	646	2,077	70%	
Pakistan	2,613	0	0	0	0	0%	
Palestine	2,917	533	1,000	575	2,108	72%	
Philippines	2,950	0	1,000	600	1,600	54%	
Qatar	2,567	0	250	0	250	10%	

<sup>2</sup> The amount of Forward funds to which each member association is entitled varies, with some member associations also eligible for travel and equipment solidarity funding (e.g. those that need the most assistance or are geographically isolated).

<sup>3</sup> Those member associations under sanction or suspension are not eligible to receive Forward funds.

<sup>4</sup> Percentage of funds released are stated in rare cases above 100% as FIFA has released part of 2018 entitlements (e.g. upfront investments in certain projects implemented already underway as part of the FIFA Forward four-year cycle).

#### 4 / INVESTMENT IN FOOTBALL

Saudi Arabia	2,567	0	0	0	0	0%
Singapore	2,917	0	1,000	525	1,525	52%
Sri Lanka	2,950	0	1,000	0	1,000	34%
Syria	2,963	0	0	0	0	0%
Tajikistan	2,963	1,125	1,000	525	2,650	89%
Thailand	2,567	746	1,000	0	1,746	68%
Timor-Leste	2,963	0	550	0	550	19%
Turkmenistan	2,950	0	500	525	1,025	35%
United Arab Emirates	2,567	0	773	0	773	30%
Uzbekistan	2,917	0	250	170	420	14%
Vietnam	2,567	850	1,000	0	1,850	72%
Yemen	2,963	0	0	0	0	0%
<b>Total</b>	<b>130,477</b>	<b>15,665</b>	<b>36,841</b>	<b>9,282</b>	<b>61,788</b>	<b>47%</b>

	Entitlement 2016 and 2017 <sup>2</sup> (TUSD)	Forward funds released (TUSD)				Total <sup>3</sup>	Percentage of funds released <sup>4</sup>
		Project costs	Operational costs	Equipment and travel costs			
Algeria	2,600	0	1,000	0	1,000	38%	
Angola	2,963	0	556	0	556	19%	
Benin	2,963	0	917	525	1,442	49%	
Botswana	2,950	614	1,000	525	2,139	72%	
Burkina Faso	2,963	0	1,000	525	1,525	51%	
Burundi	2,963	727	1,250	0	1,977	67%	
Cameroon	2,600	139	785	0	924	36%	
Cape Verde Islands	2,963	229	893	0	1,123	38%	
Central African Republic	2,963	295	1,000	695	1,990	67%	
Chad	2,963	148	1,000	525	1,673	56%	
Comoros	2,963	0	1,000	150	1,150	39%	
Congo	2,963	143	1,000	525	1,668	56%	
Congo DR	2,963	0	1,000	0	1,000	34%	
Côte d'Ivoire	2,600	259	250	0	509	20%	
Djibouti	2,963	615	1,000	525	2,140	72%	
Egypt	2,963	0	1,000	350	1,350	46%	
Equatorial Guinea	2,950	373	1,000	0	1,373	47%	
Eritrea	2,963	0	1,247	525	1,772	60%	
Ethiopia	2,963	0	1,000	0	1,000	34%	

<sup>2</sup> The amount of Forward funds to which each member association is entitled varies, with some member associations also eligible for travel and equipment solidarity funding (e.g. those that need the most assistance or are geographically isolated).

<sup>3</sup> Those member associations under sanction or suspension are not eligible to receive Forward funds.

<sup>4</sup> Percentage of funds released are stated in rare cases above 100% as FIFA has released part of 2018 entitlements (e.g. upfront investments in certain projects implemented already underway as part of the FIFA Forward four-year cycle).

Gabon	2,950	48	575	0	623	21%
Gambia	2,963	350	1,000	467	1,817	61%
Ghana	2,600	0	994	0	994	38%
Guinea	2,963	0	375	0	375	13%
Guinea-Bissau	2,963	0	200	525	725	24%
Kenya	2,963	135	1,250	525	1,910	64%
Lesotho	2,963	0	500	51	551	19%
Liberia	2,963	0	1,000	525	1,525	51%
Libya	2,950	0	50	0	50	2%
Madagascar	2,963	254	1,000	350	1,604	54%
Malawi	2,963	278	1,000	525	1,803	61%
Mali	2,963	0	750	0	750	25%
Mauritania	2,963	578	1,000	0	1,578	53%
Mauritius	2,950	735	1,000	525	2,260	77%
Morocco	2,950	0	250	0	250	8%
Mozambique	2,963	224	1,000	305	1,528	52%
Namibia	2,950	150	1,000	328	1,478	50%
Niger	2,963	0	1,000	0	1,000	34%
Nigeria	2,600	0	0	0	0	0%
Rwanda	2,963	900	1,000	0	1,900	64%
São Tomé e Príncipe	2,963	14	1,000	0	1,014	34%
Senegal	2,950	0	1,000	0	1,000	34%
Seychelles	2,600	467	1,000	0	1,467	56%
Sierra Leone	2,963	161	1,000	26	1,188	40%
Somalia	2,963	221	1,000	0	1,221	41%
South Africa	2,950	407	1,000	350	1,757	60%
South Sudan	2,963	0	150	0	150	5%
Sudan	2,963	0	0	0	0	0%
Swaziland	2,963	429	1,260	525	2,214	75%
Tanzania	2,963	0	699	0	699	24%
Togo	2,963	0	1,000	70	1,070	36%
Tunisia	2,917	0	990	0	990	34%
Uganda	2,963	0	1,000	525	1,525	51%
Zambia	2,950	0	1,000	0	1,000	34%
Zimbabwe	2,963	0	946	0	946	32%
<b>Total</b>	<b>157,660</b>	<b>8,893</b>	<b>45,887</b>	<b>10,491</b>	<b>65,271</b>	<b>41%</b>

<sup>2</sup> The amount of Forward funds to which each member association is entitled varies, with some member associations also eligible for travel and equipment solidarity funding (e.g. those that need the most assistance or are geographically isolated).

<sup>3</sup> Those member associations under sanction or suspension are not eligible to receive Forward funds.

<sup>4</sup> Percentage of funds released are stated in rare cases above 100% as FIFA has released part of 2018 entitlements (e.g. upfront investments in certain projects implemented already underway as part of the FIFA Forward four-year cycle).

 Concacaf	Entitlement 2016 and 2017 <sup>2</sup> (TUSD)	Forward funds released (TUSD)				Percentage of funds released <sup>4</sup>
		Project costs	Operational costs	Equipment and travel costs	Total <sup>3</sup>	
Anguilla	2,600	0	1,000	0	1,000	38%
Antigua and Barbuda	2,567	0	1,000	0	1,000	39%
Aruba	2,917	0	1,246	525	1,771	61%
Bahamas	2,950	1,090	1,278	525	2,893	98%
Barbados	2,917	1,068	1,276	525	2,869	98%
Belize	2,950	0	1,000	38	1,038	35%
Bermuda	2,567	524	1,250	0	1,774	69%
British Virgin Islands	2,567	0	1,000	0	1,000	39%
Canada	2,850	0	1,000	350	1,350	47%
Cayman Islands	2,567	0	394	0	394	15%
Costa Rica	2,567	1,062	1,000	0	2,062	80%
Cuba	2,917	0	1,250	525	1,775	61%
Curaçao	2,917	550	1,250	625	2,425	83%
Dominica	2,600	0	1,000	0	1,000	38%
Dominican Republic	2,950	585	1,250	525	2,360	80%
El Salvador	2,917	800	1,250	525	2,575	88%
Grenada	2,950	214	1,000	525	1,739	59%
Guatemala	2,950	0	180	0	180	6%
Guyana	2,950	397	1,000	200	1,597	54%
Haiti	2,950	0	1,275	675	1,950	66%
Honduras	2,613	0	1,000	0	1,000	38%
Jamaica	2,917	572	1,000	525	2,097	72%
Mexico	2,567	1,440	1,250	100	2,790	109%
Montserrat	2,600	0	750	0	750	29%
Nicaragua	2,950	160	966	0	1,126	38%
Panama	2,917	178	1,250	350	1,778	61%
Puerto Rico	2,950	136	1,250	525	1,911	65%
St Kitts and Nevis	2,567	0	1,000	0	1,000	39%
St Lucia	2,950	425	1,000	525	1,950	66%
St Vincent and the Grenadines	2,917	0	700	100	800	27%
Suriname	2,950	302	1,000	525	1,827	62%
Trinidad and Tobago	2,917	900	1,000	350	2,250	77%
Turks and Caicos Islands	2,600	334	1,256	0	1,590	61%
US Virgin Islands	2,950	0	1,000	168	1,168	40%
USA	2,500	0	1,000	0	1,000	40%
<b>Total</b>	<b>97,980</b>	<b>10,738</b>	<b>36,320</b>	<b>8,731</b>	<b>55,789</b>	<b>57%</b>

<sup>2</sup> The amount of Forward funds to which each member association is entitled varies, with some member associations also eligible for travel and equipment solidarity funding (e.g. those that need the most assistance or are geographically isolated).

<sup>3</sup> Those member associations under sanction or suspension are not eligible to receive Forward funds.

<sup>4</sup> Percentage of funds released are stated in rare cases above 100% as FIFA has released part of 2018 entitlements (e.g. upfront investments in certain projects implemented already underway as part of the FIFA Forward four-year cycle).

	Entitlement 2016 and 2017 <sup>2</sup> (TUSD)	Forward funds released (TUSD)				Percentage of funds released <sup>4</sup>
		Project costs	Operational costs	Equipment and travel costs	Total <sup>3</sup>	
Argentina	2,500	0	1,263	0	1,263	51%
Bolivia	2,950	0	750	525	1,275	43%
Brazil	2,500	0	200	0	200	8%
Chile	2,500	1'270	1,250	0	2,520	101%
Colombia	2,500	297	372	0	669	27%
Ecuador	2,567	0	750	0	750	29%
Paraguay	2,850	0	1,250	525	1,775	62%
Peru	2,500	1'763	1,250	0	3,013	121%
Uruguay	2,500	965	1,000	0	1,965	79%
Venezuela	2,567	0	0	100	100	4%
<b>Total</b>	<b>25,933</b>	<b>4,295</b>	<b>8,085</b>	<b>1,150</b>	<b>13,530</b>	<b>52%</b>

	Entitlement 2016 and 2017 <sup>2</sup> (TUSD)	Forward funds released (TUSD)				Percentage of funds released <sup>4</sup>
		Project costs	Operational costs	Equipment and travel costs	Total <sup>3</sup>	
American Samoa	2,853	0	662	430	1,091	38%
Cook Islands	2,853	1,030	1,000	430	2,459	86%
Fiji	2,853	858	1,000	528	2,386	84%
New Caledonia	2,853	0	1,250	175	1,425	50%
New Zealand	2,786	1,238	1,000	286	2,524	91%
Papua New Guinea	2,886	567	1,000	210	1,778	62%
Samoa	2,886	121	1,000	573	1,694	59%
Solomon Islands	2,886	75	1,000	111	1,186	41%
Tahiti	2,853	1,500	1,259	480	3,239	114%
Tonga	2,853	60	1,250	282	1,592	56%
Vanuatu	2,886	0	990	286	1,276	44%
<b>Total</b>	<b>31,450</b>	<b>5,449</b>	<b>11,411</b>	<b>3,791</b>	<b>20,651</b>	<b>66%</b>

<sup>2</sup> The amount of Forward funds to which each member association is entitled varies, with some member associations also eligible for travel and equipment solidarity funding (e.g. those that need the most assistance or are geographically isolated).

<sup>3</sup> Those member associations under sanction or suspension are not eligible to receive Forward funds.

<sup>4</sup> Percentage of funds released are stated in rare cases above 100% as FIFA has released part of 2018 entitlements (e.g. upfront investments in certain projects implemented already underway as part of the FIFA Forward four-year cycle).

	Entitlement 2016 and 2017 <sup>2</sup> (TUSD)	Forward funds released (TUSD)				Total <sup>3</sup>	Percentage of funds released <sup>4</sup>
		Project costs	Operational costs	Equipment and travel costs			
Albania	2,567	0	1,000	0	1,000	39%	
Andorra	2,500	0	1,000	0	1,000	40%	
Armenia	2,850	1,218	1,000	525	2,743	96%	
Austria	2,500	0	1,000	0	1,000	40%	
Azerbaijan	2,567	752	1,000	50	1,802	70%	
Belarus	2,500	664	1,000	0	1,664	67%	
Belgium	2,500	917	1,000	0	1,917	77%	
Bosnia and Herzegovina	2,500	0	1,000	0	1,000	40%	
Bulgaria	2,500	325	1,000	0	1,325	53%	
Croatia	2,500	0	1,000	0	1,000	40%	
Cyprus	2,500	0	1,000	0	1,000	40%	
Czech Republic	2,500	340	1,000	0	1,340	54%	
Denmark	2,500	22	1,000	0	1,022	41%	
England	2,500	0	1,000	0	1,000	40%	
Estonia	2,500	1,249	1,000	0	2,249	90%	
Faroe Islands	2,500	696	1,000	0	1,696	68%	
Finland	2,500	0	1,000	0	1,000	40%	
France	2,500	2,049	1,000	0	3,049	122%	
FYR Macedonia	2,500	475	1,000	0	1,475	59%	
Georgia	2,567	567	1,000	0	1,567	61%	
Germany	2,500	0	1,000	0	1,000	40%	
Gibraltar	2,500	314	500	0	814	33%	
Greece	2,500	0	800	0	800	32%	
Hungary	2,500	860	1,000	0	1,860	74%	
Iceland	2,500	1,125	1,000	0	2,125	85%	
Israel	2,500	0	1,000	0	1,000	40%	
Italy	2,500	600	1,000	0	1,600	64%	
Kazakhstan	2,567	299	1,000	100	1,399	55%	
Kosovo	2,567	0	1,000	50	1,050	41%	
Latvia	2,500	303	1,000	0	1,303	52%	
Liechtenstein	2,500	191	1,000	0	1,191	48%	
Lithuania	2,500	59	1,000	0	1,059	42%	
Luxembourg	2,500	500	1,000	0	1,500	60%	
Malta	2,500	1,034	1,000	0	2,034	81%	

<sup>2</sup> The amount of Forward funds to which each member association is entitled varies, with some member associations also eligible for travel and equipment solidarity funding (e.g. those that need the most assistance or are geographically isolated).

<sup>3</sup> Those member associations under sanction or suspension are not eligible to receive Forward funds.

<sup>4</sup> Percentage of funds released are stated in rare cases above 100% as FIFA has released part of 2018 entitlements (e.g. upfront investments in certain projects implemented already underway as part of the FIFA Forward four-year cycle).

Moldova	2,567	0	1,000	0	1,000	39%
Montenegro	2,500	0	1,000	0	1,000	40%
Netherlands	2,500	750	1,000	0	1,750	70%
Northern Ireland	2,500	0	1,000	0	1,000	40%
Norway	2,500	0	1,000	0	1,000	40%
Poland	2,500	750	1,000	0	1,750	70%
Portugal	2,500	600	1,000	0	1,600	64%
Republic of Ireland	2,500	2,069	1,000	0	3,069	123%
Romania	2,500	1,177	1,000	0	2,177	87%
Russia	2,500	0	1,000	0	1,000	40%
San Marino	2,500	0	1,000	0	1,000	40%
Scotland	2,500	747	1,000	0	1,747	70%
Serbia	2,500	0	1,000	0	1,000	40%
Slovakia	2,500	385	1,000	0	1,385	55%
Slovenia	2,500	1,324	1,000	0	2,324	93%
Spain	2,500	0	1,000	0	1,000	40%
Sweden	2,500	916	1,000	0	1,916	77%
Switzerland	2,500	750	1,000	0	1,750	70%
Turkey	2,500	450	1,000	0	1,450	58%
Ukraine	2,500	0	1,000	0	1,000	40%
Wales	2,500	0	1,000	0	1,000	40%
<b>Total</b>	<b>138,250</b>	<b>24,476</b>	<b>54,300</b>	<b>725</b>	<b>79,501</b>	<b>58%</b>

<sup>2</sup> The amount of Forward funds to which each member association is entitled varies, with some member associations also eligible for travel and equipment solidarity funding (e.g. those that need the most assistance or are geographically isolated).

<sup>3</sup> Those member associations under sanction or suspension are not eligible to receive Forward funds.

<sup>4</sup> Percentage of funds released are stated in rare cases above 100% as FIFA has released part of 2018 entitlements (e.g. upfront investments in certain projects implemented already underway as part of the FIFA Forward four-year cycle).

## INCREASED CONTRIBUTIONS FOR PARTICIPATING MEMBER ASSOCIATIONS

# Increased contributions for participants of the 2018 FIFA World Cup™

In 2017, the respective FIFA committees and the FIFA Council approved the prize money for the 2018 FIFA World Cup Russia™. Overall, FIFA will make a total payment of USD 657 million to the participating member associations and clubs of participating players, comprising:

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## 400

Prize money to the 32 participating members (USD million)

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## 48

Preparation money to the 32 participating members (USD million)

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## 209

Club Benefits Programme for the clubs of participating football players (USD million)

---

The total amount represents an increase of 38% on the USD 476 million paid for the 2014 FIFA World Cup Brazil™. These three items are explained below in detail.

