



FIFA[®]

FINANCIAL REPORT 2016

67TH FIFA CONGRESS
MANAMA, BAHRAIN
11 MAY 2017

GROWING THE GAME

- **Tripling direct investment** into continental, regional and local **football development** (Forward Programme) with more oversight of a diligent, efficient and transparent use of funds.

TRANSPARENCY FIRST

- FIFA is early in adopting new revenue recognition standard IFRS 15. This method more accurately reflects the organisation's income pattern over a four-year FIFA World Cup™ cycle, in which three years of steady outgoings are typically offset by the revenue of the fourth.
- FIFA has also **improved the accuracy of its income statement** to better mirror its statutory objectives.
- FIFA has **strengthened processes and controls** to improve transparency on all money inflows and outflows, setting the standard for years to come.
- Finally, FIFA has also decided to present its **budget according to the same accounting principles (IFRS)** that are used for the Financial Report.

SOLID FINANCIAL RESULTS 2016

- Continued revenue growth. By the end of 2016, **76% of forecast revenue for the present cycle had been contracted**. Applying the new **IFRS 15 standard leads to later recognition of revenue**, more accurately reflecting the economic reality.
- **Positive operating cash flow** in 2016 in the amount of **USD 149 million**.
- The net result for 2016 amounted to a loss of **USD -369 million** due to IFRS 15 revenue recognition and the much-increased investment into football development.
- Ongoing focus on cost efficiencies led to **investment coming in below the 2016 budget by USD 91 million**.
- FIFA's balance sheet is strong with an **equity ratio at 31%**.

REASSURING OUTLOOK

- FIFA has **confirmed revenue targets** despite stagnant global trade and investigations surrounding previous FIFA officials.
- **Investment into football activities at 82%** of total investment expected for the full cycle.
- **Positive net result** expected by the end of the cycle in the region of **USD 100 million**.
- The **equity ratio** is expected to hit **around 50%** by the end of 2018.

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FIFA has published three separate yet closely intertwined reports for the year 2016: the Financial Report, the Governance Report and the Activity Report.

This Financial Report provides you with detailed information about FIFA's financial position, performance and investments, as well as changes in the organisation's financial reporting.

For further information about FIFA's activities in the global football community and wider governance work in 2016, please refer to the other two reports.

The electronic versions of these three reports can be found on FIFA's official website, FIFA.com.

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Korea DPR were all-conquering in FIFA women's youth competitions in 2016. Here they celebrate winning the FIFA U-20 Women's World Cup in Papua New Guinea.



FINANCIAL REPORT 2016

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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 2016 is also available in German, French and Spanish. In the event of any discrepancy, the English version shall prevail.





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FOREWORDS



 FIFA continues to be involved in many social initiatives, such as the global #ENDviolence campaign.

DEAR FRIENDS,

There is no doubt that 2016 will go down as a key year in the history of FIFA. The approval of much-needed statutory reforms in February paved the way for an organisational step change – one that the administration has been working tirelessly to implement both within FIFA and across the confederations and member associations.

This includes employing a responsible and transparent way of managing revenue and expenditure. And, naturally, our annual Financial Report must be the tangible epitome of such transparency.

Strict control of the money that flows into and out of FIFA was one of the focal points of the reforms. It had to be. The principle is now a simple one: every single cent that comes into or goes out of the organisation has to be well documented. We know where it has come from and where it is going and the information is clear for all to see. This is our commitment to everyone who cares about football.

We are streamlining processes and building a solid framework to ensure thorough oversight and proper accountability, and placing football at the heart of everything that our organisation does: after all, we need to ensure that every bit of revenue is well invested in the game.

The FIFA Forward Development Programme is an embodiment of this commitment. Under the new programme, financial support to develop football will more



than triple: within a four-year cycle, every member association is entitled to receive up to USD 5 million, up from a maximum of USD 1.6 million under the previous structure. This money will be invested in efficient, tailor-made projects, and member associations scrutinised closely to verify that the funds have been used appropriately.

FIFA is moving steadily in the right direction and making progress towards regaining public trust. In October 2016, we unveiled “FIFA 2.0: The Vision for the Future” – a clear roadmap for building a stronger institution. According to the separation of powers determined by the revised FIFA Statutes, it is now up to the general secretariat to oversee the operations required to execute this strategy.

2016 was the turning point when the first and vital step to restore trust in the organisation was taken. The foundations have been laid for the goals stated in our vision: to promote the game of football, protect its integrity and bring it to everyone, everywhere.

We now look forward to continuing putting these goals into practice in 2017 and beyond. ▀

Gianni Infantino
FIFA President



FIFA has committed USD 1.4 billion to football development during the 2015-2018 cycle.



DEAR FRIENDS,

It is a great honour to address you as chairman of the Finance Committee, which is a position of considerable responsibility. After all, I am following in the footsteps of Issa Hayatou, whom I thank sincerely on behalf of FIFA for his consistently meticulous work at the head of this committee. I assume the position at a crucial, if auspicious, time for the organisation.

We all know that FIFA has gone through very turbulent times. We know, too, that the FIFA Congress responded accordingly by carrying out a much-needed governance overhaul in the shape of the reformed Statutes.

One of the overarching goals of these reforms is to ensure that FIFA tightens its control over how money flows into and out of the organisation. Another is that we treat our finances with full transparency, as is reflected in this year's edition of the Financial Report. This is a crucial part of the process of restoring our status as an accountable institution in the eyes of our stakeholders – from football fans to commercial affiliates.

FIFA has recently achieved yet another significant milestone in this process, with the adoption of the "IFRS 15 – Revenue from Contracts with Customers" standard. The implementation of this standard would have been mandatory in 2018, the final year of the current four-year cycle. However, FIFA has decided to anticipate this process and to make the changes right now, which will allow us to compare the different years of the cycle in a clear and transparent way. By becoming a pioneer in the implementation of IFRS 15, FIFA is underlining its commitment to reporting comprehensively to its stakeholders.



The reforms provide for a clear separation of powers, with the FIFA Council setting the organisation's overall strategic direction and the general secretariat overseeing the operational and commercial actions required to effectively execute that strategy. Under these new Statutes, the remit of the Finance Committee has been adjusted, while the standing committees, as specialist bodies that assist and advise the Council, have likewise adopted a more strategic and less operational focus. Furthermore, no fewer than half of the Finance Committee members are now independent experts.

These improved governance structures are paramount to FIFA's goals of investing more in football development and of doing so with more oversight than ever. By December 2016, FIFA had secured 76% of the forecast revenue for the 2015-2018 cycle. With the proper control mechanisms in place and buoyed by renewed trust in the organisation, we are confident that we will close this gap and return to the financial goals that were originally set.

In order to fulfil our objective of promoting the game across the globe, we need to be in a strong financial position – and in order to be in that position, we must prove that we are trustworthy. This is the goal towards we are all working tirelessly. ■

A handwritten signature in blue ink, appearing to read 'Alejandro Domínguez'. The signature is stylized and fluid.

Alejandro Domínguez
Chairman of the Finance Committee





2

FIFA – THE YEAR
IN REVIEW



Germany celebrate winning gold in the Women's Olympic Football Tournament after defeating Sweden 2-1 in the final.