### Prize money

The prize money rewards the teams from FIFA's member associations that qualify for the FIFA World Cup. For the 2018 FIFA World Cup Russia™, prize money totalling USD 400 million will be paid to the 32 participating teams.

It will be distributed in a way that recognises on-pitch performance, in terms of both the position achieved and the additional matches that teams play while advancing through the competition. The winners will receive USD 38 million, the runners-up USD 28 million and the third-placed team USD 24 million. The prize money for teams eliminated at the end of the group stage will amount to USD 8 million each. Full details are shown in the table on the next page.

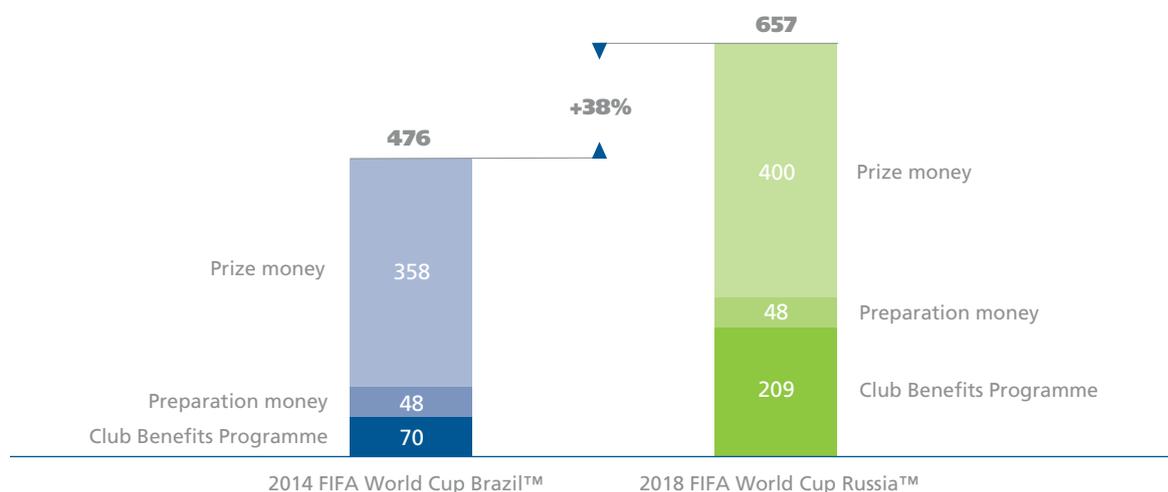
### Preparation money

In addition to prize money, each participating team will receive USD 1.5 million as a contribution towards its preparation costs, which is paid ahead of the competition. Together with the prize money, all teams are guaranteed a minimum payment of USD 9.5 million each for their participation in the 2018 FIFA World Cup Russia™.

### Club Benefits Programme

The FIFA World Cup Club Benefits Programme is designed to recognise the contribution made by football clubs to the success of the FIFA World Cup™. Under the programme, a share of the benefits from the successful hosting of the World Cup is distributed via the member associations to the clubs of the players who participate in the competition.

The share of the benefits of the 2018 FIFA World Cup Russia™ allocated to the Club Benefits Programme is USD 209 million, up by 199% or USD 139 million on the USD 70 million paid for the 2014 FIFA World Cup Brazil™.

**FIFA'S CONTRIBUTION TO THE FIFA WORLD CUP™ PARTICIPANTS (USD MILLION)****PRIZE MONEY FOR THE 2018 FIFA WORLD CUP™ (USD MILLION)**

Position	Number of teams	Prize money for 2018 FIFA World Cup™	
		Per team	Total
Champions	1	38	38
Runners-up	1	28	28
Third place	1	24	24
Fourth place	1	22	22
5 <sup>th</sup> -8 <sup>th</sup> place	4	16	64
9 <sup>th</sup> -16 <sup>th</sup> place	8	12	96
17 <sup>th</sup> -32 <sup>nd</sup> place	16	8	128
<b>Total</b>	<b>32</b>		<b>400</b>



The German team lift the FIFA Confederations Cup trophy after their victory over Chile in the 2017 final in Russia.



**5**

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# **FINANCIAL REPORT**

## CONSOLIDATED FINANCIAL STATEMENTS

# Consolidated financial statements according to IFRS

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TUSD	Note	2017	2016
<b>REVENUE</b>			
Revenue from television broadcasting rights	1	228,645	95,612
Revenue from marketing rights	2	245,277	114,574
Revenue from licensing rights	3	160,211	204,485
Revenue from hospitality/accommodation rights and ticket sales	4	22,368	0
Other revenue	5	77,701	87,025
<b>Total revenue</b>		<b>734,202</b>	<b>501,696</b>
<b>EXPENSES</b>			
Competitions & Events	6	-219,373	-157,067
Development & Education	7	-477,507	-427,832
Football Governance	8	-24,565	-31,753
<b>Total expenses from football activities</b>		<b>-721,445</b>	<b>-616,652</b>
FIFA Governance & Administration	9	-164,622	-248,185
Marketing & TV Broadcasting	10	-37,081	-27,905
<b>Total expenses from administrative activities</b>		<b>-201,703</b>	<b>-276,090</b>
<b>Result before taxes and financial result</b>		<b>-188,946</b>	<b>-391,046</b>
Taxes and duties	13	-979	-2,439
Financial costs	11	-100,840	-29,297
Financial income	12	99,243	54,025
<b>Net result for the year</b>		<b>-191,522</b>	<b>-368,757</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of post-employment benefit obligations	28	17,887	-16,410
<b>Items that may be subsequently reclassified to profit or loss</b>			
Foreign currency translation differences		2,602	23,873
Reclassification adjustment relating to foreign operations		52,397	0
<b>Total other comprehensive income</b>		<b>72,886</b>	<b>7,463</b>
<b>Total comprehensive income for the year</b>		<b>-118,636</b>	<b>-361,294</b>
<b>Net result for the year</b>		<b>-191,522</b>	<b>-368,757</b>
Allocation to restricted reserves		191,522	368,757
<b>Result for the year after allocation</b>		<b>0</b>	<b>0</b>

The notes on pages 62 to 112 are an integral part of these consolidated financial statements.

## CONSOLIDATED BALANCE SHEET

in TUSD	Note	31 Dec 2017	31 Dec 2016
<b>Assets</b>			
Cash and cash equivalents	14	952,965	1,010,140
Receivables	15	524,625	203,987
Derivative financial assets	27	5,137	7,249
Financial assets	20	1,013,190	634,004
Contract assets	17	85,576	142,201
Prepaid expenses and other accrued income	16	603,478	71,276
<b>Current assets</b>		<b>3,184,971</b>	<b>2,068,857</b>
Property and equipment	18	258,855	282,616
Investment properties	19	27,884	29,760
Derivative financial assets	27	5,636	10,128
Financial assets	20	924,920	709,451
Prepaid expenses and other accrued income	16	14,431	251,088
<b>Non-current assets</b>		<b>1,231,726</b>	<b>1,283,043</b>
<b>Total assets</b>		<b>4,416,697</b>	<b>3,351,900</b>
<b>Liabilities and reserves</b>			
Payables	21	130,081	73,668
Derivative financial liabilities	27	12,681	2,458
Contract liabilities	23	2,392,143	1,237,600
Accrued expenses	22	520,333	480,538
<b>Current liabilities</b>		<b>3,055,238</b>	<b>1,794,264</b>
Contract liabilities	23	89,309	86,069
Accrued expenses	22	70,638	73,220
Post-employment benefit obligation	28	74,333	87,602
Derivative financial liabilities	27	322	255
Provisions	24	197,000	261,998
<b>Non-current liabilities</b>		<b>431,602</b>	<b>509,144</b>
<b>Total liabilities</b>		<b>3,486,840</b>	<b>2,303,408</b>
Association capital	25	4,104	4,104
Foreign currency translation reserves		44	-54,955
Restricted reserves	25	925,709	1,099,343
<b>Reserves</b>		<b>929,857</b>	<b>1,048,492</b>
<b>Total liabilities and reserves</b>		<b>4,416,697</b>	<b>3,351,900</b>

The notes on pages 62 to 112 are an integral part of these consolidated financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

in TUSD	Note	2017	2016
Net result for the year		-191,522	-368,757
Depreciation	18-19	30,248	48,201
Net financial result	11-12	1,597	-24,728
Other non-cash items		12,139	9,681
Taxes and duties	13	979	2,439
(Increase)/Decrease in receivables		-320,638	35,545
(Increase)/Decrease in prepaid expenses and accrued income		-295,544	-124,065
(Increase)/Decrease in derivative financial assets and liabilities		16,895	16,368
(Increase)/Decrease in contract assets		56,625	-117,467
Increase/(Decrease) in payables		56,414	12,016
Increase/(Decrease) in accrued expenses		41,829	115,043
Increase/(Decrease) in contract liabilities		1,157,784	551,870
Increase/(Decrease) in provisions		-64,998	0
Taxes and duties paid		-23,113	-6,717
<b>Net cash generated by operating activities</b>		<b>478,695</b>	<b>149,430</b>
Purchase of property and equipment	18	-4,611	-18,872
Investment in financial assets	20	-1,743,228	-1,141,368
Repayments of financial assets	20	1,159,387	1,182,648
Interest received		38,805	30,318
Income from investments in financial assets		14	6
Purchase of investment properties	19	0	-12,788
<b>Net cash (used)/generated in investing activities</b>		<b>-549,633</b>	<b>39,944</b>
Interest paid		-2,814	-1,168
<b>Net cash used in financing activities</b>		<b>-2,814</b>	<b>-1,168</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>-73,752</b>	<b>188,206</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>14</b>	<b>1,010,140</b>	<b>801,624</b>
Effect of exchange rate fluctuations		16,577	20,310
Net increase/(decrease) in cash and cash equivalents		-73,752	188,206
<b>Cash and cash equivalents as at 31 December</b>	<b>14</b>	<b>952,965</b>	<b>1,010,140</b>

The notes on pages 62 to 112 are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

in TUSD	Association capital	Translation reserves	Restricted reserves	Total
<b>Balance as at 1 January 2016</b>	<b>4,104</b>	<b>-78,828</b>	<b>1,484,510</b>	<b>1,409,786</b>
Remeasurement of post-employment benefit obligations	0	0	-16,410	-16,410
Foreign currency translation differences	0	23,873	0	23,873
<b>Total other comprehensive income</b>	<b>0</b>	<b>23,873</b>	<b>-16,410</b>	<b>7,463</b>
Net result for the year	0	0	-368,757	-368,757
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>23,873</b>	<b>-385,167</b>	<b>-361,294</b>
<b>Balance as at 31 December 2016</b>	<b>4,104</b>	<b>-54,955</b>	<b>1,099,343</b>	<b>1,048,492</b>

in TUSD	Association capital	Translation reserves	Restricted reserves	Total
<b>Balance as at 1 January 2017</b>	<b>4,104</b>	<b>-54,955</b>	<b>1,099,343</b>	<b>1,048,492</b>
Remeasurement of post-employment benefit obligations	0	0	17,887	17,887
Foreign currency translation differences	0	2,602	0	2,602
Reclassification adjustment relating to foreign operations	0	52,397	0	52,397
<b>Total other comprehensive income</b>	<b>0</b>	<b>54,999</b>	<b>17,887</b>	<b>72,886</b>
Net result for the year	0	0	-191,522	-191,522
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>54,999</b>	<b>-173,634</b>	<b>-118,636</b>
<b>Balance as at 31 December 2017</b>	<b>4,104</b>	<b>44</b>	<b>925,709</b>	<b>929,857</b>

The notes on pages 62 to 112 are an integral part of these consolidated financial statements.

Please see Note 28 (Personnel Expenses) for detailed information relating to the remeasurement of post-employment benefit obligations.

For further information relating to the reclassification adjustment relating to foreign operations, please refer to Note 11 (Financial Costs).

## NOTES

# Notes to the consolidated financial statements

## SIGNIFICANT ACCOUNTING POLICIES

### A GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

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The Fédération Internationale de Football Association (FIFA), domiciled in Zurich, Switzerland, is an international non-governmental, non-profit organisation in the form of an association under Swiss law. FIFA's members comprise 211 associations affiliated to six confederations. FIFA's principal mission is to promote the game of football, protect its integrity and bring the game to all.

The consolidated financial statements were approved by the FIFA Council on 16 March 2018, and will be submitted to the 68<sup>th</sup> FIFA Congress on 13 June 2018 for approval.

FIFA prepares the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB. The scope of consolidated subsidiaries is set out in Note 33. Other football associations are not consolidated. Based on the FIFA Statutes, the financial cycle of FIFA is four years and begins on 1 January in the year following the final competition of the FIFA World Cup™. While these

consolidated financial statements cover the period from 1 January 2017 to 31 December 2017, FIFA's current financial reporting cycle extends from 1 January 2015 to 31 December 2018.

Some figures cannot be compared on a year-on-year basis, in particular revenue and expenses from Competitions & Events. FIFA's financial cycle spans four years and begins on 1 January of the year following the final competition of the FIFA World Cup. Due to its nature as a not-for-profit organisation and the distribution of revenue across various financial years, FIFA's financial figures are best analysed considering the full four-year cycle. The first three years of each cycle structurally produce a negative result, while year four produces a significant positive result. Overall, FIFA strives to manage its revenue and expenses in such a way that they balance out over the four-year financial cycle. Consequently, a comparison of a single year against figures for the previous year is, in some cases, not meaningful.

### B BASIS OF PRESENTATION

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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 for derivative financial instruments and certain financial assets which are stated at fair value.

#### **Adoption of amendments to IFRSs that are mandatorily effective for the current year**

FIFA has applied the Annual Improvements to IFRS 2014-2016 Cycle and the amendments to the IAS 7 Disclosure Initiative for the first time for the annual reporting period commencing 1 January 2017. These amendments to existing standards did not have a material impact on the financial statements, whether individually or in aggregate.

**Standards issued but not yet effective**

FIFA is currently assessing the potential impact of new and revised standards that have been issued but are not yet effective and will come into effect on or after 1 January 2018. The standards, amendments and interpretations are:

- IFRS 9 – Financial Instruments, effective date 1 January 2018
- IFRS 16 – Leases, effective date 1 January 2019

IFRS 9 – Financial Instruments, replacing IAS 39 – Financial Instruments: Recognition and Measurement and all draft versions of IFRS 9. IFRS 9 brings together all three aspects of the Accounting for Financial Instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. FIFA will adopt the

new standard on the required effective date and expects it to have a limited impact on its consolidated financial statements. The detailed analysis of the impact still needs to be performed.

IFRS 16 – Leases will replace IAS 17 – Leases, IFRIC 4 – Determining Whether an Arrangement Contains a Lease, SIC-15 – Operating Leases – Incentives and SIC-27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The detailed analysis of the impact still needs to be performed.

## **C** **BASIS OF CONSOLIDATION**

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The term “FIFA” is hereafter also used for the consolidated group, which represents FIFA and its subsidiaries. Subsidiaries are all entities over which FIFA has control. FIFA controls an entity when FIFA is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date on which that control ceases. The

individual subsidiaries included in this consolidation are shown in Note 33.

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 profit or loss.

### 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 monthly 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 main foreign exchange rates used are as follows (USD per 1 unit/100 units):

	31 Dec 2017	Average 2017	31 Dec 2016	Average 2016
1 CHF	1.0119	1.0023	0.9700	1.0026
1 EUR	1.1948	1.1161	1.0540	1.1098
1 GBP	1.3456	1.2782	1.2279	1.3815
100 RUB	1.7383	1.7053	1.6579	1.4802
100 BRL	30.2031	31.2643	30.7392	28.4865

## E REVENUE RECOGNITION

The main revenue streams for FIFA relate to the sale of the following rights:

- Television broadcasting rights
- Marketing rights
- Licensing rights
- Hospitality rights
- Ticket sales

The transaction price of a contract consists in general of fixed and variable consideration as well as, infrequently, non-cash components (value in kind).

### Nature of performance obligations

The following is a description of the principal activities with which FIFA generates revenue:

**Television broadcasting rights** are granted primarily to TV stations and other broadcasting institutions. These rights are granted to broadcast the television signal for a defined period in a particular territory. The performance

obligation is defined as the right to access intellectual property. Revenue related to television broadcasting rights is recognised over the rights period measured based on the pattern of broadcasting of the contractual events.

**Marketing rights** provide the FIFA Partners, FIFA World Cup Sponsors, and Regional and National Supporters with access to intellectual property by enabling them to enter into a long-term strategic alliance with FIFA which also includes a set of predefined rights. The performance obligations under marketing rights contracts consist of both tangible and intangible marketing rights, which are separated. The tangible rights include event-related media and advertising rights which result in revenue recognition as the contractual events are broadcast. The intangible right is attributed to the promise to benefit from a strategic association with FIFA, its competitions and brand, resulting in a straight-line recognition of revenue over the contractual rights period.