2016 IN REVIEW

THE HIGHLIGHTS OF A LANDMARK YEAR FOR THE ORGANISATION

2016 was a year of great promise at FIFA. Gianni Infantino was elected President of FIFA and Fatma Samoura was appointed as Secretary General. Under the new leadership, FIFA continued to successfully organise major football tournaments, launched the progressive Forward Programme and published “FIFA 2.0: The Vision for the Future”. FIFA is moving steadily in the right direction and making progress to rebuild and restore public trust. For more details about FIFA’s sporting, commercial and social activities over the past year, please refer to FIFA’s Activity Report 2016.



EXTRAORDINARY FIFA CONGRESS

GIANNI INFANTINO BECOMES FIFA PRESIDENT AS LANDMARK REFORMS ARE APPROVED



FIFA INTERACTIVE WORLD CUP 2016

MOHAMAD AL-BACHA OF DENMARK LIFTS THE TROPHY IN NEW YORK



MEN'S & WOMEN'S OLYMPIC FOOTBALL TOURNAMENTS

BRAZIL AND GERMANY COME AWAY WITH THE GOLD MEDALS

26 FEB

28 FEB

20-22 MAR

12-13 MAY

3-20 AUG

10 SEP-1 OCT

FIFA WORLD FOOTBALL MUSEUM OPENS

FANS FROM 140 COUNTRIES VISIT DURING THE MUSEUM'S FIRST TEN MONTHS



66TH FIFA CONGRESS

FATMA SAMOURA IS APPOINTED FIFA SECRETARY GENERAL AND FIFA FORWARD IS ANNOUNCED IN MEXICO CITY





FIFA U-17 WOMEN'S WORLD CUP JORDAN 2016

KOREA DPR EDGE OUT JAPAN ON PENALTIES IN THE FINAL



THE BEST FIFA FOOTBALL AWARDS

THE FIRST NOMINATIONS ARE ANNOUNCED AHEAD OF THE CEREMONY ON 9 JANUARY 2017



FIFA CONFEDERATIONS CUP OFFICIAL DRAW

THE TOURNAMENT WILL TAKE PLACE FROM 17 JUNE TO 2 JULY 2017

30 SEP-21 OCT

13-14 OCT

1-4 NOV

13 NOV-3 DEC

26 NOV

8-18 DEC

FIFA COUNCIL MEETING

"FIFA 2.0: THE VISION FOR THE FUTURE" IS PUBLISHED



FIFA FUTSAL WORLD CUP COLOMBIA 2016

ARGENTINA BEAT RUSSIA 5-4 TO TAKE THEIR FIRST TITLE



FIFA U-20 WOMEN'S WORLD CUP PAPUA NEW GUINEA 2016

KOREA DPR BEAT FRANCE TO MAKE IT A WOMEN'S WORLD CUP DOUBLE



FIFA CLUB WORLD CUP JAPAN 2016

REAL MADRID BEAT KASHIMA ANTLERS AFTER EXTRA TIME



FIFA TOURNAMENTS 2016



Eder Lima of Russia, runners-up in the tournament.

10 SEPTEMBER – 1 OCTOBER 2016

FIFA FUTSAL WORLD CUP COLOMBIA 2016

OVERALL RANKING

- 1 Argentina
- 2 Russia
- 3 Iran
- 4 Portugal

Argentina overcame Russia 5-4 to take the FIFA Futsal World Cup in Cali. A memorable tournament also saw futsal legend Falcão bring his illustrious career to a close by claiming the adidas Bronze Boot, while Iran stunned five-time winners Brazil on penalties in the round of 16 en route to winning bronze.

30 SEPTEMBER – 21 OCTOBER 2016

FIFA U-17 WOMEN'S WORLD CUP JORDAN 2016

OVERALL RANKING

- 1 Korea DPR
- 2 Japan
- 3 Spain
- 4 Venezuela

Korea DPR edged past Japan on penalties in the final to become the most successful team in the competition's history. Five impeccable efforts from the spot secured a second title for the *Young Chollima*. The tournament was the first FIFA women's competition to be held in the Middle East, while players were also permitted to wear headscarves for the first time.



Noelia Ramos of Spain, who finished third.



Japan came third at the tournament.

13 NOVEMBER – 3 DECEMBER 2016

FIFA U-20 WOMEN'S WORLD CUP PAPUA NEW GUINEA 2016

OVERALL RANKING

- 1 Korea DPR
- 2 France
- 3 Japan
- 4 USA

Just six weeks after their U-17 women's team won in Jordan, Korea DPR pulled off an unprecedented double. The country's U-20 women's team came from a goal down to beat France in Port Moresby, making Korea DPR the first nation to win both the U-17 and U-20 Women's World Cups in the same year. In the third-place play-off, Mami Ueno's goal gave Japan victory over the USA.

8-18 DECEMBER 2016

FIFA CLUB WORLD CUP JAPAN 2016

OVERALL RANKING

- 1 Real Madrid
- 2 Kashima Antlers
- 3 Atlético Nacional
- 4 Club América

Not for the first time, Cristiano Ronaldo was the hero for Real Madrid, scoring a hat-trick as Real Madrid defeated J.League champions Kashima Antlers 4-2 after extra time in Yokohama to win the FIFA Club World Cup for the second time in three years. In an all-Latin American third-place match, Colombia's Atlético Nacional surrendered a two-goal lead to Mexico City's Club América, but eventually edged out the Mexicans on penalties.



Real Madrid coach Zinedine Zidane.



James Rodríguez of Colombia and Dani Alves of Brazil greet each other before a South American qualifying match for Russia 2018.





3

FINANCIAL
REVIEW

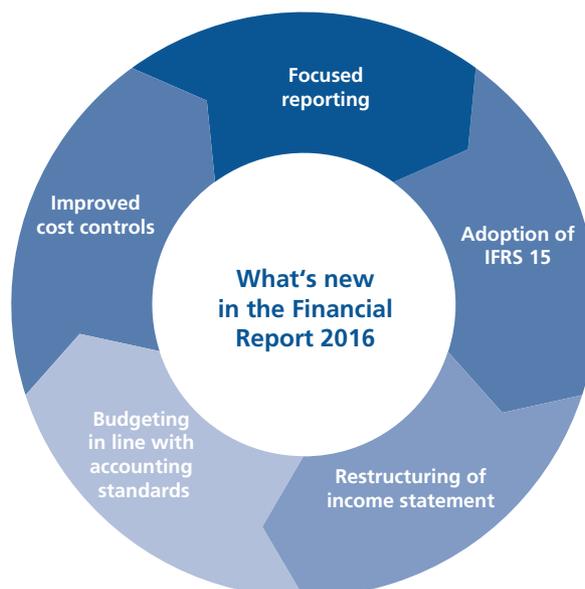
FIFA FINANCIAL REPORTING IN 2016

WHAT'S NEW: TRANSPARENCY FIRST

KEY CHANGES

The revised Statutes that came into force in April 2016 gave FIFA's governance structure a much-needed shake-up and affected a number of pivotal changes in the administration. In order to tighten up its internal oversight and control processes and revamp its financial reporting, thereby providing due transparency, FIFA has brought in several innovations to its annual report for 2016:

- In order to **enhance focus**, FIFA's annual report now consists of three separate, yet intertwined, reports for 2016: the Activity Report, the Financial Report and the Governance Report.
- In order to apply the highest financial standards, FIFA has opted for **the early adoption of the new accounting standard IFRS 15** "Revenue from Contracts with Customers", which specifies how and when revenue is recognised in IFRS reports and ensures the comparability of each year over the four-year cycle.
- FIFA has made adjustments to show more clearly its key activities, which, in turn, are defined by the statutory objectives. This change has three main components:
 1. As a non-profit organisation, FIFA's key activities are to organise international tournaments and to develop the game of football. The consolidated income statement for 2016 is structured in such a way that recognises the various elements in the set-up behind FIFA's activities. This structure enables full emphasis on the key financial forces affecting FIFA: sources of revenue, use of revenue and non-operational elements of financial income, financial expenses and taxes. The full reconciliation of these adjustments can be found on page 51.
 2. Expenses are grouped into two main areas of activity: football activities and administrative activities, to better reflect FIFA's statutory objectives and the respective expense categories. All expense categories have been reviewed thoroughly and improved. The details and composition of each category can be found on page 24.
 3. In order to show the actual costs in each expense category, as of 2016 the previous categories "personnel costs" and "depreciation" are accurately divided into the relevant expense categories.



■ **Budgeting according to IFRS accounting principles provides full transparency in budget analysis:**

In previous years, the budget was shown on a cash basis, whereas the financial report would follow IFRS standards, leading to a clear lack of transparency in the budget analysis, as the IFRS figures had to be translated back into “cash” terms for budget comparison. As a major move towards full transparency, FIFA has decided to change this approach and to present its budgets on an IFRS basis. Through this approach, any budget deviation will be significantly more transparent and comprehensible than before.

■ **Improved processes and controls to strengthen transparency of all money inflow and outflow:** All areas – such as procurement, accounts payable, payroll, receipts and accounts receivable – have been reviewed and improved, allowing FIFA to have better cost scrutiny and transparency.

EARLY ADOPTION OF IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

Under its new administration, FIFA strictly adheres to the International Financial Reporting Standards (IFRS) when preparing its annual financial statements. In May 2014, the International Accounting Standards Board and the Financial Accounting Standards Board jointly issued a new revenue standard: “IFRS 15 – Revenue from Contracts with Customers”, which will replace the existing IFRS revenue guidance. New qualitative and quantitative disclosure requirements aim to offer financial statement users greater clarity on the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts with customers. Application of the IFRS 15 standard in annual reporting periods will be mandatory as of 1 January 2018.

To further strengthen the transparency of FIFA’s financial reporting and help its stakeholders better understand its financial position, FIFA has decided to adopt the IFRS 15 standard early, leading the way in the implementation of IFRS 15. With all years of the 2015-2018 cycle calculated using the same methodology, FIFA can also interpret the revenue and expenses of each year in a comparable and compatible way.

In the preparation of the 2016 financial statements, FIFA has applied the five-step model under IFRS 15 to determine when to recognise revenue, and in what amount, by:

1. identifying the contracts with customers;
2. identifying the separate performance obligations;
3. determining the transaction price;
4. allocating the transaction price to the separate performance obligations; and
5. recognising revenue when each performance obligation is satisfied.

In FIFA’s previous financial statements, revenue was recognised according to a proportional timing method, even though most of FIFA’s revenue contracts contain one or more non-proportional performance obligation over the four-year cycle.

Compared with the previous accounting system, the new IFRS 15 standard leads FIFA to adopt a later pattern of revenue recognition because its flagship tournament, the FIFA World Cup™ – which delivers the majority of contractual performance obligations with FIFA’s Partners, Sponsors and customers – takes place in the final year of the financial cycle. Consequently, the new pattern of revenue recognition leads to a different allocation of costs, and so the expenses related to the FIFA World Cup are also deferred. The way in which revenue and contract costs are recognised is presented in detail in chapter 4: Financial Report.

HIGHLIGHTS

FIFA TRIPLES FOOTBALL DEVELOPMENT INVESTMENT TO MEMBER ASSOCIATIONS

REVENUE

As at 31 December 2016, 76% of the total budgeted revenue for the 2015-2018 financial cycle had been contracted. In line with IFRS 15, USD 544 million and USD 502 million (9.6% and 8.9%) were recognised as the respective annual revenue for 2015 and 2016. Compared with previous accounting practices, the new IFRS 15 standard leads to a later pattern of revenue recognition because the main driver of FIFA's revenue – the FIFA World Cup™ – takes place at the end of the four-year cycle.

EXPENSES/INVESTMENT

Investment increased by 35% (USD 232 million) compared to the previous year, in step with the increase in football development funding through the implementation of the new Forward Programme launched in 2016. The year also saw FIFA encounter a number of unexpected expenditures, namely high legal costs related to the ongoing investigations by the US and Swiss authorities, costs for the extraordinary elective Congress held in February 2016, and finally, the necessary impairment of assets related to the FIFA World Football Museum and the Hotel Ascot in Zurich, both now being ill-considered non-core investments.

RESULTS BEFORE FINANCIAL RESULT AND TAXES

The deferred recognised revenue and the much-needed investment in football development contributed to a negative annual result of USD 391 million in 2016. With FIFA World Cup-related revenue recognition coming in 2017 and 2018, and the implementation of internal cost-optimisation practices within FIFA, it is forecast that a positive financial result of USD 100 million will be achieved at the end of the 2015-2018 financial cycle.

FINANCIAL RESULT FROM ASSET MANAGEMENT

The short duration of FIFA's investment portfolio again showed its value against market fluctuations, achieving a yield of around 1.7%, a positive result above the relevant benchmark.

NET RESULTS

After tax payments of USD 2.44 million and the financial result, a negative net result of USD 369 million has been delivered. For the whole 2015-2018 cycle, a positive net result is expected in the region of USD 132 million.