**Licensing rights** are granted to licensees to both associate the licensee with FIFA and the FIFA competitions and obtain the right to use FIFA marks and brand elements as a platform to brand its related products and services. As the licensee has access to intellectual property, the amount of revenue is recognised over the rights period and is further determined by categorising each licensing right contract as follows:

- 1) For the right to consideration of fixed fees only, revenue is recognised over the rights period on the basis of fixed-fee amounts.
- 2) For the right to consideration of sales- or usage-based royalties with specified minimum guarantee amounts, FIFA assesses at each reporting date whether the royalty amounts to be received will exceed the contractual minimum guarantee threshold.
  - a. If the sales-based royalty is not expected to clearly exceed the minimum guarantee threshold, revenue is recognised over the rights period measured on the basis of the fixed guaranteed consideration. Any royalties received in one period in excess of the minimum guarantee due are deferred and recognised only when total royalties received exceed the contractual minimum guarantee threshold.
  - b. When FIFA has a reasonable expectation that royalty amounts to be received will clearly exceed the contractual minimum guarantee threshold, fixed and variable considerations are estimated and revenue is recognised as the performance obligation is satisfied. The amount of revenue

recognised for the reporting period is subject to the royalty constraint (i.e. cumulative revenue amounts cannot exceed cumulative royalty amounts).

**Hospitality rights** provide the licensee with the right to provide hospitality/accommodation and ticketing services for selected FIFA competitions, including the FIFA Confederations Cup Russia 2017 and the 2018 FIFA World Cup Russia™. The amount of revenue for the FIFA World Cup includes both fixed and variable considerations, whereas all other events have variable considerations only. Contractually determined fixed payments are recognised in the period in which the FIFA World Cup takes place. Revenue based on profit share agreements is recognised once the profit share for the event has been determined by the licensee.

**Ticket sales** in connection with the FIFA Confederations Cup Russia 2017 and the 2018 FIFA World Cup Russia™ are recognised in the year the event takes place.

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

**Value-in-kind revenue** consists of promises to receive pre-determined services and the delivery of goods to be used in connection with the 2018 FIFA World Cup Russia™ or other FIFA events. The revenue related to value in kind forms part of the overall consideration receivable and is recognised applying the same measure of progress as the performance obligation it relates to. Value-in-kind consideration is measured at fair value.

## F EXPENSES FROM FOOTBALL ACTIVITIES

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Expenses from football activities are separated into Competitions & Events, Development & Education and Football Governance:

**Competitions & Events** expenses are the outflow of economic benefits that arise in the ordinary activity of organising an event. Incurred costs related to the FIFA World Cup™ and other FIFA events are deferred and recognised in profit or loss in the period in which the event takes place.

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

FIFA provides financial assistance to member associations and confederations in return for past or future compliance with certain conditions relating to

their activities. An integral part of FIFA’s development path is the FIFA Forward Programme, which provides 360-degree, tailor-made support for football development in each of FIFA’s member associations and the six confederations. The expenses are recorded in profit or loss under **Development & Education**. If a member association does not use all of the Forward Programme funds that it has received during the period for which they have been granted, the remaining balance is deferred until the following period. For other development projects, expenses are recognised as incurred. Expenses of the FIFA World Football Museum are also included under Development & Education.

**Football Governance** expenses comprise all expenditure in relation to FIFA’s statutory objective to govern association football and related matters. The costs mainly include the judicial bodies (Disciplinary, Ethics and Appeal Committees), plus the costs of the Players’ Status Committee as part of administering player regulations. It also includes expenses with regard to preventing match manipulation as part of the Early Warning System, and players’ status proceedings as part of the Transfer Matching System.

## G EXPENSES FROM ADMINISTRATIVE ACTIVITIES

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Expenses from administrative activities are separated into FIFA Governance & Administration and Marketing & TV Broadcasting:

**FIFA Governance & Administration** expenses comprise all costs related to the governance of FIFA itself and are recognised as profit or loss as incurred. Expenses from administrative activities include, in particular, costs related to information technology, buildings and maintenance, communications, the annual FIFA Congress and legal costs.

**Marketing & TV Broadcasting** expenses are costs incurred by the FIFA Commercial Division for the commercialisation of marketing and broadcasting rights, mainly costs relating to oversight of and assistance to Commercial Affiliates.

## **H** OPERATING LEASE PAYMENTS

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### **FIFA as a lessee**

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

### **FIFA as a lessor**

FIFA is the lessor in operating leases for certain properties. Rental income is recognised on a straight-line basis over the lease term.

## **I** FINANCIAL INCOME AND FINANCIAL COSTS

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Financial income comprises interest income from cash and cash equivalents, income from deposits and debt securities, foreign exchange gains, and gains from financial assets at fair value through profit or loss.

Financial costs consist of interest expenses on financial liabilities, expenses from debt securities, foreign exchange losses, and losses from financial assets at fair value through profit or loss.

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

## **J** TAXES AND DUTIES

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FIFA was established in the legal form of an association in accordance with articles 60ff. of the Swiss Civil Code. FIFA's new vision as stated in FIFA 2.0 is to promote the game of football, protect its integrity and bring the game to all. 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 and its subsidiaries.

## **K** CASH AND CASH EQUIVALENTS

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

## **L** DERIVATIVES

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FIFA uses derivative financial instruments to hedge its exposure to foreign exchange rate risks arising from operating and investing activities. FIFA does not hold or issue derivative financial instruments for trading purposes. However, FIFA does not apply hedge accounting and therefore classifies derivatives at fair value through profit and loss.

Derivatives are initially recognised at fair value. Subsequent to initial recognition, all derivatives are also stated at fair value. Gains and losses on remeasurement of derivatives that do not qualify for hedge accounting are recognised in profit or loss 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.

## **M** HEDGING

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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 remeasurement of the hedging instrument is recognised directly in other comprehensive income. The ineffective part of any gain or loss is recognised in profit or loss immediately. However, FIFA does not apply hedge accounting and therefore classifies derivatives at fair value through profit and loss.

Gains or losses on a hedging instrument are reclassified from the hedging reserve in the same period in which the hedged forecast 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 the hedging reserve remains in the 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 the hedging reserve is recognised in profit or loss immediately.

## **N** **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 profit or loss as an expense as they are incurred.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of property and equipment. Depreciation is allocated to FIFA's key activity expenses. Land is not depreciated. The estimated useful lives are as follows:

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

## **O** **INVESTMENT PROPERTIES**

Investment property is measured using the cost model, i.e. stated at acquisition cost less accumulated depreciation and impairment losses. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. Depreciation is charged to profit or loss

on a straight-line basis over the estimated useful lives of investment properties. Land is not depreciated. To be consistent with the useful life of other operational buildings within property plant and equipment, the estimated useful life of the investment property building has been changed to 20 years (2016: 40 years), which results in a yearly depreciation increase of USD 0.8 million.

## **P** **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.

Loans and receivables are those created by FIFA when providing money or billings 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.

Certain debt securities are designated at fair value through profit or loss in order to have the possibility of selling them before their maturity dates in the event of a need for liquidity or positive market changes. Such

financial assets are measured at fair value with changes thereto recognised in profit or loss.

FIFA's long-term investment objective is the real preservation of the value of its financial assets for the respective four-year budget period. 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.

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.

## Q NON-DERIVATIVE FINANCIAL LIABILITIES

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

## R IMPAIRMENT

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The carrying amounts of FIFA's property and equipment, investment properties 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 recoverable amount of the non-financial asset or its cash-generating unit, being the greater of its fair value less costs of disposal and its value in use, is estimated. An impairment loss is recognised in profit or loss 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 (e.g. default or delinquency by a debtor) 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.

## S EMPLOYEE BENEFIT OBLIGATIONS

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The Swiss pension 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 and applying actuarial assumptions based on best estimates at the balance sheet date.

Actuarial gains and losses on the post-employment obligation, comprising the effects of changes in

assumptions and experience adjustments, as well as the difference between the theoretical and the actual income from plan assets, are recognised in other comprehensive income. Costs relating to the administration of the pension plan are recognised in the statement of comprehensive income.

## **T** PROVISIONS

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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.

## **U** RESERVES

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

Based on article 62 of the FIFA Statutes, the revenue and expenditure of FIFA are managed so that they balance out over the financial cycle. FIFA's major duties in the future will 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 reestablishment of the federation.

## **V** SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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The preparation of financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The consolidated financial statements of FIFA include estimates and assumptions that could influence the financial statements of subsequent financial years.

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:

### **Revenue recognition**

As set out in Note E, IFRS 15 – Revenue Recognition from Contracts with Customers requires judgements and

estimates. Judgement relates to the determination of performance obligations in each of the major revenue streams, having the potential to impact the revenue recognition pattern under the contract. Furthermore, the allocation of consideration to different performance obligations requires estimation of the stand-alone selling price of each of these. Assumptions are required to determine an appropriate measure of progress when determining how control over promised goods or services transfers to the customer. All of the above have the potential to result in a different revenue recognition pattern.

### **Competition & Events expenses**

Competitions & Events expenses are the outflow of economic benefits that arise in the ordinary activity of organising an event. Incurred costs related to the

FIFA World Cup™ and other FIFA events are deferred and recognised in profit or loss in the period in which the event takes place. Assumptions are required to determine an appropriate measure of allocation related to the FIFA World Cup and other FIFA events expenses. All assumptions have the potential to result in a different cost recognition.

#### **Defined benefit plans (pension benefits)**

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is

highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date (see also Note 28, Personnel Expenses).

#### **Legal matters**

FIFA is currently involved in a number of legal disputes arising from its operating activities. In some legal disputes, FIFA is the defendant and thus these proceedings may – depending on the respective outcome – result in payment or other obligations. Provisions are recorded where a reliable estimate can be made of the probable legal outcome. For provisions for legal matters, reference is made to Note 24. For the current investigations conducted by the Swiss Office of the Attorney General (“OAG”) and the US Department of Justice (“DoJ”), reference is made to Note 29.

## NOTES

# Notes to the consolidated statement of comprehensive income

## 1 REVENUE FROM TELEVISION BROADCASTING RIGHTS

in TUSD	2017	2016
Europe	6,395	0
Asia and North Africa	71,652	35,642
South and Central America	50,499	24,768
North America and the Caribbean	58,377	28,601
Rest of the world	13,863	1,388
<b>Total revenue from television broadcasting rights by region</b>	<b>200,786</b>	<b>90,399</b>
Other broadcasting revenue	13,799	1,010
Other FIFA event revenue	14,060	4,203
<b>Total revenue from television broadcasting rights</b>	<b>228,645</b>	<b>95,612</b>

Television broadcasting rights are granted primarily to TV stations and other broadcasting institutions. These rights are granted to broadcast the television signal for a defined period in a particular territory. Revenue from television broadcasting rights is recognised when the actual broadcasting of the event in question takes place and is contingent on the number of broadcasting hours. As a consequence, a comparison against previous years is not meaningful. Until a full cycle has been presented according to IFRS 15 to provide a basis for comparison, revenue should be analysed considering the full four-year cycle of FIFA.

Other broadcasting revenue reflects additional revenue for services during the events in order to fulfil FIFA's broadcasting obligations.

Revenue from broadcasting rights contracts, which include the right to broadcast other FIFA events for the years 2016 and 2017, but excluding the FIFA World Cup™, are presented as "Other FIFA event revenue". Such other FIFA events for the year 2017 are the FIFA Confederations Cup Russia 2017, the FIFA U-20 World Cup Korea Republic 2017, the FIFA Beach Soccer World Cup Bahamas 2017, the FIFA U-17 World Cup India 2017, the FIFA Club World Cup UAE 2017, the Blue Stars/FIFA Youth Cup 2017 and the FIFA Interactive World Cup 2017.

## 2 REVENUE FROM MARKETING RIGHTS

in TUSD	2017	2016
FIFA Partners	185,411	100,990
FIFA World Cup Sponsors	41,030	10,255
FIFA Regional Supporters	7,382	2,425
FIFA National Supporters	11,454	904
<b>Total revenue from marketing rights</b>	<b>245,277</b>	<b>114,574</b>

Marketing rights provide the FIFA Partners with access to intellectual property by enabling them to enter into a long-term strategic alliance with FIFA which also includes a set of predefined rights. These rights are further split into tangible and intangible rights. Revenue for tangible marketing rights is recognised when the event in question is broadcast and is entirely dependent on the number of broadcasting hours. As such, due to the different nature and higher number of broadcasting hours of FIFA competitions in 2017, the revenue for the year is higher than that for 2016. A direct comparison of the two years is therefore not helpful. Until a full cycle has been presented according to IFRS 15 to provide a basis for comparison, revenue should be analysed

considering the full four-year cycle of FIFA. National Supporters only have the contractual right for one single event in connection with the FIFA Confederations Cup Russia 2017, the FIFA U-20 World Cup Korea Republic 2017, the FIFA Beach Soccer World Cup Bahamas 2017, the FIFA U-17 World Cup India 2017, the FIFA Club World Cup UAE 2017, the Blue Stars/FIFA Youth Cup 2017 and the FIFA Interactive World Cup 2017. As a consequence, revenue for these contracts is recognised in the period in which the event takes place.

In 2017, the value of the services or goods received for marketing rights (i.e. value-in-kind consideration) amounted to USD 14.8 million (2016: USD 6.9 million).

## 3 REVENUE FROM LICENSING RIGHTS

in TUSD	2017	2016
Brand licensing rights	155,472	199,551
Other licensing rights	4,739	4,934
<b>Total revenue from licensing rights</b>	<b>160,211</b>	<b>204,485</b>

Brand licensing rights are related to FIFA marks and brand elements in connection with FIFA World Cup™ products and other services.

Licensing rights from products and services for other FIFA events in 2017 – the FIFA Confederations Cup Russia 2017, the FIFA U-20 World Cup Korea Republic 2017, the FIFA Beach Soccer World Cup Bahamas 2017, the FIFA U-17 World Cup India 2017, the FIFA Club

World Cup UAE 2017, the Blue Stars/FIFA Youth Cup 2017 and the FIFA Interactive World Cup 2017 – are presented as other licensing rights.

The majority of the licensing rights contracts consist of royalty payments with a specified minimum guarantee threshold. FIFA reassesses these contracts after each reporting period, whether or not the royalty amounts to be received will exceed the contractual

minimum guarantee threshold. Where the expected total royalties to be received for significant contracts clearly exceed the minimum threshold, these have been estimated and included in the transaction price. In 2016, revenue from brand licensing rights was impacted by one-off items referring to royalty amounts, which were deferred throughout prior periods. As a result, 2017 saw a decrease in revenue in the line

item, although the value received from royalty amounts significantly exceeded the minimum guarantee threshold.

In 2017, the value of the services or goods received (i.e. value-in-kind consideration) amounted to USD 4.2 million (2016: USD 3.7 million) and is included in the revenue amounts recognised from licensing rights.

## **4 REVENUE FROM HOSPITALITY/ACCOMMODATION RIGHTS AND TICKET SALES**

in TUSD	2017	2016
Revenue from hospitality/accommodation rights – FIFA World Cup™	0	0
Revenue from hospitality/accommodation rights – other FIFA events	353	0
Revenue from ticketing sales – FIFA World Cup™	0	0
Revenue from ticketing sales – other FIFA events	22,015	0
<b>Total revenue from hospitality/accommodation rights and ticket sales</b>	<b>22,368</b>	<b>0</b>

Hospitality rights have been granted to MATCH Hospitality AG for a fixed consideration of USD 140 million plus a variable profit-sharing component for the 2018 FIFA World Cup Russia™. Revenue from hospitality/accommodation rights – other FIFA events includes the profit-share agreement for the FIFA Confederations Cup Russia 2017 only.

Revenue from ticketing sales – other FIFA events consists of ticket sales for the FIFA Confederations Cup Russia 2017. Ticket sales for the 2018 FIFA World Cup Russia™ are recognised in the year the event takes place.

## 5 OTHER REVENUE

in TUSD	2017	2016
FIFA Club World Cup	37,079	29,011
Penalties/appeals*	10,356	5,599
FIFA Quality Programme	9,630	9,714
Income from sale of film and video rights	4,585	3,563
Rent of real estate*	4,485	4,123
FIFA World Football Museum	3,725	4,657
Olympic Football Tournaments Rio 2016	2,642	22,087
Revenue from prior cycles and other*	5,199	8,271
<b>Total other revenue</b>	<b>77,701</b>	<b>87,025</b>

\* Out of scope of IFRS – Revenue from Contracts with Customers

Other revenue is recognised in the accounting period in which the services are rendered. In 2017, it mainly comprised revenue generated from the FIFA Club World Cup, penalties/appeals and the FIFA Quality Programme.

In comparison to 2016, penalties/appeals increased as a result of the surge in disciplinary and ethics cases, thus generating increased revenue.

The “FIFA Quality Programme” item contains revenue in connection with test programmes for footballs, football turf and goal-line technology.

“Revenue from prior cycles and other” includes various smaller sources of revenue such as revenue generated from players’ status-related proceedings.