RESERVES

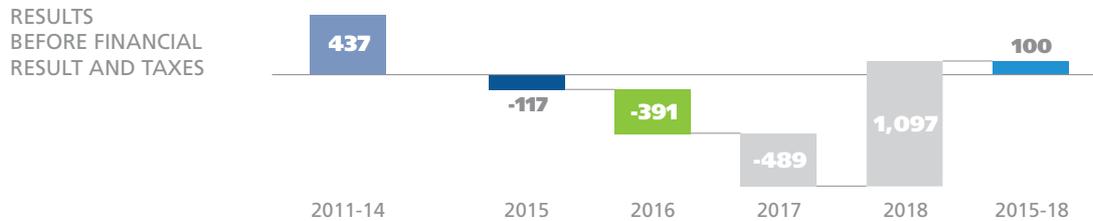
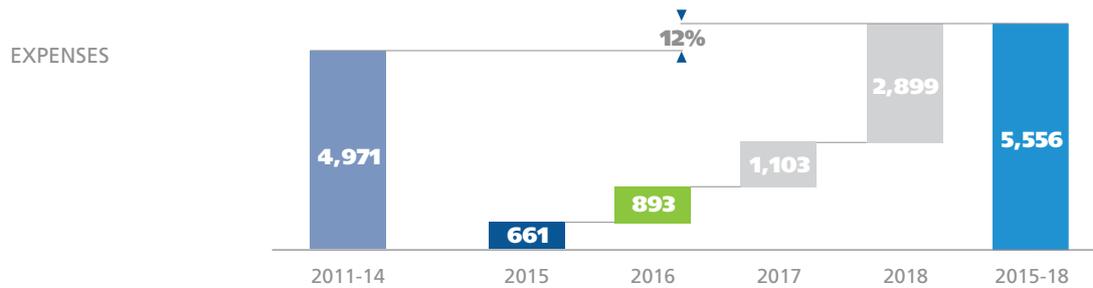
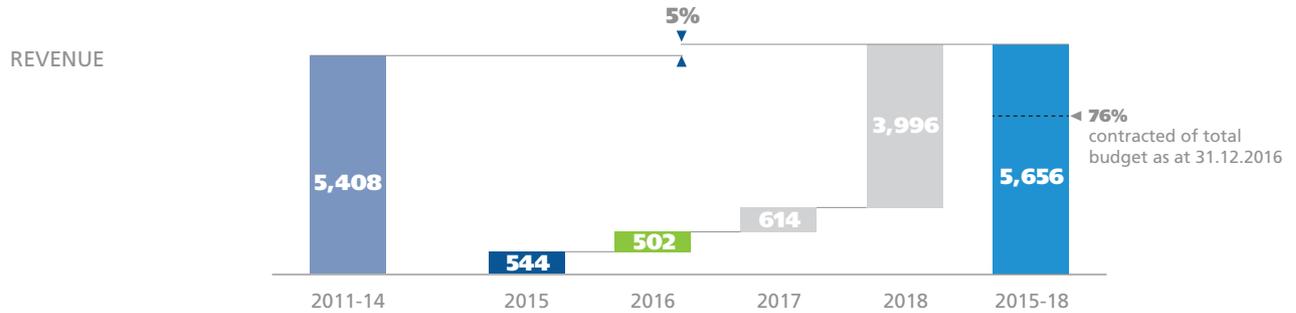
Although FIFA's restricted reserves had decreased to USD 1,048 million by 31 December 2016, which represents an equity ratio of 31%, these reserves will be fully reconstituted over the course of the 2015-2018 financial cycle. It is forecast that the level of reserves will be increased to around USD 1,655 million by the end of the 2015-2018 financial cycle, following the successful delivery of the 2018 FIFA World Cup™, i.e. around USD 132 million higher than the reserves in 2014.

Overall, 2016 was both a challenging and a promising year, with FIFA gaining a much sounder financial control after a series of reforms and administrative restructuring.

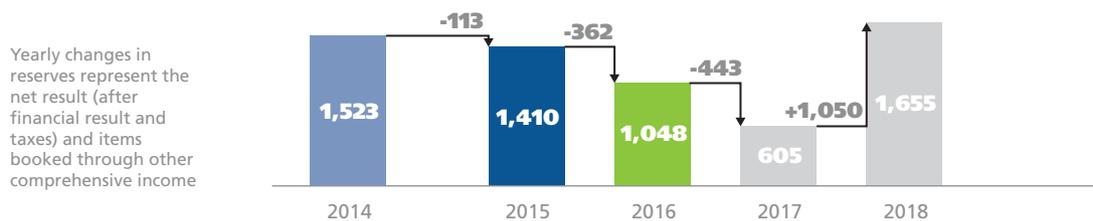
HIGHLIGHTS

- 76% of the total budgeted revenue for the current cycle was contracted by the end of 2016.
- A positive net result is expected for the 2015-2018 cycle.
- With the **Forward Programme** starting in 2016, FIFA has more than **tripled its direct investment** in football development among the member associations and confederations compared to development programmes in the previous period.
- FIFA signed its first Chinese partner, Wanda Group, representing a key milestone in the sale of marketing rights.
- High expenses in 2016 due to costs related to legal investigations and one-time impairment costs following ill-considered investments (FIFA World Football Museum and Hotel Ascot).
- Operating cash flow remained solid in 2016 at USD 149 million.
- FIFA's balance sheet is healthy, with cash and financial assets amounting to USD 2,354 million.

STATEMENT OF PROFIT OR LOSS 2015-2016 (USD MILLION)



DEVELOPMENT OF RESERVES (USD MILLION)



REVENUE

FIFA EXPECTS CONTINUED REVENUE GROWTH

The total revenue for the 2015-2018 financial period is forecast at USD 5,656 million, which represents an increase of 5% (USD 248 million) on the previous cycle. As the major source of revenue, the sale of television broadcasting rights will deliver 53%, followed by the sale of marketing rights, 26%, and the sale of hospitality rights and ticketing, 10%. Revenue from the sale of licensing rights is expected to account for 6%. The remaining share of the revenue is generated from the annual FIFA Club World Cup tournament, contributions related to the Olympic Football Tournaments and other smaller sources of revenue. The surge of investment in football from Asia, in particular from China, has prompted the sale of television broadcasting rights and marketing rights in this region, one of the main factors behind the revenue increase in the 2015-2018 financial cycle.

Under the IFRS 15 standard, FIFA recognised respective annual revenue of USD 544 million and USD 502 million for 2015 and 2016, and expects USD 614 million and USD 3,996 million for 2017 and 2018. This pattern of recognised revenue more accurately reflects the reality that FIFA's flagship events will be delivered over the latter two years of the cycle: the FIFA Confederations Cup in 2017 and the FIFA World Cup™ in Russia in 2018.

Although the combined revenue of USD 1,046 million, 18% of budgeted revenue, was recognised for 2015 and 2016, as at the balance sheet date, USD 1,720 million, or 30% of forecast revenue, had been invoiced and USD 4,305 million, or 76% of budgeted revenue, had been contracted. The latter figure indicates that the sale of rights has progressed well so far. However, it goes without saying that stagnant global trade and subdued investment, combined with investigations surrounding previous FIFA officials, have put pressure on the organisation's overall revenue generation. Nonetheless, FIFA expects to hit its revenue budget target as approved by the 66th FIFA Congress by the end of the 2015-2018 cycle.

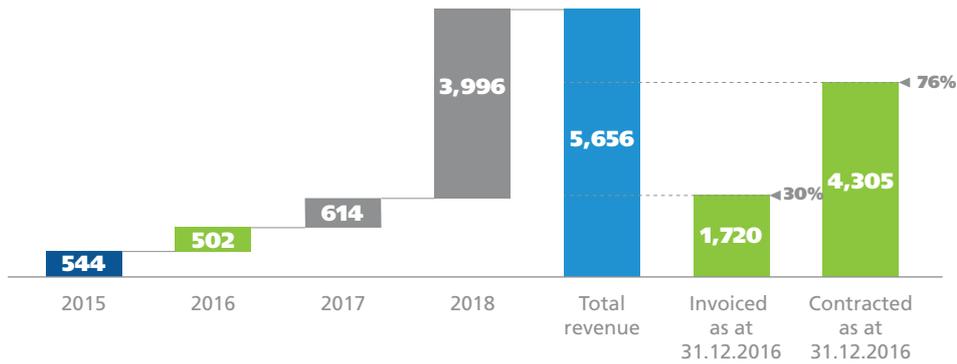
FIFA's revenue for 2016 stood at USD 502 million, comprising the sale of television broadcasting rights, marketing rights and licensing rights and other operating income:

- The biggest source of revenue was the sale of licensing rights worth USD 204 million, of which the lion's share – USD 199 million – was related to brand licensing rights. USD 5 million was generated from other FIFA events.
- The second biggest source of revenue was the sale of marketing rights, amounting to USD 115 million. It was attributable in particular to income of USD 101 million from FIFA's Partners, USD 10 million from FIFA World Cup Sponsors, and USD 4 million from Regional and National Supporters. In 2016, FIFA signed a major new partner from China, Wanda Group, and a National Supporter in Russia, Alfa-Bank.
- Significantly different from the revenue reported in FIFA's Financial and Governance Report 2015, in 2016 only USD 96 million was recognised from the sale of television broadcasting rights because, under IFRS 15, revenue related to television broadcasting rights is recognised based on the distribution pattern of broadcasting hours of the events under the contracts in the respective territories over the four-year financial cycle. In 2016, a non-FIFA World Cup year, the low amount of revenue recognised naturally reflected the low number of broadcasting hours.
- The other revenue of USD 87 million came, in particular, in the form of USD 51 million from the staging of the FIFA Club World Cup in Japan and the Olympic Football Tournaments Rio 2016, while the remaining amount came from the Quality Programme, rent income, income from the sale of film and video rights and revenue from prior cycles.

REVENUE

- Revenue recognition now reflects the current underlying business, i.e. the majority of revenue has been deferred to 2018 (FIFA World Cup year).
- As at 31 December 2016, FIFA:
 - had contracted USD 4,305 million (76%) of budgeted revenue,
 - had invoiced USD 1,720 million (30%) of budgeted revenue, and
 - confirmed its revenue target of USD 5,656 million in a difficult climate.

REVENUE SPLIT 2015-2018 (USD MILLION)



REVENUE SPLIT 2015-2018 (USD MILLION)

	2015	2016	2017	2018	TOTAL
TV broadcasting rights	258	96	209	2,437	3,000
Marketing rights	157	115	261	917	1,450
Licensing rights	51	204	48	60	363
Hospitality rights and ticket sales	0	0	45	530	575
Other (for details, refer to Note 5)	78	87	51	52	268
TOTAL	544	502	614	3,996	5,656

FIFA PARTNERS



EXPENSES/INVESTMENT

82% OF FORECAST EXPENSES ON FOOTBALL ACTIVITIES

IMPROVED EXPENSE CATEGORIES

In the Financial Report 2016, FIFA has taken a series of actions to improve the efficiency and transparency of expense reporting and to optimise the expense structure.

Expenses are grouped into two main areas: football activities and administrative activities. In this way, the structure and definition of expense categories have been optimised to reflect FIFA's key activities.

Expenses for football activities are grouped into three expense categories: competitions and events, development and education, and football governance; meanwhile, expenses for administrative activities are grouped into two expense categories: FIFA Governance & Administration expenses and Marketing and TV Broadcasting expenses.

■ **Competitions & Events** includes expenses related to the delivery of all FIFA competitions and events; in particular, financial contributions to the Local Organising Committees, prize money, travel and accommodation costs, TV production, and marketing costs. It also encompasses the cost of FIFA's Club Protection Programme, personnel expenses, and the depreciation of competition- and event-related property and equipment.

■ **Development & Education** comprises the funding of the FIFA Forward Programme, which supports each of FIFA's 211 member associations, the six confederations and the 14 zonal/regional associations, as well as the cost of other development and education programmes, such as the Refereeing Assistance Programme and women's football schemes, the cost of the FIFA World Football Museum, personnel expenses, and the depreciation of development- and education-related property and equipment.

■ **Football Governance** reflects expenses related to the governance of association football and therefore includes the judicial committees, the Players' Status Committee and other governance committees,

related costs such as transport, security and legal and other external services, personnel expenses, and the depreciation of football governance-related property and equipment.

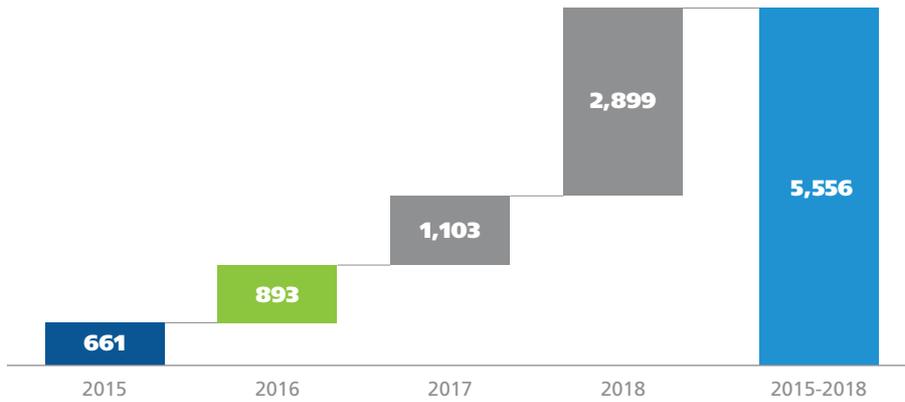
■ **FIFA Governance & Administration** covers expenses relating to the independent and standing committees, the judicial bodies and the administration, including the comprehensive expenses incurred by organising the annual FIFA Congress, Council meetings, and standing committee meetings including travel, accommodation and remuneration of the members of these bodies, legal costs, IT, communications, buildings and maintenance, the costs for auditing, insurance and other administrative costs, personnel expenses, and the depreciation of administration-related property and equipment.

■ **Marketing & TV Broadcasting** includes expenses incurred by FIFA TV and FIFA Marketing for the commercialisation of TV broadcasting and media rights, marketing and licensing rights, personnel expenses, and the depreciation of marketing and TV broadcasting-related property and equipment.