## 6 COMPETITIONS & EVENTS

in TUSD	2017	2016
<b>FIFA World Cup™</b>	<b>0</b>	<b>0</b>
FIFA Confederations Cup Russia 2017	142,420	0
FIFA U-17 World Cup India 2017	20,517	0
FIFA Club World Cup UAE 2017	20,418	0
FIFA U-20 World Cup Korea Republic 2017	15,929	0
FIFA Beach Soccer World Cup Bahamas 2017	8,173	0
FIFA Ballon d'Or/The Best FIFA Football Awards 2017	4,717	4,526
FIFA Interactive World Cup	3,575	2,839
Blue Stars/FIFA Youth Cup	959	1,065
FIFA U-17 Women's World Cup Jordan 2016	482	18,444
FIFA U-17 World Cup Chile 2015	399	2,000
FIFA U-20 Women's World Cup Papua New Guinea 2016	149	18,694
Olympic Football Tournaments Rio 2016	13	10,044
FIFA Women's World Cup Canada 2015™	10	632
FIFA Futsal World Cup Colombia 2016	1	13,365
FIFA U-20 World Cup New Zealand 2015	0	543
FIFA Club World Cup Japan 2015 and 2016	-317	20,714
FIFA events from previous cycles	-64,312	4,315
Value in kind and other	18,148	8,535
<b>Total other FIFA events</b>	<b>171,281</b>	<b>105,716</b>
<b>FIFA Club Protection Programme</b>	<b>28,322</b>	<b>36,504</b>
<b>Personnel expenses</b>	<b>18,385</b>	<b>13,385</b>
<b>Depreciation of property and equipment</b>	<b>1,385</b>	<b>1,462</b>
<b>Total competitions &amp; events</b>	<b>219,373</b>	<b>157,067</b>

### FIFA World Cup™

Preparations for the 2018 FIFA World Cup Russia™ are well underway.

FIFA World Cup-related expenses are the outflow of economic benefits that arise in the ordinary activity of organising the event. Costs incurred in 2017 and previous years related to the FIFA World Cup are deferred and recognised in profit or loss in the period in which the event takes place.

The total respective amounts expensed for the 2018 FIFA World Cup Russia™ are USD 136 million for 2015, USD 105 million for 2016 and USD 235.3 million for 2017. The biggest amount incurred relates to the financing of the 2018 FIFA World Cup Local Organising Committee Russia for the amount of USD 97.7 million, followed by USD 47.1 million for event-marketing rights and TV production. Overall expenditure is well within the relevant budgets.

### Other FIFA events

The expenses for the other FIFA events are generally incurred and recognised in the year in which the events take place and include financial support for the Local Organising Committee, prize money, travel and accommodation costs of FIFA officials and the participating teams and other expenses.

The FIFA Confederations Cup Russia 2017 was successfully completed and all expenses have been released and recognised in profit and loss.

“FIFA events from previous cycles” includes releases from provisions of USD 65 million in 2017, whereby the provision concerns precautionary measures referring to legal matters in connection with the core business of FIFA.

Other competition-related and value-in-kind expenses are contained in the line item “Value in kind and other”. These value-in-kind costs consist of predetermined services and the delivery of goods to be used in connection with other FIFA events.

### FIFA Club Protection Programme

Under the FIFA Club Protection Programme, clubs will be compensated for any injuries due to an accident sustained by their players while on duty with senior men’s representative “A” teams for matches on dates listed in the international match calendar for the period between 1 January 2015 and 31 December 2018. FIFA provides compensation up to a maximum amount for losses incurred by the football club during the period that the football player is temporarily totally disabled. Costs for the FIFA Club Protection Programme are costs for FIFA and are recognised in the year they are incurred. A total of 110 incidents were reported by clubs under the programme in respect of accidents occurring in 2016 and 2017. The total amount of loss payments and reserves in respect of the claims arising from accidents in the years under review was EUR 31.1 million (USD 34.7 million) as at 31 December 2017.

## 7 DEVELOPMENT & EDUCATION

in TUSD	2017	2016
FIFA Forward project costs member associations	158,250	158,250
FIFA Forward operational costs member associations	105,500	105,500
FIFA Forward confederations	60,000	60,000
FIFA Forward travel and equipment	54,250	0
FIFA Forward zonal/regional associations	13,000	0
Technical development programmes	9,159	14,628
Other projects	7,658	5,866
Refereeing Assistance Programme (RAP)	7,266	8,212
Women's football promotion	5,639	5,164
Sustainability, human rights and anti-discrimination	5,018	5,150
Education	4,850	4,796
Audit and financial education	1,779	1,836
Medicine and science	1,295	3,494
Solidarity projects	1,026	1,967
FAP/Goal/MA programmes*	-13,191	-19,513
<b>Total Development &amp; Education programmes</b>	<b>421,499</b>	<b>355,350</b>
<b>FIFA World Football Museum</b>	<b>12,277</b>	<b>22,678</b>
<b>Personnel expenses</b>	<b>24,365</b>	<b>20,954</b>
<b>Depreciation of property and equipment</b>	<b>19,366</b>	<b>14,864</b>
<b>Impairment of property and equipment</b>	<b>0</b>	<b>13,986</b>
<b>Total Development &amp; Education</b>	<b>477,507</b>	<b>427,832</b>

\* FAP/Goal/MA programmes for 2017 relate to the write-back of accruals related to the former Goal Programme for projects which had not yet been initiated when the Forward Programme was introduced.

### FIFA Forward project costs member associations

Each of FIFA's 211 member associations is entitled to USD 0.75 million of project funding per year under the FIFA Forward Programme. This funding is for specific development projects tailor-made to the needs of the member associations. In 2017, FIFA invested in a wide range of projects covering areas such as footballing infrastructure, domestic competitions and organisational capacity-building within member associations.

### FIFA Forward operational costs member associations

Each FIFA member association is entitled to USD 0.5 million for operational costs per year under

the FIFA Forward Programme. This support provides funds to member associations to help them with the everyday running costs of their organisation. Such costs can include utilities, salaries, rent and many other day-to-day expenses. This support is crucial to allow member associations to maintain basic organisational and administrative operations, enabling them to allocate more resources to football-specific matters.

### FIFA Forward confederations

Each of the six confederations recognised by FIFA is entitled to USD 10 million per year for specific development projects. These projects relate to the wider development of football in the relevant region. In 2017, FIFA initiated projects with confederations

covering a wide range of investments such as regional centres of excellence, regional youth competitions and refereeing initiatives. This investment is for the mutual benefit of all FIFA member associations and the confederations.

#### **FIFA Forward travel and equipment**

Certain member associations are entitled to financial support to cover the cost of national team travel and football equipment. In 2017, FIFA provided support to those member associations who otherwise would not have been able to cover these costs themselves, taking into account numerous factors such as geographical isolation and the state of football development in the country concerned.

#### **FIFA Forward zonal/regional associations**

Under the FIFA Forward Programme, up to USD 1 million is available for the organisation of competitions by recognised zonal/regional associations around the world. This support allows youth (boys and girls) and women's national teams of all ages to engage in more frequent and consistent competition. This investment leads to more experience of high-level competition from an earlier stage, increasing quality and competitiveness across FIFA's member associations.

During 2017, expenses related to the FIFA Forward Programme for the member associations, zonal/regional associations and confederations amounted to USD 391 million. Since the introduction, the total amount of USD 714.8 million has been disbursed. Please refer to chapter 4 for the amount of released Forward funds.

#### **Technical development programmes**

Among the main priorities for technical development during the year was the optimal integration of our services into FIFA Forward, executing an in-depth assessment of the programmes offered so far, undertaking technical analysis of FIFA competitions and providing tailor-made assistance to member associations most in need. 2017 saw the planning of new programmes to be launched in 2018, such as the further training of technical directors and coaching instructors at member associations. In line with the priorities of FIFA 2.0, the foundations have been laid for increased opportunities for boys and girls playing football in schools, an exchange programme for the

improvement of knowledge transfer between member associations, and internship opportunities for specific technical staff across member associations.

The main investments comprise technical and equipment-related expenses with regard to competitions and development programmes such as Grassroots and youth development initiatives supporting competitions (USD 3.5 million), the FIFA Connect Programme and IT services (USD 2.1 million), along with educational courses, academies and seminars and related equipment amounting to USD 2.3 million.

#### **Other projects**

In 2017, FIFA implemented a number of other projects with the goal of developing the game throughout the world. Through its dedicated Professional Football Department, FIFA engages with football stakeholders through a variety of projects aimed at improving communication and modernising the professional game in all regions. 2017 also saw the creation and launch of FIFA's brand new network of regional representative offices, which will be responsible for the implementation of the Forward Programme at a local level. Also included here are the costs associated with the FIFA World Cup Trophy Tour which allows fans from all over the world to see first-hand the iconic FIFA trophy on its journey to Russia. In detail, the FIFA World Cup Trophy Tour investment amounted to USD 4.2 million, regional offices and relevant implementation to USD 0.6 million, the FIFA Executive Football Summits to USD 2 million and the remaining football services to USD 0.8 million.

#### **Refereeing Assistance Programme (RAP)**

Refereeing programmes focus on improving the quality of the top referees, assistant referees, instructors, futsal and beach soccer referees in all member associations via different activities. In 2017, FIFA delivered 260 courses to member associations to improve the level of top referees and assistant referees in their territories. FIFA also provided extensive support throughout the year for the preparation of referees and assistant referees for FIFA competitions (in particular the FIFA World Cup™ in Russia 2018 and the FIFA Women's World Cup™ in France 2019). The main investments were in refereeing courses for Futuro III (USD 2.1 million) and for member associations (USD 2.7 million).

**Women's football promotion**

FIFA helps member associations to promote football among women and girls, in particular with the organisation of girls' festivals, courses for coaches and referees, and women's football seminars. FIFA's long-term objective is for every member association to have sustainable women's football leagues at multiple levels. In 2017, existing projects were reviewed and new ones planned, providing an implementation basis for a new women's football strategy resulting in numerous expenses for development and educational programmes as well as conferences & seminars (USD 3.1 million), whereas team- and competition-related expenses amounted to USD 2.3 million.

**Sustainability, human rights and anti-discrimination**

In 2017, FIFA continued its efforts across the social, environmental and economic spheres of sustainability resulting in expenses of total USD 3.9 million. FIFA published its Human Rights Policy and created an independent advisory board. Through its sustainability programme, FIFA also supported 99 community-based organisations in 55 countries.

As part of its Anti-Discrimination Monitoring System, FIFA trained and deployed observers globally at qualifying matches with a higher risk of discriminatory incidents (USD 0.6 million).

**Education**

FIFA provides annual financial support to the International Centre for Sports Studies (CIES) in Neuchâtel, Switzerland. CIES provides ongoing research-based solutions and education to the world of sport. Contributions to the centre amounting to USD 3.4 million in 2017 also helped to deliver its post-graduate programmes across the world, including scholarships for deserving students who otherwise would not be able to participate.

**Audit and financial education**

FIFA operates a monitoring and controlling programme for the use of all FIFA development funds released to member associations and confederations. This involves the use of expert third-party suppliers to perform independent reviews of development funds

and provision of educational and capacity-building initiatives in the field of financial good governance and transparency.

**Medicine and science**

The FIFA Medical and Anti-Doping Department works with medical science to develop ways to build a healthier future through football, raises awareness about health issues through its medical campaigns, tackles doping in football, and harnesses the power and popularity of football to promote healthier lifestyles around the world.

**Solidarity projects**

FIFA provides emergency funding to member associations that have been the victim of natural disasters. In such cases, member associations are provided with financial support to repair their football infrastructure and recommence footballing activities in the territory. In 2017, a number of member associations were affected by hurricanes in the Caribbean which caused significant damage and disruption to footballing activities.

**FAP/Goal/MA programmes**

Numerous projects approved and accrued under previous programmes were released during 2017. It became evident during the year that specific projects under previous programmes such as *Goal*, Challenger, Win-Win and football management programmes were no longer viable and had no reasonable likelihood of completion in the future, resulting in a credit to this line item for these projects in 2017.

**FIFA World Football Museum**

The FIFA World Football Museum is now in good shape with regard to its core objective of celebrating football's rich heritage and showing how the game connects and inspires the world. Housed on three floors and covering approximately 3,000 square metres of exhibition space, the museum examines all aspects of the world of football. Included in the "FIFA World Football Museum" line item are all museum-related costs except for depreciation and impairment of property and equipment and personnel expenses. Now well-established in the market, the museum is focusing on its core business, leaving it to continuously improve

the processes, resulting in a positive impact in 2017 on its operational expenses (2017: USD 12.3 million; 2016: USD 22.7 million).

#### Personnel expenses

The headcount of the FIFA World Football Museum has been decreased, while FIFA is expanding its efforts and involvement in additional development activities, resulting in an increase in its workforce.

#### Depreciation and impairment of property and equipment

Depreciation of property and equipment in 2017 was mainly driven by the recognition of the assets of the FIFA World Football Museum. FIFA did not identify any indicators for impairment in 2017 whereas in 2016 USD 14 million had been recorded for impairment. Please refer to Note 18 – Property and Equipment for the impairment details.

## 8 FOOTBALL GOVERNANCE

in TUSD	2017	2016
Football governance bodies and third-party services	9,785	13,443
Personnel expenses	13,301	16,894
Depreciation of property and equipment	1,479	1,416
<b>Total Football Governance</b>	<b>24,565</b>	<b>31,753</b>

Football Governance consists of all expenditure in relation to FIFA's statutory objective to govern association football and related matters. It is divided into football governance bodies and third-party services, personnel expenses and depreciation of property and equipment. Any governance related to FIFA itself is presented under FIFA Governance & Administration expenses (see Note 9).

The expenses of the above football governance bodies and third-party services in 2017 comprise the costs of the judicial bodies (Disciplinary, Ethics and Appeal Committees), plus the costs of the Players' Status

Committee and the Court of Arbitration for Sport, both as part of administrating player regulations (USD 5.5 million). It also comprises costs related to preventing match manipulation as part of the Early Warning System and players' status proceedings as part of the Transfer Matching System (USD 3.1 million). In addition, it consists of expenses related to The International Football Association Board concerning the Laws of the Game of association football (USD 1.2 million).

In 2017, personnel expenses incorporated restructuring activities in the relevant football governance bodies, resulting in a positive cost development.

## 9 FIFA GOVERNANCE & ADMINISTRATION

in TUSD	2017	2016
Communications	17,863	26,050
Information technology	17,300	21,043
Annual FIFA Congress and committees	14,810	27,028
Legal and governance costs related to investigations	14,377	50,465
Legal costs	8,921	11,588
Building and maintenance	7,411	11,933
Other	16,112	20,781
Personnel expenses	61,006	64,312
Depreciation of property and equipment / investment properties	6,822	7,060
Impairment of investment properties	0	7,925
<b>Total FIFA Governance &amp; Administration</b>	<b>164,622</b>	<b>248,185</b>

FIFA Governance & Administration comprises all costs related to the governance and administration of FIFA.

In 2016, FIFA was impacted by one-off items such as those relating to legal investigations (USD 50.5 million), impairment of the Hotel Ascot (USD 7.9 million) and the Extraordinary FIFA Congress in Zurich (USD 7.9 million). Due to fewer unexpected events and additional cost savings in 2017, the overall governance and administration costs were reduced. Here, one-off items in 2017 related to costs incurred in connection with legal investigations and governance reviews of USD 14.4 million as well as the release of the post-employment benefit obligation of non-active FIFA Council members of USD 4.9 million as a result of the new Compensation, Expenses and Benefits Regulations for Senior Officials, which came into force in 2017. That is why the total personnel expenses for the FIFA Council in 2017 amounted to USD 7.7 million (2016: USD 13.8 million).

“Communications” comprises expenses referring to media and digital media, its content and other backend services. In 2016, FIFA frequently used external services to develop external communications alongside media relations for supporting the core business objectives and FIFA’s strategy.

Expenses related to information technology consist of costs incurred in creating and maintaining a functional

IT system infrastructure. Investments were made in the Integrated Football and Event System, the Extranet and Application Technology projects amounting to USD 9 million. Operational IT costs, hardware and relevant licences represent a total of USD 6 million; there were also expenses of USD 1.4 million related to telephony communication and operation projects.

The costs for the annual FIFA Congress and the meetings of the various committees comprise the costs incurred in connection with the 67<sup>th</sup> FIFA Congress in Bahrain, any costs of the meetings of the standing committees (except for the Players’ Status Committee), travel and accommodation costs of committee members and of the official delegates of the 211 member associations, the six confederations and guests of the FIFA Congress, which are paid by FIFA. Here, FIFA has endeavoured to optimise its organisational activities by focusing on the basic necessities, resulting in positive cost developments. In 2016, there were extra costs incurred in connection with the Extraordinary Congress in Zurich, as mentioned above.

For more details on the legal and governance costs related to investigations to which FIFA is currently exposed and where FIFA is a victim and a damaged party, please refer to Note 29.

“Building and maintenance” refers to the ongoing maintenance of FIFA’s properties and include its

preventative activities as well as running costs such as electricity, gas and water. In 2017, maintenance expenses for the Home of FIFA amounted to USD 5.0 million (2016: USD 6.5 million), and for the other properties they were USD 2.4 million (2016: USD 5.6 million), while in 2016, the FIFA World Football Museum was still being set up, leaving it with extra maintenance support.

Other costs stem from administrative expenses comprising fees for audits (USD 1.4 million), insurance (USD 2.7 million), transport and travel (USD 2.8 million), financial system-related expenses such as the setting up of the new enterprise resource planning tool (USD 1.7 million), and consultancy and external services such as in asset management, strategic planning and legal matters (USD 4.3 million). The remaining expenses amount to USD 3.2 million and mainly include office-

and equipment-related costs. The main differences with 2016 are cost reductions in various audit fees (2016: USD 3.1 million) and insurances (2016: USD 3.8 million).