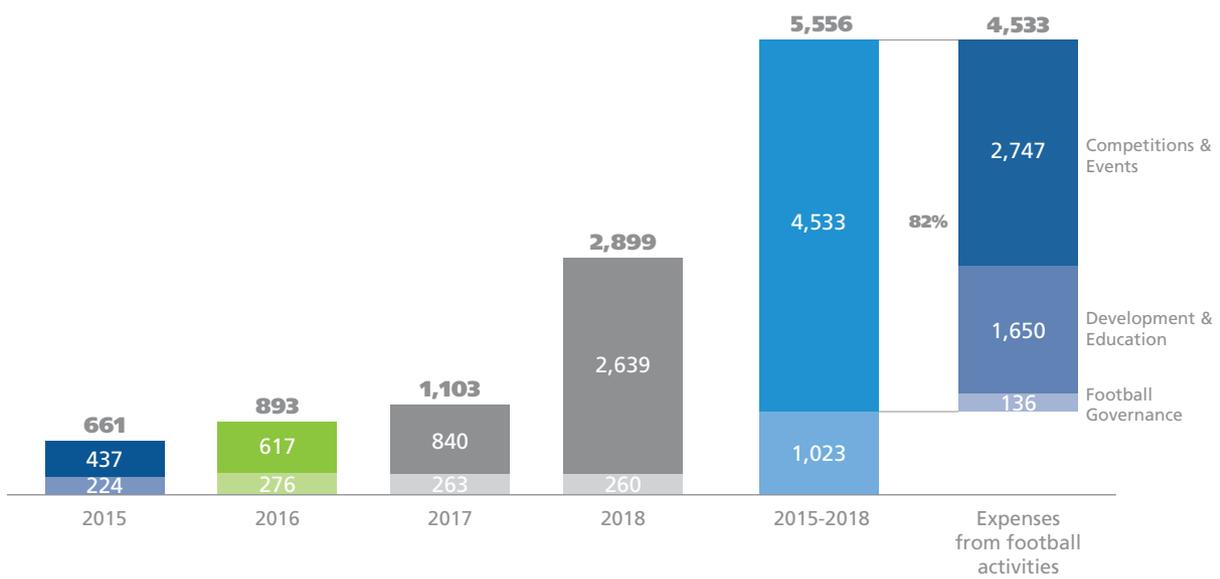
EXPENSES/INVESTMENT

- FIFA has structured its income statement according to its statutory objectives to better represent its key activities and cost drivers.
- 82% of the forecast expenses will be invested directly into football activities.
- Expenses related to competitions and events are recognised in the year these take place. Preparations for the FIFA Confederations Cup 2017 and the 2018 FIFA World Cup Russia™ are well underway and a significant amount has therefore been deferred to 2017 and 2018.
- The new development programme FIFA Forward was launched in 2016 with strong governance and triples the investment in football compared to previous programmes.

EXPENSE SPLIT 2015-2018 (USD MILLION)



EXPENSE SPLIT 2015-2018 BY FOOTBALL/ADMINISTRATIVE ACTIVITY (USD MILLION)



EXPENSES/INVESTMENT OVER THE 2015-2018 FINANCIAL CYCLE

Since expenses related to competitions and events are recognised in the year when they take place, an analysis of expenses over the full cycle is informative:

- FIFA expects to incur expenses in the amounts of USD 661 million, USD 893 million, USD 1,103 million and USD 2,899 million respectively for the years 2015, 2016, 2017 and 2018. Accordingly, total expenses will peak in the final year of the current cycle when the 2018 FIFA World Cup Russia™ is delivered.
- The total expenses for the 2015-2018 financial period are budgeted at USD 5,556 million and are kept under continuous cost control to improve investment in football activities.
- 82% of total expenses will be invested directly in football activities and 18% in administrative activities.

2016 EXPENSES/INVESTMENT

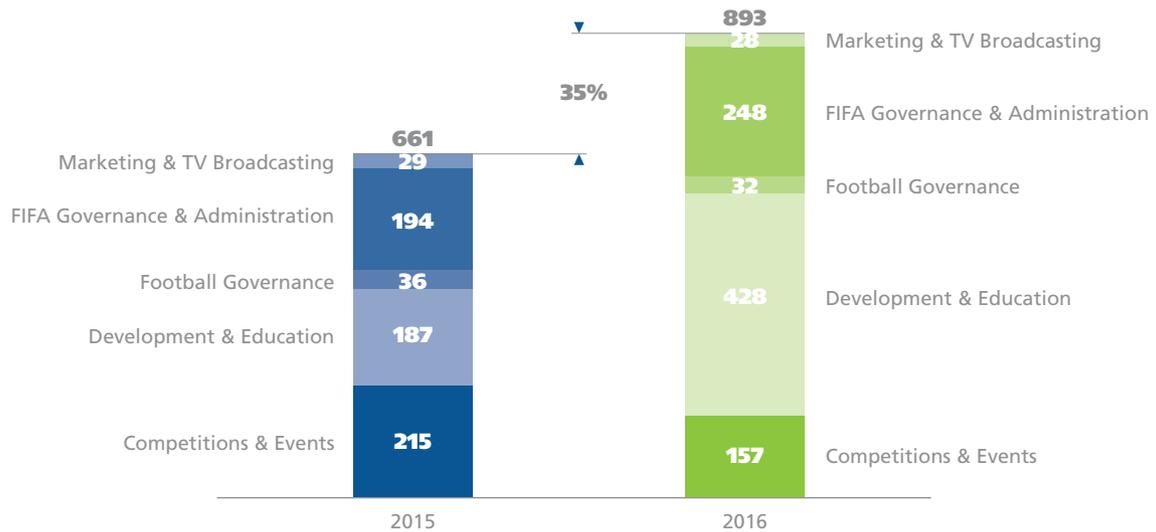
During the reported period, FIFA increased its investment in global football development by launching the Forward Programme, which provides direct financial support to the member associations. In 2016, the total expenses amounted to USD 893 million, marking an increase of 35% compared to the amount for 2015, USD 661 million. Expenses increased by USD 232 million, mainly as a consequence of the launching of the Forward programme in May 2016.

- FIFA spent USD 157 million in the area of Competitions & Events, of which USD 106 million was dedicated to the hosting of the FIFA Club World Cup Japan 2016, the FIFA U-20 Women's World Cup Papua New Guinea 2016, the FIFA U-17 Women's World Cup Jordan 2016, the FIFA Futsal World Cup Colombia 2016, the Olympic Football Tournaments Rio 2016 and The Best FIFA Football Awards 2016. A further USD 37 million went to the FIFA Club

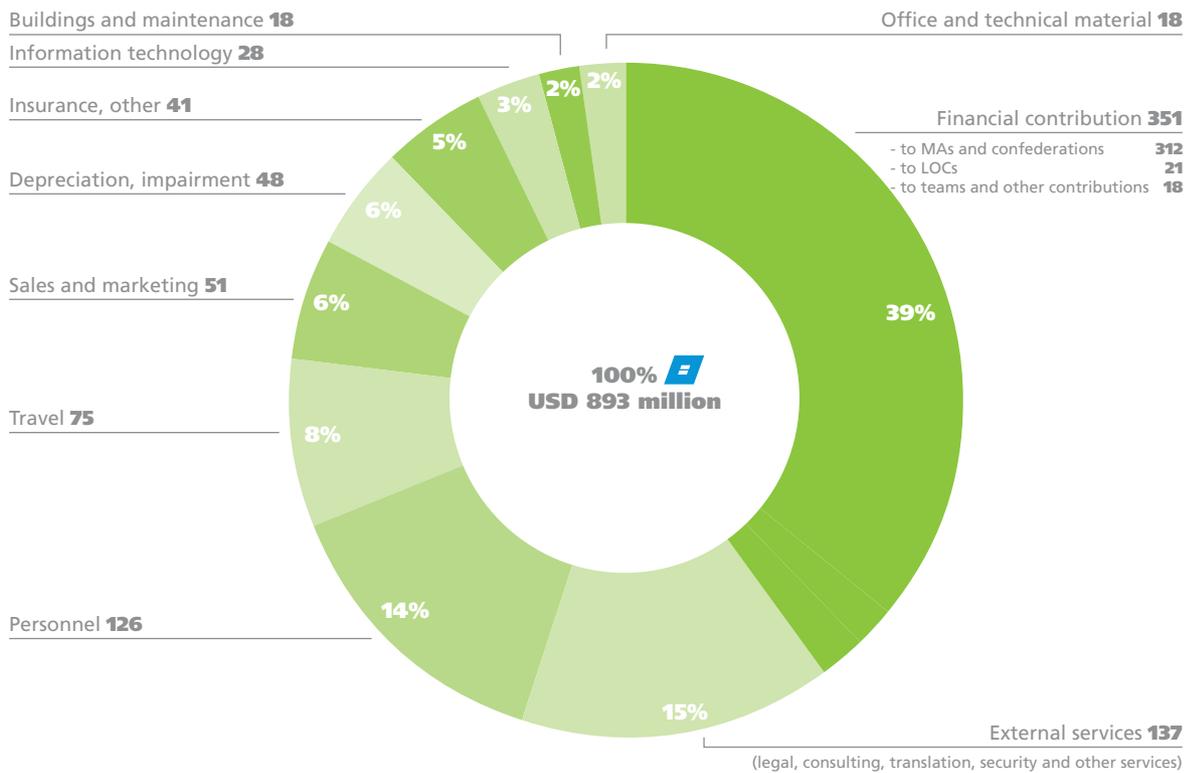
Protection Programme. The remaining amount covered personnel expenses and the depreciation of property and equipment at competitions and events.

- FIFA invested a total of USD 428 million in Development & Education, covering the costs of football development programmes for each of FIFA member associations, the six confederations and the 14 zonal/regional associations under the umbrella of the Forward Programme. Since May 2016, the Forward Programme has replaced the Financial Assistance Programme, confederation development programmes, the *Goal* Programme, football management programme and the Win-Win and Challenger programmes. The costs incurred by the FIFA World Football Museum were also covered in this category, including the operational costs, personnel expenses and the depreciation and impairment of property and equipment.
- USD 32 million covered the costs of Football Governance and related costs such as transport, security and external services for the relevant bodies.
- FIFA Governance & Administration expenses amounting to USD 248 million mainly stemmed from personnel expenses of USD 64 million, legal costs related to ongoing investigations by US and Swiss authorities and other matters of USD 62 million, the costs of organising the annual FIFA Congress, Council and standing committee meetings of USD 27 million, communications expenses of USD 26 million, IT expenses of USD 21 million, buildings and maintenance costs of USD 12 million, and other miscellaneous costs amounting to USD 36 million.
- The expenses of USD 28 million for Marketing & TV Broadcasting included the fulfilment of contractual obligations in relation to broadcasting and media rights, as well as related licensing and personnel expenses.

EXPENSE SPLIT 2015-2016 BY ACTIVITY (USD MILLION)



EXPENSE SPLIT 2016 BY COST TYPE (USD MILLION)



FIFA FORWARD PROGRAMME

GROWING THE GAME AND TRANSPARENCY

ANOTHER IMPORTANT STEP FOR TRANSPARENCY

The holistic approach of the FIFA Forward Programme, a new global initiative approved at the 66th FIFA Congress, marks a radical change in football development. For the first time, the overall football development needs, processes and objectives of every single member association are clearly defined and documented in order to maximise the benefits of the funds invested in each project. Through FIFA Forward, FIFA can share the success of the FIFA World Cup™ with all of its member associations.

FIFA Forward is an enormous leap towards the future of football. FIFA has increased its investment in football development to unprecedented levels, and its new oversight policy has been designed to meet international standards of prudent management and transparency. The impact of FIFA Forward on world football and its development will be longstanding, significant and secure.

FIFA Forward will serve to break down the barriers of discrimination – reaching out to many more girls and boys, to men and women and to minority groups that have so far been excluded from the game. It will encourage greater participation at all levels by providing accessible

infrastructure, knowledge-sharing opportunities and the operational costs required to deliver a game that truly belongs to each and every one of us.

MORE INVESTMENT

With FIFA Forward, each member association is guaranteed financial support of up to USD 1.25 million per year, or a total of USD 5 million over a four-year cycle, to cover operational costs and in development funding. Every member association is now able to plan and implement a long-term football development policy with certainty and confidence thanks to FIFA's substantial financial support.

MORE IMPACT

FIFA Forward will improve the impact and efficiency of FIFA's investment in football development to achieve more sustainable and far-reaching results. FIFA will use transparent and objective processes to finance, control and evaluate each football development project.

As part of FIFA Forward, each member association will receive up to USD 500,000 consisting of USD 100,000 to cover operational costs and a further USD 50,000 for each of the following criteria they meet, including at least two dedicated to women's football, up to a maximum of an additional USD 400,000:

- Employing a general secretary
- Employing a technical director
- Organising a men's league
- Organising a women's league
- Organising a men's youth league
- Organising a women's youth league
- Women's football promotion and development strategy
- Good governance/integrity programme
- Grassroots football promotion and development strategy
- Refereeing promotion and development strategy

As part of FIFA Forward, FIFA foresees granting each member association development funds of USD 750,000 per annum for infrastructure, competitions, knowledge

FINANCIAL SUPPORT

USD 263.75 MILLION

Annual financial support to the member associations

USD 60 MILLION

Annual financial support to the confederations for football development and promotion

USD 13 MILLION

Annual financial support for zonal/regional associations for youth and women's tournaments



Wales' Gareth Bale on target for Wales against Moldova in a European qualifying match for Russia 2018.

acquisition and/or any other development project that the member association considers important to the further development of football within its territory.

MORE OVERSIGHT

Member associations have to use their development funds diligently, efficiently and, above all, transparently. Jointly signed by FIFA and the individual member association or confederation receiving development funding, contracts of agreed objectives will set out frameworks for every football development programme receiving funding. FIFA will use these contracts of agreed objectives, which will be mandatory as of 1 June 2017, to ensure that the recipients stay in line with the aims, schedules and processes agreed with FIFA.

All projects require the approval of the FIFA administration, but those costing more than USD 300,000 also have to be approved by the Development Committee. Regardless of cost, all projects are monitored by the FIFA administration.

Member associations have to use a dedicated bank account to process all development funding and must provide an annual audit report that will be thoroughly checked by FIFA. Each member association also has to

submit an annual general audit report, which will then be checked by independent auditors.

SOLIDARITY PROGRAMMES

TRAVEL

Up to USD 175,000 per member association per year will be available to cover the cost of travel and accommodation for its national teams when they play matches abroad. This contribution will only be allocated to those member associations that need the most assistance and are geographically isolated.

EQUIPMENT

Basic equipment (full kits for national teams and boys' and/or girls' teams competing in championships, training equipment including balls, mini-goals, bibs, etc.) will be available for those member associations that need it most and/or that do not have an official equipment supplier.

CONFEDERATIONS AND ZONAL/REGIONAL ASSOCIATIONS

Each confederation will receive USD 10 million per year for football projects aimed at developing, promoting and organising football within its territory. Zonal/regional associations will receive up to USD 1 million per year for youth and women's tournaments.

BALANCE SHEET

FIFA IN A HEALTHY FINANCIAL POSITION

As at 31 December 2016, FIFA's total assets amounted to USD 3,352 million, marking a year-on-year increase of 11% or USD 336 million. This increase results from the positive operating cash flow and growth in contract liabilities, which stems from the significant amount of invoiced and collected revenue, which will be recognised in future years (in accordance with IFRS 15 revenue recognition).