Personnel expenses relate to FIFA governance and administration employees as well as the FIFA Council, where due to the new Compensation, Expenses and Benefits Regulations, there was a positive cost development (please refer to Note 28 for further details).

Based on the result of an impairment analysis of the Hotel Ascot, impairment for property and equipment was not required in 2017 (2016: USD 7.9 million). For further information, please refer to Note 19 – Investment Properties.

## 10 MARKETING & TV BROADCASTING

in TUSD	2017	2016
Broadcasting and media rights	8,770	9,739
Marketing rights	6,575	3,410
Licensing rights	4,585	2,154
Sales commission	3,121	720
Personnel expenses	12,833	10,397
Depreciation of property and equipment	1,197	1,485
<b>Total Marketing &amp; TV Broadcasting</b>	<b>37,081</b>	<b>27,905</b>

The Marketing & TV Broadcasting expenses reflect the costs incurred by the FIFA Commercial Division for the commercialisation of marketing and broadcasting rights. More precisely, the above represent costs incurred by FIFA to ensure and provide correct oversight, assistance and promotional activities for rights which have been transferred to Commercial Affiliates.

“Sales commission” mainly relates to agents’ fees for the 2015-2018 cycle. The costs have been capitalised to the extent that the amortisation in the following years matches the IFRS 15 revenue recognition pattern of the underlying FIFA revenue contract (see Note 17).

## 11 FINANCIAL COSTS

in TUSD	2017	2016
Interest expenses	4,066	1,479
Expenses from debt securities	1,069	1,656
Foreign currency losses	62,351	23,215
Losses from financial assets at fair value through profit or loss	33,354	2,947
<b>Total finance costs</b>	<b>100,840</b>	<b>29,297</b>

Foreign currency losses incurred mainly from the recycling of incurred currency translation adjustments (CTAs, equity) into financial costs as a local subsidiary ceased all business activities. With the repatriation of the funds to the holding entity, FIFA recycled an amount of USD 52 million into financial costs. This one-off impact does not affect the total reserves, since it is a

purely technical recycling of a past event that had been previously charged to equity via other comprehensive income.

Losses from financial assets at fair value through profit include losses on derivatives that are not accounted for hedging purposes.

## 12 FINANCIAL INCOME

in TUSD	2017	2016
Interest income from cash and cash equivalents	21,611	19,949
Income from deposits and debt securities	18,797	13,521
Foreign currency gains	27,606	3,785
Gains from financial assets at fair value through profit or loss	31,229	16,770
<b>Total finance income</b>	<b>99,243</b>	<b>54,025</b>

Foreign currency gains mainly result from the valuation of net assets denominated in foreign currencies such as CHF, EUR and RUB.

Gains from financial assets at fair value through profit include income on derivatives that are not accounted for hedging purposes.

## 13 TAXES AND DUTIES

in TUSD	2017	2016
Taxes and duties	979	2,439
<b>Total taxes and duties</b>	<b>979</b>	<b>2,439</b>

Pursuant to the Swiss 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 four-year accounting cycle, and the financial risks inherent to FIFA's core event – the FIFA World Cup™ – are duly considered. FIFA's restricted reserves are reviewed on a regular basis to assess whether they are commercially justified as per the

applicable tax laws. The final assessment with the tax authority will happen after the completion of the four-year cycle and is based on the final assessment of the required funds and reserves. The normal tax rate for associations is applicable. FIFA's subsidiaries are taxed based on the applicable local tax laws.

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

## NOTES

# Notes to the consolidated balance sheet

## 14 CASH AND CASH EQUIVALENTS

in TUSD	31 Dec 2017	31 Dec 2016
Cash on hand, post and bank accounts	387,074	617,233
Short-term deposits with maturities of up to 3 months	565,891	392,907
<b>Total cash and cash equivalents</b>	<b>952,965</b>	<b>1,010,140</b>

Restricted cash and cash equivalents amounted to USD 6.4 million in 2017 (2016: USD 10.3 million).

## 15 RECEIVABLES

in TUSD	31 Dec 2017	31 Dec 2016
<b>Receivables from the sale of rights</b>		
Due from third parties	485,272	159,702
Provision for bad debts	-436	-205
<b>Total receivables from the sale of rights</b>	<b>484,836</b>	<b>159,497</b>
<b>Other receivables</b>		
Due from member associations and confederations	20,064	16,411
Due from third parties	21,293	29,520
Provision for bad debts	-1,568	-1,441
<b>Total other receivables</b>	<b>39,789</b>	<b>44,490</b>
<b>Total receivables, net</b>	<b>524,625</b>	<b>203,987</b>

The majority of the open receivables from the sale of rights relates to contractual payments from broadcasters and sponsors for the 2018 FIFA World Cup™, which are due in 2018.

FIFA receives payments from customers based on a billing schedule, as established in the contracts with customers. Accounts receivable are unconditional, as the instalments are non-cancellable and non-refundable once received.

**Provisions for bad debts**

in TUSD	2017	2016
<b>Balance as at 1 January</b>	<b>1,646</b>	<b>5,814</b>
Use	-101	-4,372
Additions	457	205
Foreign exchange effect	2	-1
<b>Balance as at 31 December</b>	<b>2,004</b>	<b>1,646</b>

Additions are related to impairments on receivables from contracts with customers.

**Ageing analysis of receivables**

in TUSD	31 Dec 2017	31 Dec 2016
Not due	459,011	203,196
Overdue – less than 30 days	25,879	77
Overdue – less than 60 days	30,604	86
Overdue – more than 60 days	11,135	2,274
<b>Total receivables</b>	<b>526,629</b>	<b>205,633</b>

**Ageing analysis of receivables due but not impaired**

in TUSD	31 Dec 2017	31 Dec 2016
Overdue – less than 30 days	25,860	77
Overdue – less than 60 days	30,604	86
Overdue – more than 60 days	9,239	628
<b>Total receivables due but not impaired</b>	<b>65,703</b>	<b>791</b>

As at 31 December 2017, trade receivables of USD 65.7 million (2016: USD 0.8 million) were past due but not impaired. These relate to a number of

independent customers for whom there is no recent history of default.

## 16 PREPAID EXPENSES AND OTHER ACCRUED INCOME

in TUSD	31 Dec 2017	31 Dec 2016
Prepaid expenses	594,405	61,832
Other accrued income	9,073	9,444
<b>Total current prepaid expenses and other accrued income</b>	<b>603,478</b>	<b>71,276</b>
Prepaid expenses	14,431	251,088
<b>Total non-current prepaid expenses</b>	<b>14,431</b>	<b>251,088</b>

Current prepaid expenses primarily include deferred costs related to the 2018 FIFA World Cup Russia™, which amounted to USD 476 million for 2017. Prepaid expenses for the 2018 FIFA World Cup Russia™ are

shown in 2017 under current prepaid expenses, whereas in 2016, they were shown under non-current prepaid expenses (USD 241 million).

## 17 CONTRACT ASSETS

in TUSD	31 Dec 2017	31 Dec 2016
Contract assets	52,036	132,717
Contract acquisition costs	33,540	9,484
<b>Total contract assets</b>	<b>85,576</b>	<b>142,201</b>

Contract assets relate to FIFA's rights of consideration for services provided. In 2017 and 2016, there was no impairment loss in relation to the contract assets.

Significant changes in contract asset balances during the period are as follows:

in TUSD	2017	2016
<b>Contract assets as at 1 January</b>	<b>132,717</b>	<b>17,443</b>
Transfers from contract assets recognised at the beginning of the period to receivables and increase as a result of changes in the measure of progress	-80,681	115,274
<b>Contract assets as at 31 December</b>	<b>52,036</b>	<b>132,717</b>

FIFA has recognised contract acquisition costs arising from the capitalisation of incremental agency fees. These costs have been incurred in order to obtain certain Asian television broadcasting rights and FIFA Partner contracts.

FIFA expects that the fees paid are recoverable and there was no impairment loss in relation to the costs capitalised.

in TUSD	2017	2016
<b>Contract cost assets as at 1 January</b>	<b>9,484</b>	<b>7,290</b>
Costs of obtaining contracts during the year	27,177	2,914
Amortisation recognised as cost of providing services during the year	-3,120	-720
<b>Contract cost assets as at 31 December</b>	<b>33,540</b>	<b>9,484</b>

in TUSD	2017	2016
<b>Aggregate amount of the transaction price allocated to long-term contracts for the current cycle 2015-2018 that are partially or fully unsatisfied as at 31 December</b>	<b>3,774,540</b>	<b>3,258,891</b>
Thereof		
Television broadcasting rights	2,391,690	2,008,154
Marketing rights	1,064,236	890,787
Licensing rights	26,590	189,950
Hospitality rights and ticket sales	252,024	140,000
Other revenue	40,000	30,000

The above table includes revenue expected to be recognised in FIFA's current four-year business cycle ending with the FIFA World Cup™ in 2018 and is related to performance obligations that are unsatisfied during the reporting period. Revenue from unsatisfied

performance obligations at 31 December 2017, which are expected to be recognised in the cycles ending in 2022, 2026 and 2030, amount to USD 8,119 million. Contracted revenue will be recognised in line with the transfer of control over services as described in Note E.

## 18 PROPERTY AND EQUIPMENT

in TUSD	Operational buildings	Assets under construction	Land	Office and other equipment	Total
<b>Cost</b>					
Balance as at 1 January 2016	226,622	171,424	15,124	27,883	441,053
Additions	400	17,831	0	641	18,872
Reclassifications	184,377	-189,255	0	4,878	0
Foreign exchange effects	-1	0	0	0	-1
<b>Balance as at 31 December 2016</b>	<b>411,398</b>	<b>0</b>	<b>15,124</b>	<b>33,402</b>	<b>459,924</b>
Additions	43	3,730	0	838	4,611
Reclassifications	0	0	0	0	0
Foreign exchange effects	0	0	0	0	0
<b>Balance as at 31 December 2017</b>	<b>411,441</b>	<b>3,730</b>	<b>15,124</b>	<b>34,240</b>	<b>464,535</b>
<b>Accumulated depreciation</b>					
Balance as at 1 January 2016	117,342	0	0	20,767	138,109
Depreciation	22,521	0	0	2,766	25,287
Impairment	13,986	0	0	0	13,986
Foreign exchange effects	-74	0	0	0	-74
<b>Balance as at 31 December 2016</b>	<b>153,775</b>	<b>0</b>	<b>0</b>	<b>23,533</b>	<b>177,308</b>
Depreciation	26,421	0	0	1,951	28,372
Impairment	0	0	0	0	0
Foreign exchange effects	0	0	0	0	0
<b>Balance as at 31 December 2017</b>	<b>180,196</b>	<b>0</b>	<b>0</b>	<b>25,484</b>	<b>205,680</b>
<b>Net carrying amount</b>					
As at 31 December 2016	257,623	0	15,124	9,869	282,616
<b>As at 31 December 2017</b>	<b>231,245</b>	<b>3,730</b>	<b>15,124</b>	<b>8,756</b>	<b>258,855</b>

The category "operational buildings" refers to the Home of FIFA, the FIFA World Football Museum and two other buildings in Zurich.

The FIFA World Football Museum opened in February 2016 primarily with the objective of brand-building and education. FIFA's management has assessed that the museum should not be considered a separate cash-generating unit (CGU) for the purposes of impairment testing. Residential apartments have been identified as a separate CGU.

In 2017, assets of the FIFA World Football Museum are included under "operational buildings" and "office and

other equipment", being leasehold improvements with a net carrying amount of USD 144.1 million.

In 2017, FIFA evaluated key assumptions used for any indicator which requires an impairment test to be performed. Based on this analysis, FIFA did not identify any indicators for impairment and therefore did not recognise any impairment for property and equipment in 2017. In 2016, the impairment loss of USD 14 million represented the write-down of certain operational property of the FIFA World Football Museum, as a result of higher running costs than expected.

## 19 INVESTMENT PROPERTIES

in TUSD	Total
<b>Cost</b>	
Balance as at 1 January 2016	27,135
Additions	12,788
<b>Balance as at 31 December 2016</b>	<b>39,923</b>
Additions	0
<b>Balance as at 31 December 2017</b>	<b>39,923</b>
<b>Accumulated depreciation</b>	
Balance as at 1 January 2016	1,235
Depreciation	1,003
Impairment	7,925
<b>Balance as at 31 December 2016</b>	<b>10,163</b>
Depreciation	1,876
Impairment	0
<b>Balance as at 31 December 2017</b>	<b>12,039</b>
<b>Net carrying amount</b>	
As at 31 December 2016	29,760
<b>As at 31 December 2017</b>	<b>27,884</b>

On 28 October 2014, FIFA acquired the Hotel Ascot in Zurich, which is classified as an investment property. In 2017, FIFA evaluated key assumptions used for any indicator which requires an impairment test to be performed. Based on this analysis FIFA did not identify any indicators for impairment and therefore did not recognise any impairment for the investment property of the Hotel Ascot in 2017.

Book value after impairment is representative of fair value. The fair value measurement of investment property has been categorised as a level 3 fair value based on the inputs to the valuation technique used. As of 31 December 2017, the rental income related to the Hotel Ascot amounts to USD 1.3 million in 2017 (2016: USD 0.4 million), whereas direct related costs incurred are USD 0.1 million (2016: USD 0.5 million).

## 20 FINANCIAL ASSETS

in TUSD	31 Dec 2017	31 Dec 2016
Debt securities	99,362	181,320
Deposits	466,618	450,684
Loans	447,210	2,000
<b>Current financial assets</b>	<b>1,013,190</b>	<b>634,004</b>
Debt securities	738,850	625,822
Deposits	177,767	72,750
Equity securities	803	1,379
Loans	7,500	9,500
<b>Non-current financial assets</b>	<b>924,920</b>	<b>709,451</b>
<b>Total financial assets</b>	<b>1,938,110</b>	<b>1,343,455</b>

In compliance with the investment policy, FIFA's financial assets are invested in short-term and long-term bonds,

loans and deposits. Loans are granted mainly to Swiss public authorities.

## 21 PAYABLES

in TUSD	31 Dec 2017	31 Dec 2016
Due to member associations and confederations	55,359	16,456
Due to related parties	1,523	1,745
Due to third parties	73,199	55,467
<b>Total payables</b>	<b>130,081</b>	<b>73,668</b>

## 22 ACCRUED EXPENSES

in TUSD	31 Dec 2017	31 Dec 2016
Other FIFA events	10,496	25,235
Development programmes	458,972	397,737
Other accrued expenses	50,865	57,566
<b>Total current accrued expenses</b>	<b>520,333</b>	<b>480,538</b>
Other accrued expenses	70,638	73,220
<b>Total non-current accrued expenses</b>	<b>70,638</b>	<b>73,220</b>

The increase in accrued expenses is mainly driven by more development programme accruals in connection with the FIFA Forward Programme initiated in May 2016 (please refer to Note 7 – Development & Education). In

addition to the FIFA Forward Programme accruals, the line item "Development programmes" also includes legacy fund and previous development programmes accruals.

## 23 CONTRACT LIABILITIES

in TUSD	2017	2016
<b>Current contract liability as at 1 January</b>	<b>1,237,600</b>	<b>688,434</b>
Increase due to cash received and decrease as a result of changes in the measure of progress	1,154,543	549,166
<b>Current contract liability as at 31 December</b>	<b>2,392,143</b>	<b>1,237,600</b>
<b>Non-current contract liability as at 1 January</b>	<b>86,069</b>	<b>83,365</b>
Increase due to cash received and decrease as a result of changes in the measure of progress	3,240	2,704
<b>Non-current contract liability as at 31 December</b>	<b>89,309</b>	<b>86,069</b>

Contract liabilities relate to payments received in advance of FIFA's performance under a contract. Contract liabilities are recognised as revenue as (or when) FIFA

performs under the contract and control over the transfer of contractually agreed services to the customer.

## 24 PROVISIONS

in TUSD	2017	2016
<b>Balance as at 1 January</b>	<b>261,998</b>	<b>261,998</b>
Provisions made during the year	0	0
Provisions released during the year	-64,998	0
Provisions used during the year	0	0
<b>Balance as at 31 December</b>	<b>197,000</b>	<b>261,998</b>

The provisions cover various legal matters with respect to disputes of the core business of FIFA. No detailed information can be provided at this point since legal disputes are sensitive matters and the mere fact that a provision for certain matters has been set up might be misinterpreted to prejudice FIFA's position in such proceedings. In accordance with acknowledged rules,

provisions are recognised if and when an obligation has arisen from a past event, it is probable that FIFA will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Details concerning provisions released in 2017 mainly relate to FIFA events from prior cycles and can be found in Note 6.

## 25 RESERVES

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### Association capital

The association capital is CHF 5 million.

### Restricted reserves

Pursuant to article 62 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 restricted reserves cover, in particular, future non-profit activities, such as development programmes and other FIFA events.

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 the implementation of football-related development programmes.

Restricted reserves include remeasurement gains and losses on the net post-employment benefit obligation.

### Translation reserves

The translation reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.

### Capital management

FIFA was established in the legal form of an association in accordance with 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 goal is to maintain its solid reserve level in order to cover inherent risks in connection with the FIFA World Cup and to finance its non-profit activities, especially future development activities and other FIFA events.

## NOTES

## Other disclosures

**26 FINANCIAL RISK MANAGEMENT**

## a) Accounting classifications and fair value measurements

31 December 2017 in TUSD	Financial assets/ liabilities at fair value through- profit and loss	Held-to- maturity	Loans and receivables	Other financial liabilities	Total
<b>Financial assets measured at fair value</b>					
Derivative financial assets	10,773	0	0	0	10,773
Equity securities	803	0	0	0	803
Debt securities	149,432	0	0	0	149,432
<b>Total</b>	<b>161,008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>161,008</b>
<b>Financial assets not measured at fair value</b>					
Cash and cash equivalents	0	0	952,965	0	952,965
Receivables	0	0	524,625	0	524,625
Deposits	0	0	644,385	0	644,385
Debt securities	0	688,780	0	0	688,780
Loans	0	0	454,710	0	454,710
<b>Total</b>	<b>0</b>	<b>688,780</b>	<b>2,576,685</b>	<b>0</b>	<b>3,265,465</b>
<b>Financial liabilities measured at fair value</b>					
Derivative financial liabilities	13,003	0	0	0	13,003
<b>Total</b>	<b>13,003</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,003</b>
<b>Financial liabilities not measured at fair value</b>					
Payables	0	0	0	130,081	130,081
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>130,081</b>	<b>130,081</b>

Fair value disclosure: equity securities and debt securities are traded in active markets and the fair value is based on unadjusted quoted market prices on the balance sheet date (Level 1). Derivatives are not traded in active markets and the fair value on the balance sheet is determined by using valuation techniques (Level 2) with observable market data. No transfer was made between Level 1 and Level 2 in the financial years 2016 and 2017. FIFA has not disclosed the fair values for financial instruments such as short-term receivables and payables because their carrying amounts are a reasonable approximation of fair value.

31 December 2017 in TUSD	Carrying amount	Fair value		
	Total	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>				
Derivative financial assets	10,773		10,773	
Equity securities	803	803		
Debt securities	149,432	149,432		
<b>Total</b>	<b>161,008</b>			
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalents	952,965			
Receivables	524,625			
Deposits	644,385			
Debt securities	688,780	695,697		
Loans	454,710			
<b>Total</b>	<b>3,265,465</b>			
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	13,003		13,003	
<b>Total</b>	<b>13,003</b>			
<b>Financial liabilities not measured at fair value</b>				
Payables	130,081			
<b>Total</b>	<b>130,081</b>			

### Fair value measurements and disclosure of assets and liabilities

When measuring the fair value of an asset or a liability, the group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- 1) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 2) Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- 3) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety at the lowest level input that is significant to the entire measurement.

31 December 2016 in TUSD	Financial assets/ liabilities at fair value through profit and loss	Held-to- maturity	Loans and receivables	Other financial liabilities	Total
<b>Financial assets measured at fair value</b>					
Derivative financial assets	17,377	0	0	0	17,377
Equity securities	1,379	0	0	0	1,379
<b>Total</b>	<b>18,756</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>18,756</b>
<b>Financial assets not measured at fair value</b>					
Cash and cash equivalents	0	0	1,010,140	0	1,010,140
Receivables	0	0	203,987	0	203,987
Deposits	0	0	523,434	0	523,434
Debt securities	0	807,142	0	0	807,142
Loans	0	0	11,500	0	11,500
<b>Total</b>	<b>0</b>	<b>807,142</b>	<b>1,749,061</b>	<b>0</b>	<b>2,556,203</b>
<b>Financial liabilities measured at fair value</b>					
Derivative financial liabilities	2,713	0	0	0	2,713
<b>Total</b>	<b>2,713</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,713</b>
<b>Financial liabilities not measured at fair value</b>					
Payables	0	0	0	73,668	73,668
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73,668</b>	<b>73,668</b>

Fair value disclosure: equity securities and debt securities are traded in active markets and the fair value is based on unadjusted quoted market prices on the balance sheet date (Level 1). Derivatives are not traded in active markets and the fair value on the balance sheet is determined by using valuation techniques (Level 2) with observable market data. No transfer was made between Level 1 and Level 2 in the financial years 2016 and 2017. FIFA has not disclosed the fair values for financial instruments such as short-term receivables and payables because their carrying amounts are a reasonable approximation of fair value.

31 December 2016 in TUSD	Carrying amount	Fair value		
	Total	Level 1	Level 2	Level 3
<b>Financial assets measured at fair value</b>				
Derivative financial assets	17,377		17,377	
Equity securities	1,379	1,379		
<b>Total</b>	<b>18,756</b>			
<b>Financial assets not measured at fair value</b>				
Cash and cash equivalents	1,010,140			
Receivables	203,987			
Deposits	523,434			
Debt securities	807,142	812,162		
Loans	11,500			
<b>Total</b>	<b>2,556,203</b>			
<b>Financial liabilities measured at fair value</b>				
Derivative financial liabilities	2,713		2,713	
<b>Total</b>	<b>2,713</b>			
<b>Financial liabilities not measured at fair value</b>				
Payables	73,668			
<b>Total</b>	<b>73,668</b>			

## b) Financial risk management

FIFA is exposed to currency and interest risks as well as credit and liquidity risks in the course of its 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 FIFA World Cups directly to broadcasters.

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 default, 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 arise if several parties were unable to meet their contractual obligations. FIFA's management monitors the credit standing of the Commercial Affiliates very closely on an ongoing basis. Given their good credit ratings and the high diversification of the portfolio of Commercial Affiliates, the management believes that this scenario is very unlikely to occur.

The cash and cash equivalents are held with bank and financial institution counterparties with a rating equivalent to "A" or higher in S&P ratings. 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 counterparties with high credit ratings. The carrying amount of the financial assets represents the maximum exposure to credit risk.

### Interest rate risk

FIFA is exposed to fluctuations in interest rates on its term placements in fixed-term deposits. Since the interest rate of all term deposits is fixed at year-end, there is no

direct interest rate exposure. Some debt securities are linked to LIBOR. Therefore, there is 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 2017 and 31 December 2016, there was no interest rate risk arising from financing transactions because FIFA is fully self-financed.

### Foreign currency risk

FIFA's functional currency is 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 RUB.

FIFA receives foreign currency cash inflows in the form of revenue from the sale of certain rights denominated in EUR, GBP, RUB or CHF. On the other hand, 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 part of the costs in connection with the 2018 FIFA World Cup Russia™ are denominated in RUB. The Controlling & Strategic Planning Department regularly forecasts the liquidity and foreign exchange requirements up to the 2018 FIFA World Cup Russia™. If any foreign currency risks are identified, FIFA uses derivative products to hedge this exposure (see also Note 27).

As at 31 December 2017, FIFA is exposed to the following foreign exchange fluctuation risks:

- If the EUR had gained 10% against the USD as at 31 December 2017, the impact on the net result would have been USD -9.9 million (2016: USD +9.9 million).
- If the CHF had gained 10% against the USD as at 31 December 2017, the impact on the net result would have been USD +6.4 million (2016: USD +4 million).
- If the RUB had gained 10% against the USD as at 31 December 2017, the impact on the net result would have been USD -8.2 million (2016: USD +0.8 million).
- If the BRL had gained 10% against the USD as at 31 December 2017, the impact on the net result would have been USD +0.9 million (2016: USD +11.7 million).

■ If the GBP had gained 10% against the USD as at 31 December 2017, the impact on the net result would have been USD -0.4 million (2016: USD +3.1 million).

This fluctuation analysis can be applied using the same method in reverse (a decrease of 10%). It also needs

to be considered that FIFA's hedging strategy had a significant impact on this analysis. In addition, it only shows the effect from a risk management perspective and not realised gains or losses.

#### Positions exposed to foreign currency risk as at 31 December 2017

in thousands	CHF	EUR	RUB	BRL	GBP
Cash and cash equivalents	55,812	29,880	1,102,679	27,690	13,867
Receivables	28,219	77,936	14,318	17,859	13,786
Financial assets	0	0	0	0	0
<b>Total assets in foreign currency</b>	<b>84,031</b>	<b>107,816</b>	<b>1,116,997</b>	<b>45,549</b>	<b>27,653</b>
Payables	21,153	2,927	1,021,602	16,444	427
<b>Total liabilities in foreign currency</b>	<b>21,153</b>	<b>2,927</b>	<b>1,021,602</b>	<b>16,444</b>	<b>427</b>
<b>Net exposure in foreign currency</b>	<b>62,878</b>	<b>104,889</b>	<b>95,395</b>	<b>29,105</b>	<b>27,226</b>
<b>Net exposure in functional currency (USD)</b>	<b>63,627</b>	<b>125,321</b>	<b>1,658</b>	<b>8,790</b>	<b>36,635</b>

#### Positions exposed to foreign currency risk as at 31 December 2016

in thousands	CHF	EUR	RUB	BRL	GBP
Cash and cash equivalents	54,485	104,934	529,646	374,121	16,856
Receivables	39,115	1,014	317	20,642	8,662
Financial assets	0	1	0	17	0
<b>Total assets in foreign currency</b>	<b>93,600</b>	<b>105,949</b>	<b>529,963</b>	<b>394,780</b>	<b>25,518</b>
Payables	52,332	11,677	47,537	15,264	184
<b>Total liabilities in foreign currency</b>	<b>52,332</b>	<b>11,677</b>	<b>47,537</b>	<b>15,264</b>	<b>184</b>
<b>Net exposure in foreign currency</b>	<b>41,268</b>	<b>94,272</b>	<b>482,426</b>	<b>379,516</b>	<b>25,334</b>
<b>Net exposure in functional currency (USD)</b>	<b>40,030</b>	<b>99,362</b>	<b>7,993</b>	<b>116,655</b>	<b>31,107</b>

#### Liquidity risk

As at 31 December 2017 and 31 December 2016, FIFA was fully self-financed. Additionally, FIFA holds mortgage notes in the amount of CHF 173 million, guaranteed by

its own properties, which could be used to cover any additional liquidity needs. No drawdowns had been made as at 31 December 2017.

**Maturity of financial liabilities**

in TUSD	31 December 2017			31 December 2016		
	90 days	1 year or less	More than a year	90 days	1 year or less	More than a year
Payables – member associations and confederations	0	55,359	0	0	16,456	0
Payables – third parties and related parties	74,722	0	0	57,212	0	0
Derivative financial liabilities	0	12,681	322	0	2,458	255
<b>Total</b>	<b>74,722</b>	<b>68,040</b>	<b>322</b>	<b>57,212</b>	<b>18,914</b>	<b>255</b>

**Cancellation risk**

FIFA's financial position depends on the successful staging of the FIFA World Cup™ because almost all contracts with its 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 potentially being exposed to legal claims.

At its meeting on 24 October 2008, the FIFA Executive Committee decided to insure against the risk of

postponement and/or relocation of the FIFA World Cups. The risks covered include natural disasters, 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 2018 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.

## 27 HEDGING ACTIVITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

FIFA uses foreign currency derivatives to hedge the exposure. All hedging transactions cover future revenue, which is contractually defined and in line with the strategy decided by the FIFA Council.

As at 31 December 2017 and 31 December 2016, there are no open hedging positions as FIFA does not apply hedge accounting.

Several financial investments were made in foreign currency in 2017. The foreign exchange risk has been hedged using swaps, forwards and options. The total notional value of the outstanding swaps as at 31 December 2017 amounts to USD 1,153 million (2016: USD 488 million). The derivative financial instruments are valued at fair market prices.

in TUSD	31 December 2017		31 December 2016	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
<b>Other derivative financial instruments</b>				
to mature in 1 year	5,137	12,681	7,249	2,458
to mature in subsequent years	5,636	322	10,128	255
<b>Total</b>	<b>10,773</b>	<b>13,003</b>	<b>17,377</b>	<b>2,713</b>
<b>Of which</b>				
recognised in hedging reserve	0	0	0	0

While the majority of derivative financial instruments will mature in 2018, a number of them will only mature in subsequent years, ending in 2022.

For derivative transactions entered resulting in financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each

agreement between FIFA and the counterparty may allow for net settlement of the relevant financial assets and liabilities. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other.

## 28 PERSONNEL EXPENSES

in TUSD	2017	2016
Wages and salaries	87,254	82,461
Social benefit costs	24,951	22,520
Other employee benefit costs	4,678	3,859
Other	13,007	17,102
<b>Total personnel expenses</b>	<b>129,890</b>	<b>125,942</b>
<b>Of which</b>		
Competitions & Events	18,385	13,385
Development & Education	24,365	20,954
Football Governance	13,301	16,894
FIFA Governance & Administration	61,006	64,312
Marketing & TV Broadcasting	12,833	10,397

### Personnel expenses

The number of full-time employees at the end of the year ending 31 December 2017 was 717 (2016: 685).

In line with FIFA's efforts to further develop its operational strategy, divisions have been restructured and new FIFA employees have been recruited to support new insourcing activities as well as the organisation of the forthcoming FIFA World Cup™. FIFA therefore experienced an increased headcount. The FIFA World

Football Museum, on the other hand, experienced a reduced headcount by optimising its processes and focusing on its core competencies. Total personnel expenses have slightly increased.

In 2017, the line item "Other" benefited from a one-time impact of USD 4.9 million in the retirement plan of FIFA Council members due to new regulations (FIFA Compensation, Expenses and Benefits Regulations for Senior Officials, CEB) entering into force (see also below).

### Retirement plans

FIFA has retirement benefit plans in place for FIFA Council members and for FIFA employees:

in TUSD	2017	2016
Retirement benefit plan for FIFA Council members	8,063	13,125
Retirement benefit plan for employees	66,270	74,477
<b>Total post-employment benefit obligation</b>	<b>74,333</b>	<b>87,602</b>

### Retirement plan for FIFA Council members

An annual payment will be made to all long-serving FIFA Council members not falling under the FIFA Compensation, Expenses and Benefits Regulations for Senior Officials (CEB), which entered into force on 31 March 2017, under which the compensation is limited to a maximum of the number of years that the member has served on the Council. Family members or relatives of the FIFA Council members are not entitled to receive

any payments. The payments start in the financial year following retirement.

There was a positive impact in 2017 of USD 4.9 million relating to the retirement benefit plan for FIFA Council members. The post-employment benefit obligation of the retirement plan related to FIFA Council members amounts to USD 8.1 million (2016: USD 13.1 million).

in TUSD	2017	2016
<b>Balance as at 1 January</b>	<b>13,125</b>	<b>11,902</b>
Service costs	-4,652	1,318
Interest expenses	-200	115
Payments	-210	-210
<b>Balance as at 31 December</b>	<b>8,063</b>	<b>13,125</b>
<b>Of which</b>		
Due to active members	0	7,866
Due to pensioners	8,063	5,259

### Retirement benefit plan for employees

FIFA has established a retirement benefit plan in Switzerland for all of its employees through an insurance company. This Swiss plan is governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG), which stipulates that pension plans are to be managed by independent, legally autonomous units. The assets of the pension plan are held within a separate foundation and cannot revert to the employer. Pension plans are overseen by a regulator as well as by a state supervisory body.

FIFA participates in a Swiss "Sammelstiftung", which is a collective foundation administrating the pension plan of various unrelated employers. FIFA's pension plan is fully segregated from those of other participating employers. The pension plan has reinsured all demographic risks and fully transferred the investment activities to the insurance company.

The most senior governing body of the collective foundation is the Board of Trustees. All governing and administration bodies have an obligation to act in the interests of the plan participants.

The plan's governing body (Occupational Benefits Fund Commission) is composed of an equal number of employer and employee representatives. The plan is funded by employee and employer contributions and

has certain defined benefit characteristics, such as the interest guaranteed on the savings and the conversion of the savings at the end of working life into a life-long pension annuity. The employee's contributions are determined based on the insured salary and range from 5% to 9% of the insured salary depending on the selection of the scale by the beneficiary. The employer's contributions are predetermined at 9% of the insured salary.

If an employee leaves FIFA or the plan before reaching retirement age, the law provides for the transfer of the vested benefits to the new plan. These vested benefits comprise the employee's and the employer's contributions plus interest, the money originally brought in to the pension plan by the beneficiary and an additional legally stipulated amount. On reaching retirement age, the plan participant may decide whether to withdraw the benefits in the form of an annuity or (entirely or partly) as a lump-sum payment. The pension law requires adjusting pension annuities for inflation depending on the financial condition of the plan.

The insurance premiums are reviewed on an annual basis – accordingly, FIFA is regularly exposed to potential premium increases. Furthermore, there is a risk that the insurance company cancels the insurance policy which may lead to higher future premiums.

### Movement in the employees' post-employment benefit obligation over the year 2017

in TUSD	Present value of obligation	Fair value of plan assets	Net post-employment benefit obligation
<b>At 1 January 2017</b>	<b>216,033</b>	<b>-141,555</b>	<b>74,478</b>
<b>Included in profit or loss:</b>			
Current service cost	19,303	0	19,303
Plan amendments	-14,922	12,959	-1,963
Interest expense/(income)	1,093	-708	385
General administration costs	0	199	199
Exchange differences	8,997	-5,889	3,108
<b>Total</b>	<b>14,471</b>	<b>6,561</b>	<b>21,032</b>
<b>Remeasurements included in comprehensive income:</b>			
Return on plan assets, excluding interest income	0	1,269	1,269
(Gain)/loss from change in demographic assumptions	0	0	0
(Gain)/loss from change in financial assumptions	-10,238	0	-10,238
Experience (gains)/losses	-8,918	0	-8,918
<b>Total</b>	<b>-19,156</b>	<b>1,269</b>	<b>-17,887</b>
<b>Contributions and benefits paid:</b>			
Plan participants	4,826	-4,826	0
Employer	0	-11,353	-11,353
Benefit payments	-25,747	25,747	0
<b>Total</b>	<b>-20,921</b>	<b>9,568</b>	<b>-11,353</b>
<b>At 31 December 2017</b>	<b>190,427</b>	<b>-124,157</b>	<b>66,270</b>
<b>Of which</b>			
Due to active members	184,485		
Due to pensioners	5,942		

#### Post-employment benefit obligation

The post-employment benefit expenses included in profit or loss is part of the total expenses from football activities and total expenses from administrative activities.

In 2017, FIFA Museum AG and FIFA Museum Gastronomie AG significantly reduced the number of employees covered by the pension plan which resulted in a past service credit of USD 1.3 million.

The expected contributions to be paid by the employer into the plan for 2018 are USD 11.1 million.

### Movement in the employees' post-employment benefit obligation over the year 2016

in TUSD	Present value of obligation	Fair value of plan assets	Net post- employment benefit obligation
<b>At 1 January 2016</b>	<b>192,309</b>	<b>-138,586</b>	<b>53,723</b>
<b>Included in profit or loss:</b>			
Current service cost	14,327	0	14,327
Plan amendments	657	0	657
Interest expense/(income)	1,375	-996	379
General administration costs	0	227	227
Exchange differences	-7,074	4,556	-2,518
<b>Total</b>	<b>9,285</b>	<b>3,787</b>	<b>13,072</b>
<b>Remeasurements:</b>			
Return on plan assets, excluding interest income	0	-1,022	-1,022
(Gain)/loss from change in demographic assumptions	1,049	0	1,049
(Gain)/loss from change in financial assumptions	8,869	0	8,869
Experience (gains)/losses	7,514	0	7,514
<b>Total</b>	<b>17,432</b>	<b>-1,022</b>	<b>16,410</b>
<b>Contributions:</b>			
Plan participants	4,283	-4,283	0
Employer	0	-8,727	-8,727
Benefit payments	-7,276	7,276	0
<b>Total</b>	<b>-2,993</b>	<b>-5,734</b>	<b>-8,727</b>
<b>At 31 December 2016</b>	<b>216,033</b>	<b>-141,555</b>	<b>74,478</b>
<b>Of which</b>			
Due to active members	200,027		
Due to pensioners	16,005		

### Principal actuarial assumptions

	31 Dec 2017	31 Dec 2016
Discount rate	0.75%	0.50%
Future salary increases	2.00%	2.00%
Future pension increases	0.50%	0.50%
Inflation rate	0.50%	0.50%

Assumptions regarding future mortality as presented below are set based on Swiss BVG/LLP 2015 mortality tables,

which include generational mortality rates allowing for future projections of increasing longevity.

	31 Dec 2017	31 Dec 2016
<b>Longevity at age 63/62 for current pensioners:</b>		
male	24.27	24.15
female	27.42	27.30
<b>Longevity at age 63/62 for employees retiring 20 years after the end of the reporting period</b>		
male	26.18	26.03
female	29.28	29.14

#### Sensitivity of the employees' post-employment benefit obligation to changes in the weighted principal assumption at 31 December 2017

	Impact on post-employment benefit obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease 5.00%	Increase 5.43%
Future salary increases	0.25%	Increase 0.45%	Decrease 0.44%
Future pension increases	0.25%	Increase 2.55%	Decrease 2.41%

#### Sensitivity of the employees' post-employment benefit obligation to changes in the weighted principal assumption at 31 December 2016

	Impact on post-employment benefit obligations		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease 4.90%	Increase 5.32%
Future salary increases	0.25%	Increase 0.36%	Decrease 0.35%
Future pension increases	0.25%	Increase 2.58%	Decrease 2.44%

The above sensitivity analyses are based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the post-employment benefit obligation to significant actuarial assumptions, the same method (present value of the defined post-employment obligation calculated with the projected unit credit method at the end of the reporting period) has been

applied as when calculating the net post-employment benefit obligation recognised within the balance sheet.

The weighted average duration of the post-employment benefit obligation is 21.3 years (2016: 15.3 years). The duration has increased as a result of the newly implemented calculation method, which is now the same method as the one used to calculate the duration of a financial bond, i.e. plotting the bond value change by

slightly changing the bond yield. If FIFA had also applied this calculation method in 2016, the weighted average duration of the post-employment benefit obligation would have been 20.8 years.

The plan assets are fully covered by the repurchase value of the insurance company.

#### **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 the net post-employment benefit obligation.

## **29 LEGAL MATTERS AND CONTINGENT LIABILITIES**

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### **Current investigations and legal risks**

FIFA continues to participate in a number of investigations conducted by the Swiss Office of the Attorney General ("OAG") and the US Department of Justice ("DoJ").

### **Uncertainties and potential impact**

The investigations by the Swiss and foreign authorities will continue for some time and the expansion in scope may not be excluded.

FIFA is participating in the investigations by the US authorities in its capacity as a victim, as was expressly and repeatedly confirmed by the DoJ. Equally, in the investigations conducted by the Swiss authorities, FIFA is designated as a damaged party. In March 2017, FIFA's internal investigation was completed and the findings thereof were shared with the respective authorities. On this basis and taking into account that FIFA has fully cooperated with the respective authorities and will

continue to do so within the boundaries of applicable law, the FIFA management is of the view that no provisions for fines, penalties or other payments of punitive character or any other adjustments need to be made to the consolidated financial statements at this time. The safeguarding of FIFA's interests in the ongoing investigations and the protection against currently known legal risks will, however, continue to generate costs, which will be recognised as incurred.

The investigations continue to be subject to a number of uncertainties whose possible effect on FIFA's operations and financial position cannot be fully determined at this time. The development of the current situation is carefully monitored on an ongoing basis.

The management is of the opinion that the outcome of these proceedings will have no effect on FIFA's financial statements other than those accounted for therein.

## **30 CAPITAL COMMITMENTS**

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As at 31 December 2017, FIFA had no capital commitments (2016: FIFA had no capital commitments).

## 31 OPERATING LEASES

in TUSD	31 Dec 2017	31 Dec 2016
Maturity 1 year	9,515	9,104
Maturity 1–5 years	36,711	35,870
Maturity > 5 years	207,136	214,155
<b>Total</b>	<b>253,362</b>	<b>259,129</b>

FIFA has entered into leasing contracts for buildings, vehicles and office equipment. Rental contracts with a notice period longer than 12 months are taken into account when calculating future obligations. In 2017, a total amount of USD 6.8 million (2016: USD 6.9 million) was recognised as an expense in the statement of profit

or loss for operating leases. FIFA has contracted a lease term that has 28 years remaining, with further terms and options to continue the lease. The rental fee for this leasing is exposed to the Swiss Consumer Price Index on a yearly basis, leaving it to be influenced by the inflation rate of the country.

## 32 RELATED-PARTY TRANSACTIONS

From FIFA's perspective, the following persons are regarded as related parties: members of the Council, the President, the Secretary General and the key management personnel.

In 2017, short-term employee benefits for related parties amounted to USD 25.2 million (2016: USD 27.1 million), of which USD 2.4 million consists of termination benefits (2016: USD 2.7 million). In addition to these short-term employee benefits, FIFA contributes to defined post-employment benefit plans. The pension expenses in

2017 amounted to USD -3.4 million, which benefited from a one-time impact in 2017 of USD 4.9 million in the retirement plan of FIFA Council members' due to new regulations (FIFA Compensation, Expenses and Benefits Regulations for Senior Officials, CEB) entering into force in 2017 (2016: USD 2.8 million). FIFA has outstanding payables to related parties amounting to USD 1.5 million (2016: USD 1.7 million). Further disclosures and information are available in the FIFA Governance Report 2017.

## 33 CONSOLIDATED SUBSIDIARIES

	Location of incorporation	Activity	Ownership interest 2017	Ownership interest 2016
FIFA Museum AG	Zurich, Switzerland	Museum	100%	100%
FIFA Museum Gastronomie AG	Zurich, Switzerland	Gastronomy industry	100%	100%
FIFA Transfer Matching System GmbH (in liquidation)	Zurich, Switzerland	Service company	100%	100%
FIFA Travel GmbH	Zurich, Switzerland	Travel agency	100%	100%
Early Warning System GmbH (in liquidation)	Zurich, Switzerland	Service company	100%	100%
Hotel Ascot GmbH	Zurich, Switzerland	Hotel industry	100%	100%
FIFA Ticketing AG	Zurich, Switzerland	Ticket sales	100%	100%
FIFA Development Zurich AG	Zurich, Switzerland	Service company	100%	100%
2018 FIFA World Cup Ticketing Limited Liability Company	Moscow, Russia	Ticket Sales	100%	100%
2018 FIFA World Cup Limited Liability Company	Moscow, Russia	Service company	100%	100%
FIFA Beach Soccer S.L.	Barcelona, Spain	Event management	0%	70%
FIFA World Cup Brazil Assessoria Ltda	Rio de Janeiro, Brazil	Service company	100%	100%
2014 FIFA World Cup Venda de Ingressos Ltda	Rio de Janeiro, Brazil	Ticket sales	100%	100%
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%

Subsidiaries with a location of incorporation not in Switzerland are specifically established to operate the final competition of the FIFA World Cup™ and other events. Noteworthy changes are the sale of associated shares related to FIFA Beach Soccer S.L. at the end of November as well as ongoing voluntary liquidation procedures of the following entities:

- FIFA Transfer Matching System GmbH
- Early Warning System GmbH
- 2010 FIFA World Cup Ticketing (Pty) Ltd
- FIFA World Cup South Africa (Pty) Ltd

## **34** POST-BALANCE-SHEET EVENTS

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The FIFA Council authorised the issue of these consolidated financial statements on 16 March 2018. Up to this date, no other events have occurred since 31 December 2017 that would require any adjustment to the carrying amount of FIFA's assets and liabilities as at 31 December 2017 and/or disclosure.

The consolidated financial statements for 2017 will be submitted to the FIFA Congress for approval on 13 June 2018.



# Report of the statutory auditor to the Congress of Fédération Internationale de Football Association (FIFA) on the consolidated financial statements 2017

## Report on the audit of the consolidated financial statements

### Opinion

We have audited the consolidated financial statements of the Fédération Internationale de Football Association (FIFA) and its subsidiaries (the Group) for the year ended 31 December 2017, which comprise the consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in reserves and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 58 to 112) give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

### Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Our audit approach

**Overview**



Overall Group materiality: USD 9.2 million

We performed full scope audit work at the parent association (FIFA) in Switzerland.

Our full scope audit addressed over 99.7% of the revenue, over 95% of the expenses and over 94% of the assets of the Group.

In addition, we performed specified procedures on assets held in two reporting units in Switzerland, addressing a further 4% of the Group’s assets.

As key audit matters, the following areas of focus were identified:

- Addressing fraud risk
- Appropriateness and application of the revenue recognition policy
- Accounting for the financial implications of ongoing investigations by Swiss and US authorities and other legal cases

### Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

FIFA is an international non-governmental and non-profit association incorporated under Swiss law and based in Zurich. Its new vision, as expressed by 'FIFA 2.0', is to promote the game of football, protect its integrity and bring the game to all. FIFA's activities include the organisation and realisation of global football tournaments, including the FIFA World Cup™, and the sale of the television broadcasting rights, marketing rights and licensing rights for these events. Most of the Group's operations are conducted by the parent association (FIFA), although there are 14 other reporting units that undertake specific activities, including operating a museum and a hotel.

FIFA has 211 Member Associations (MAs), which together form the FIFA Congress, the supreme legislative body of FIFA. The MAs receive financial assistance from FIFA earmarked for specific football-related projects. The MAs are not considered 'related parties' to FIFA as defined by the relevant financial reporting standard and, therefore, expenditure incurred by the MAs is excluded from these consolidated financial statements.

In addition to our full scope audit of the parent association, we performed specified procedures on assets held by FIFA Museum AG and assets held by Hotel Ascot GmbH in light of the impairment charges that were recognised in the prior year.

As a part of our audit, we met key management and other FIFA representatives in order to update our understanding of FIFA's activities, its significant business arrangements and areas in which management applies judgement. These meetings also covered several matters described in the 'Key audit matters' section below.

### Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	USD 9.2 million
How we determined it	1% of total expenses
Rationale for the materiality benchmark applied	We chose total expenses as the benchmark for our materiality because it is a commonly used benchmark for not-for-profit associations and because FIFA has uneven revenue flows leading to volatile annual income and results.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Addressing fraud risk**

Key audit matter	How our audit addressed the key audit matter
<p>We considered fraud risk to be a key audit matter for two main reasons:</p> <p>Firstly, we have to take into account inappropriate activity in areas of the football industry that are outside FIFA's control. These matters are widely known and subject to investigations.</p> <p>Secondly, as a not-for-profit association, FIFA has no shareholders to whom it is accountable for a financial return. However, FIFA is responsible for generating any surpluses earned from international football tournaments, in particular the FIFA World Cup™. Without the need to maximise profits for shareholders, the risk and opportunities for fraud, embezzlement and misuse of resources are increased.</p> <p>On the basis of our understanding of the organisation and its operations, we deemed fraud risks to be highest with regard to transactions and commercial arrangements with related parties and other parties with whom there may be conflicts of interest. We also recognised the need to be alert to any evidence of management overriding controls, as this would increase concern about the transactions in question.</p>	<p>Our audit mindset in our interactions with FIFA's management has been one of respect whilst applying appropriate professional scepticism.</p> <p>We interviewed the President, selected members of senior management, the Chairman of the Finance Committee and the Audit and Compliance Committee Chairman. Furthermore, we met the Chairwoman of the investigatory chamber of the independent Ethics Committee and the Chairman of the adjudicatory chamber of the independent Ethics Committee. This enabled us to assess the 'tone at the top' of the organisation and get management's assessment of fraud risk and of the mitigating controls that have been implemented since 2015. We also gained an understanding of any instances of fraud or inappropriate behaviour that management became aware of as well as how these were dealt with.</p> <p>Through discussions with management and other research, we confirmed our understanding of the organisation, its key business partners and related parties. We also performed forensic background checks on key individuals in the organisation. On the basis of this, we focused our work on transactions and business arrangements where there might be potential conflicts of interest and/or a misuse of funds.</p> <p>We then performed tests designed with the assistance of forensic experts. These tests helped us identify and focus our work on high risk and atypical transactions. They also helped us obtain audit evidence on the appropriateness of the underlying transactions in the areas identified as critical. Specifically, we performed the following:</p> <ul style="list-style-type: none"> <li>• On a sample basis, we verified that expenses recorded in the 2017 financial year were supported by the existence of new or pre-existing</li> </ul>

authorised and valid contracts, which had been appropriately approved in accordance with FIFA's current procurement guidance.

- We interviewed the professional services firm engaged by FIFA to oversee the activities and procurement processes of the 2018 FIFA World Cup Local Organising Committee Russia to get an understanding of the controls put in place and evaluate the effectiveness of their design as an anti-fraud mechanism.
- Using IT audit techniques, we examined the Group's transactions to identify those involving potentially related parties. We ensured for these identified transactions that the underlying business rationales were appropriate, the transactions complied with FIFA regulations and they were properly approved.
- In addition, our IT specialists used data analysis to identify unusual cash transactions in the 2017 financial year. We checked the supporting documentation and approval of these transactions.
- We obtained the amended FIFA Compensation, Expenses and Benefits Regulations for Senior Officials and verified their proper implementation by vouching on a sample basis senior officials' expenses recorded in 2017.

On the basis of the work performed and the materiality level that we set, we did not identify any instances of misstatements due to fraud in the consolidated financial statements of FIFA. We should bring to the reader's attention, however, the auditor's responsibilities in relation to fraud as explained later in this report.

**Appropriateness and application of the revenue recognition policy**

Key audit matter	How our audit addressed the key audit matter
<p>In the 2017 financial year, total revenue amounted to USD 734.2 million, primarily comprising event-related revenue. Event-related revenue was attributable to the sale of television broadcasting rights (USD 228.6 million), marketing rights (USD 245.3 million), licensing rights (USD 160.2 million) and ticketing revenue (USD 22.0 million).</p> <p>FIFA has a four-year revenue cycle, which is dominated by the FIFA World Cup™. The current cycle will be completed as at 31 December 2018. FIFA usually signs major contracts for television broadcasting rights, marketing rights, licensing rights and hospitality rights for at least a full four-year cycle.</p> <p>In the 2016 financial year, FIFA decided to adopt early the International Financial Reporting Standard (IFRS) 15 'Revenue from contracts with customers'.</p> <p>We considered revenue recognition and the application of IFRS 15 to be a key audit matter because of the risk of material misstatements in the financial statements given the complexity of the contracts concerned and the judgements and estimates required of management. The timing of revenue recognition for each revenue type and contract may differ considerably.</p> <p>Revenue from ticketing sales for the FIFA Confederations Cup 2017 is the first instance of IFRS 15 being applied to this type of revenue stream.</p> <p>For more detailed information on the accounting policy regarding revenue recognition, including the assumptions, please refer to pages 64 to 65 in the notes to the consolidated financial statements.</p>	<p>FIFA, with the assistance of independent advisors, reviewed all new significant revenue contracts relating to the sale of television broadcasting rights, marketing rights and licensing rights, and presented for our audit its proposed revenue recognition approach for each contract.</p> <p>For the 2017 financial year, we reviewed whether the assumptions defined last year were still valid. The resulting policy and its application were deemed compliant with the requirements.</p> <p>For revenue contracts signed before 2017 when the revenue is to be recognised over time, we performed the following:</p> <ul style="list-style-type: none"> <li>• We verified that the contract terms were unchanged from the prior year.</li> <li>• We paid particular attention to whether the contractual arrangements would meet the conditions required for revenue to be recognised over time as agreed in the prior year.</li> <li>• We re-performed the allocation of the contract price.</li> <li>• We checked the mathematical accuracy of the revenue recognition calculation performed by FIFA.</li> <li>• We verified the accounting entries for the 2017 financial year.</li> </ul> <p>For new significant contracts signed in 2017, we performed the following:</p> <ul style="list-style-type: none"> <li>• We independently identified and confirmed the performance obligations in the contracts and compared them with management's proposals for the contracts signed in the 2017 financial year.</li> </ul>

- We determined the full contract price based on the underlying contracts.
- We re-performed the allocation of the full contract price to the performance obligations in the contract based on the underlying inputs, such as forecasted broadcast hours, developed by FIFA.
- For the key inputs used to allocate marketing and sponsorship revenues to different performance obligations, we re-performed the allocation using available information or we compared management's judgements with third party information or valuations performed for FIFA.
- For the television broadcasting rights and marketing rights, we compared the underlying inputs used by FIFA with third party reports and forecasted broadcast hours.
- We checked the mathematical accuracy of the revenue recognition calculation performed by FIFA.
- We verified the accounting entries for the 2017 financial year.

FIFA engaged a professional services firm to test the revenue from the FIFA Confederations Cup 2017 ticket sales, which is managed by a service organisation. We were involved in the planning as well as the selection of the samples for the professional service firm's testing and we re-performed the sample tests as part of our working papers review. Furthermore, FIFA received from the professional services firm an Assurance Report on Controls. We obtained access to this report and took note of its contents.

On the basis of the evidence we obtained, we concluded that the assumptions made and the judgements applied in relation to IFRS 15 were reasonable and the related disclosures were appropriate.

## Accounting for the financial implications of ongoing investigations by Swiss and US authorities and other legal cases

### Key audit matter

Former members of the FIFA Council (formerly the FIFA Executive Committee) and former members of senior management are currently subject to investigations by the Swiss Office of the Attorney General and the United States of America's Department of Justice ('DoJ'). In the context of the ongoing criminal investigation conducted by the DoJ in the United States, various former members of the FIFA Executive Committee have entered guilty pleas and two other indicted persons were convicted in a trial on 22 December 2017.

FIFA hired external counsel to perform internal investigations on selected topics in collaboration with a professional services firm. These internal investigations were completed in March 2017. The results of the internal investigations were shared by FIFA with the Swiss Office of the Attorney General and were made available to the US authorities.

Additionally, there are also ongoing civil cases.

As disclosed in note 29 to the consolidated financial statements, FIFA's management has determined there is no need to make provisions for the investigations. Provisions are recorded to cover other legal exposures to the extent that the exposures are probable and can be estimated (as disclosed in note 24).

We consider the accounting for the financial implications of these ongoing investigations and legal cases to be a key audit matter due to the related uncertainty and magnitude.

From a financial reporting perspective, a critical judgement concerns whether and when a provision is required for fines, penalties or other payments of punitive character. This judgement

### How our audit addressed the key audit matter

We read FIFA's internal overview of pending litigation prepared by its legal department. On the basis of this document and the details of legal expenses in the accounting records, we identified the main external legal counsel used by FIFA and performed the following:

- We sent letters of enquiry to 17 lawyers concerning various legal cases, which were selected on the basis of quantitative and qualitative criteria. The responses provided an independent summary of the facts and merits of each case. Where possible, they also gave an independent professional perspective of the likely outcome.
- We assessed those legal cases handled by FIFA's own legal department and discussed the most important legal cases with management and various legal counsellors.
- On the basis of our discussions and communications with FIFA's external legal counsel and internal legal department, we identified existing and potential claims in connection with the preparation of the 2017 consolidated financial statements. The lawyers' responses we obtained helped us confirm management's judgements regarding the recognition and measurement of a provision for fines, penalties or other payments of punitive character in the 2017 consolidated financial statements.

With respect to the investigations in the US and Switzerland, we received a written response to our enquiry from the law firm involved and met a representative of the firm to discuss the investigation.

requires an assessment of the probability a payment will have to be made and a reliable estimate of the amount of that payment. In addition, the adequacy and accuracy of the related disclosures is critical for the reader of the financial statements.

Further, there is a risk that these legal cases might lead to additional liabilities for FIFA, which are not reflected in the financial statements.

The internal investigation reports remain with the Swiss Office of the Attorney General and the US authorities and therefore are not available to us. Nevertheless, we have discussed the contents with senior management and external legal counsel to confirm there is nothing in these reports relevant to the 2017 financial statements.

Our testing provided sufficient audit evidence to verify the adequacy of the provisions and the appropriateness of the disclosures relating to the potential financial exposure arising from ongoing litigation and investigations.

#### **Other information in the annual report**

The FIFA Council is responsible for the other information in the annual report, comprising the financial report, the governance report and the activity report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements of the Fédération Internationale de Football Association (FIFA) and our auditor's reports thereon.

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

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

appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the FIFA Council for the consolidated financial statements**

The FIFA Council is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the FIFA Council determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the FIFA Council is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using

the going concern basis of accounting unless the FIFA Council intends either to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the consolidated financial statements**

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

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Conclude on the appropriateness of the FIFA Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

**Report on other legal and regulatory requirements**

In accordance with article 69b paragraph 3 CC in connection 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 Council.

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

PricewaterhouseCoopers AG



Patrick Balkanyi

Audit expert  
Auditor in charge



Christoph Beerli

Audit expert

Zurich, 16 March 2018

## REPORTS TO THE FIFA CONGRESS

# Audit and Compliance Committee report on the consolidated Financial Statements 2017

In our function as the Audit and Compliance Committee of FIFA, we have assessed the consolidated financial statements (consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in reserves and notes to the consolidated financial statements) of the Fédération Internationale de Football Association for the period from 1 January 2017 to 31 December 2017. We confirm that we fulfil the independence criteria as defined in article 5 of the FIFA Governance Regulations. According to article 51 of the FIFA Statutes, it is our responsibility to ensure the completeness and reliability of the financial accounting and to review the consolidated financial statements and the external auditor's report. We have assessed the 2017 financial statements through:

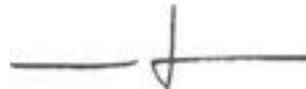
- Discussion of the financial statements during the meetings of the Audit and Compliance Committee held on 20 September 2017, 15 December 2017 and 8 March 2018 in the presence of the external auditors
- Examination of the detailed report to the Audit and Compliance Committee and to the FIFA Council for the year ended 31 December 2017
- Examination of the report of the statutory auditor to the Congress of the Fédération Internationale de Football Association (FIFA) on the consolidated financial statements 2017

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.

In addition, we advised and assisted the FIFA Council in monitoring FIFA's financial and compliance matters and monitored compliance as set out in the FIFA Governance Regulations.

On this basis, we recommend that the FIFA Congress approve the consolidated financial statements for 2017.

For the Audit and Compliance Committee



Tomaž Vesel  
Chairman  
Zurich, 18 March 2018

**Financial Report 2017**

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# FIFA's member associations

-  **Afghanistan** (AFG) 1948
-  **Albania** (ALB) 1932
-  **Algeria** (ALG) 1964
-  **American Samoa** (ASA) 1998
-  **Andorra** (AND) 1996
-  **Angola** (ANG) 1980
-  **Anguilla** (AIA) 1996
-  **Antigua and Barbuda** (ATG) 1972
-  **Argentina** (ARG) 1912
-  **Armenia** (ARM) 1992
-  **Aruba** (ARU) 1988
-  **Australia** (AUS) 1963
-  **Austria** (AUT) 1905
-  **Azerbaijan** (AZE) 1994
-  **Bahamas** (BAH) 1968
-  **Bahrain** (BHR) 1968
-  **Bangladesh** (BAN) 1976
-  **Barbados** (BRB) 1968
-  **Belarus** (BLR) 1992
-  **Belgium** (BEL) 1904
-  **Belize** (BLZ) 1986
-  **Benin** (BEN) 1964
-  **Bermuda** (BER) 1962
-  **Bhutan** (BHU) 2000
-  **Bolivia** (BOL) 1926
-  **Bosnia and Herzegovina** (BIH) 1996
-  **Botswana** (BOT) 1978
-  **Brazil** (BRA) 1923
-  **British Virgin Islands** (VGB) 1996
-  **Brunei Darussalam** (BRU) 1972
-  **Bulgaria** (BUL) 1924
-  **Burkina Faso** (BFA) 1964
-  **Burundi** (BDI) 1972
-  **Cambodia** (CAM) 1954
-  **Cameroon** (CMR) 1962
-  **Canada** (CAN) 1913
-  **Cape Verde Islands** (CPV) 1986
-  **Cayman Islands** (CAY) 1992
-  **Central African Republic** (CTA) 1964
-  **Chad** (CHA) 1964
-  **Chile** (CHI) 1913
-  **China PR** (CHN) 1931/1980
-  **Chinese Taipei** (TPE) 1954
-  **Colombia** (COL) 1936
-  **Comoros** (COM) 2005
-  **Congo** (CGO) 1964
-  **Congo DR** (COD) 1964
-  **Cook Islands** (COK) 1994
-  **Costa Rica** (CRC) 1927
-  **Côte d'Ivoire** (CIV) 1964
-  **Croatia** (CRO) 1992
-  **Cuba** (CUB) 1929
-  **Curaçao** (CUW) 1932
-  **Cyprus** (CYP) 1948
-  **Czech Republic** (CZE) 1907/1994
-  **Denmark** (DEN) 1904
-  **Djibouti** (DJI) 1994
-  **Dominica** (DMA) 1994
-  **Dominican Republic** (DOM) 1958
-  **Ecuador** (ECU) 1926
-  **Egypt** (EGY) 1923
-  **El Salvador** (SLV) 1938
-  **England** (ENG) 1905
-  **Equatorial Guinea** (EQG) 1986
-  **Eritrea** (ERI) 1998
-  **Estonia** (EST) 1923/1992
-  **Ethiopia** (ETH) 1952
-  **Faroe Islands** (FRO) 1988
-  **Fiji** (FIJ) 1964
-  **Finland** (FIN) 1908
-  **France** (FRA) 1904
-  **Gabon** (GAB) 1966
-  **Gambia** (GAM) 1968
-  **Georgia** (GEO) 1992
-  **Germany** (GER) 1904
-  **Ghana** (GHA) 1958
-  **Gibraltar** (GIB) 2016
-  **Greece** (GRE) 1927
-  **Grenada** (GRN) 1978
-  **Guam** (GUM) 1996
-  **Guatemala** (GUA) 1946
-  **Guinea** (GUI) 1962
-  **Guinea-Bissau** (GNB) 1986
-  **Guyana** (GUY) 1970
-  **Haiti** (HAI) 1934
-  **Honduras** (HON) 1946
-  **Hong Kong** (HKG) 1954
-  **Hungary** (HUN) 1907
-  **Iceland** (ISL) 1947
-  **India** (IND) 1948
-  **Indonesia** (IDN) 1952
-  **IR Iran** (IRN) 1948
-  **Iraq** (IRQ) 1950
-  **Republic of Ireland** (IRL) 1923
-  **Israel** (ISR) 1929
-  **Italy** (ITA) 1905
-  **Jamaica** (JAM) 1962
-  **Japan** (JPN) 1921
-  **Jordan** (JOR) 1956
-  **Kazakhstan** (KAZ) 1994
-  **Kenya** (KEN) 1960
-  **Korea DPR** (PRK) 1958
-  **Korea Republic** (KOR) 1948
-  **Kosovo** (KVX) 2016
-  **Kuwait** (KUW) 1964
-  **Kyrgyz Republic** (KGZ) 1994
-  **Laos** (LAO) 1952
-  **Latvia** (LVA) 1923/1992
-  **Lebanon** (LIB) 1936
-  **Lesotho** (LES) 1964
-  **Liberia** (LBR) 1964
-  **Libya** (LBY) 1964
-  **Liechtenstein** (LIE) 1976
-  **Lithuania** (LTU) 1923/1992
-  **Luxembourg** (LUX) 1910
-  **Macau** (MAC) 1978
-  **FYR Macedonia** (MKD) 1994
-  **Madagascar** (MAD) 1964
-  **Malawi** (MWI) 1968
-  **Malaysia** (MAS) 1954
-  **Maldives** (MDV) 1986
-  **Mali** (MLI) 1964
-  **Malta** (MLT) 1960
-  **Mauritania** (MTN) 1970
-  **Mauritius** (MRI) 1964
-  **Mexico** (MEX) 1929
-  **Moldova** (MDA) 1994
-  **Mongolia** (MNG) 1998
-  **Montenegro** (MNE) 2007
-  **Montserrat** (MSR) 1996
-  **Morocco** (MAR) 1960
-  **Mozambique** (MOZ) 1980
-  **Myanmar** (MYA) 1948
-  **Namibia** (NAM) 1992
-  **Nepal** (NEP) 1972
-  **Netherlands** (NED) 1904
-  **New Caledonia** (NCL) 2004
-  **New Zealand** (NZL) 1948
-  **Nicaragua** (NCA) 1950
-  **Niger** (NIG) 1964
-  **Nigeria** (NGA) 1960
-  **Northern Ireland** (NIR) 1911
-  **Norway** (NOR) 1908
-  **Oman** (OMA) 1980
-  **Pakistan** (PAK) 1948
-  **Palestine** (PLE) 1998
-  **Panama** (PAN) 1938
-  **Papua New Guinea** (PNG) 1966
-  **Paraguay** (PAR) 1925
-  **Peru** (PER) 1924
-  **Philippines** (PHI) 1930
-  **Poland** (POL) 1923
-  **Portugal** (POR) 1923
-  **Puerto Rico** (PUR) 1960
-  **Qatar** (QAT) 1972
-  **Romania** (ROU) 1923
-  **Russia** (RUS) 1912/1992
-  **Rwanda** (RWA) 1978
-  **Samoa** (SAM) 1986
-  **San Marino** (SMR) 1988
-  **São Tomé e Príncipe** (STP) 1986
-  **Saudi Arabia** (KSA) 1956
-  **Scotland** (SCO) 1910
-  **Senegal** (SEN) 1964
-  **Serbia** (SRB) 1923
-  **Seychelles** (SEY) 1986
-  **Sierra Leone** (SLE) 1960
-  **Singapore** (SIN) 1952
-  **Slovakia** (SVK) 1994
-  **Slovenia** (SVN) 1992
-  **Solomon Islands** (SOL) 1988
-  **Somalia** (SOM) 1962
-  **South Africa** (RSA) 1992
-  **South Sudan** (SSD) 2012
-  **Spain** (ESP) 1904
-  **Sri Lanka** (SRI) 1952
-  **St Kitts and Nevis** (SKN) 1992
-  **St Lucia** (LCA) 1988
-  **St Vincent and the Grenadines** (VIN) 1988
-  **Sudan** (SDN) 1948
-  **Suriname** (SUR) 1929
-  **Swaziland** (SWZ) 1978
-  **Sweden** (SWE) 1904
-  **Switzerland** (SUI) 1904
-  **Syria** (SYR) 1937
-  **Tahiti** (TAH) 1990
-  **Tajikistan** (TJK) 1994
-  **Tanzania** (TAN) 1964
-  **Thailand** (THA) 1925
-  **Timor-Leste** (TLS) 2005
-  **Togo** (TOG) 1964
-  **Tonga** (TGA) 1994
-  **Trinidad and Tobago** (TRI) 1964
-  **Tunisia** (TUN) 1960
-  **Turkey** (TUR) 1923
-  **Turkmenistan** (TKM) 1994
-  **Turks and Caicos Islands** (TCA) 1998
-  **Uganda** (UGA) 1960
-  **Ukraine** (UKR) 1992
-  **United Arab Emirates** (UAE) 1974
-  **Uruguay** (URU) 1923
-  **US Virgin Islands** (VIR) 1998
-  **USA** (USA) 1914
-  **Uzbekistan** (UZB) 1994
-  **Vanuatu** (VAN) 1988
-  **Venezuela** (VEN) 1952
-  **Vietnam** (VIE) 1964
-  **Wales** (WAL) 1910
-  **Yemen** (YEM) 1980
-  **Zambia** (ZAM) 1964
-  **Zimbabwe** (ZIM) 1965