FIFA's financial position remains strong and, as at the balance sheet date, current assets stood at USD 2,069 million, covering 115% of the current liabilities. Cash and cash equivalents stood at USD 1,010 million, increasing by USD 209 million on 2015. Cash and total financial assets (current and non-current) amounted to USD 2,354 million, providing financial stability for FIFA, even in a crisis situation. Receivables are shown as a net amount after the deduction of provisions for bad debts; the net amount declined on the previous year due to a good collection pattern. Current financial assets declined due to a shift into non-current financial assets. The increase in contract assets is related to the adoption of IFRS 15 and comprises sales commission paid to agencies for contracts recognised at a later time and accrued income, i.e. revenue recognised but not yet collected. The increase in prepaid expenses in the amount of USD 124 million is mainly due to the capitalised expenses

related to the preparation of the 2018 FIFA World Cup™ in Russia.

Contract liabilities relate to payments received in advance of recognised revenue. Contract liabilities will be recognised as revenue as FIFA delivers the contractually agreed goods or services. Contract liabilities increased significantly in the amount of USD 552 million in line with strong invoice collection and deferred revenue recognition under IFRS 15. Accrued expenses also increased as a result of higher funding under the Forward umbrella, namely for projects not yet paid out.

RESERVES

The reserves consist of association capital and restricted reserves, as well as a hedging reserve and translation reserves. As at 31 December 2016, FIFA's reserves stood at USD 1,048 million, a 26% decrease compared to the previous year. The equity ratio stood at 31% accordingly, showing that FIFA still retained a solid level of reserves. In the period under review, FIFA demonstrated a resolute move to fulfil its statutory mandate to grow the game and make it accessible to all while keeping a sound financial situation.

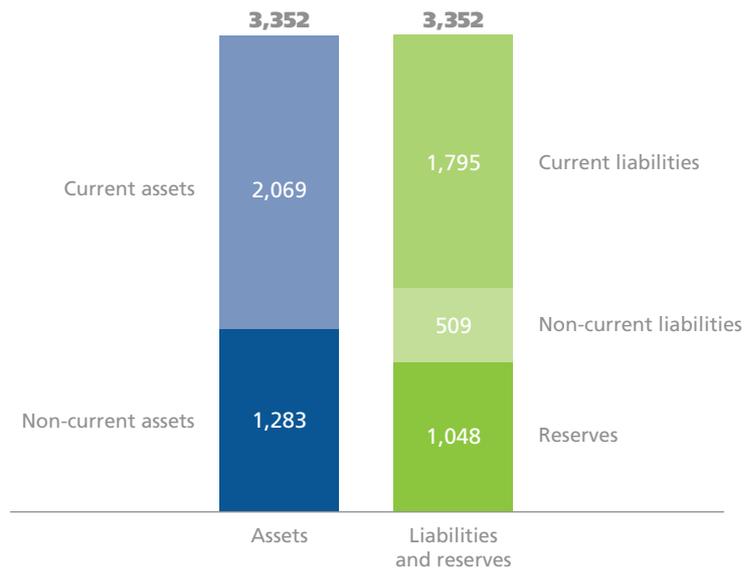
Having sufficient reserves is of great importance to FIFA's financial independence and also increases FIFA's ability to react quickly to unexpected circumstances.

With the adoption of IFRS 15 and, therefore, a later pattern to recognise revenue, FIFA's reserves – as presented now – are a true reflection of its current economic reality. Under the previous accounting principles (using the so-called "percentage of completion"), FIFA's reserves showed less fluctuation, despite the economic reality of the FIFA World Cup™ representing the main source of revenue and only taking place every four years.

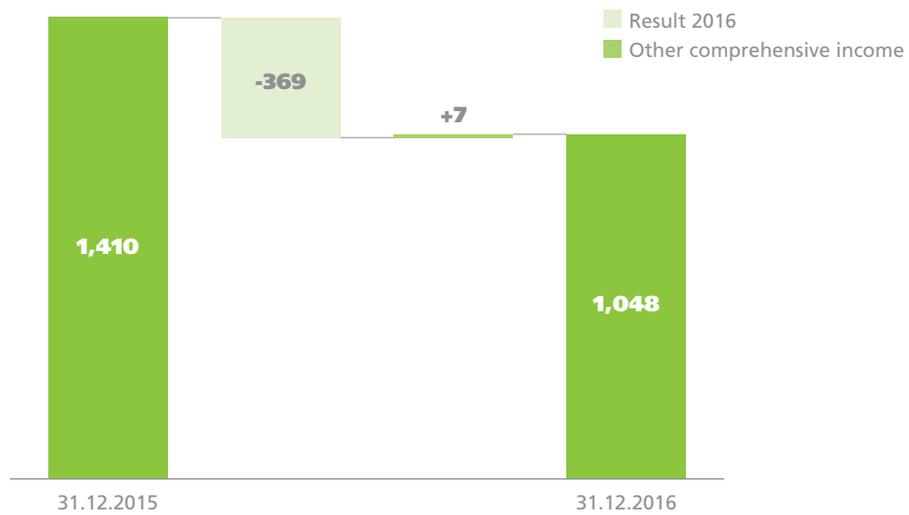
BALANCE SHEET

- USD 2,354 million in cash and financial assets
- Liquid ratio at 115%
- Equity ratio at 31%
- Expected equity ratio at the end of 2015-2018 cycle: around 50%

BALANCE SHEET AS AT 31 DECEMBER 2016 (USD MILLION)



DEVELOPMENT OF RESERVES (USD MILLION)



ASSET MANAGEMENT

ROBUST RESULT IN 2016 DESPITE THE DIFFICULT CLIMATE

ASSET MANAGEMENT

- Environment still challenging with low and volatile interest rates
- Continued short duration of overall portfolio (1.22 years)
- Low credit risk maintained in 2016: all investments at least investment grade
- Robust performance on investment portfolio above benchmark (1.7% in 2016)
- Objective of preservation of the real value of FIFA's assets fully achieved

The FIFA investment rules and guidelines define the highest goal as maintaining the value of FIFA's assets and thereby focusing on liquidity, sound counterparties in terms of credit and the avoidance of non-adequate market risks.

As such, the pursuit of revenue objectives that are associated with higher risks and greater value fluctuations, such as the maximising of returns, is consciously avoided, and the requirement to ensure that liquidity is always maintained is also taken into account.

The overall portfolio is divided into a liquidity portfolio (to safeguard liquidity at all times, investment periods of less than one year) and an investment portfolio (mainly investment periods of more than one year). The apportionment into liquidity and investment is made firstly based on liquidity needs and secondly on the basis of the yield forecasts of the duration and credit-rating strategy, which is reviewed quarterly.

Since 2015, the durations have been actively kept shorter, resulting in an average duration of 1.22 years at the end of 2016 on the investment portfolio. Likewise, counterparty risks have been strictly managed and consequently, credit ratings of all investments have always been within investment grade (at least BBB-) and FIFA's asset management regulations.

In the year under review, two particularly significant political events (Britain's popular vote to leave the EU ("Brexit") and the US presidential election) caused pronounced and unexpected fluctuations on the financial markets. However, as the maturities of the investments have been kept very short since 2015, FIFA's investment portfolio was hardly affected by these market fluctuations.

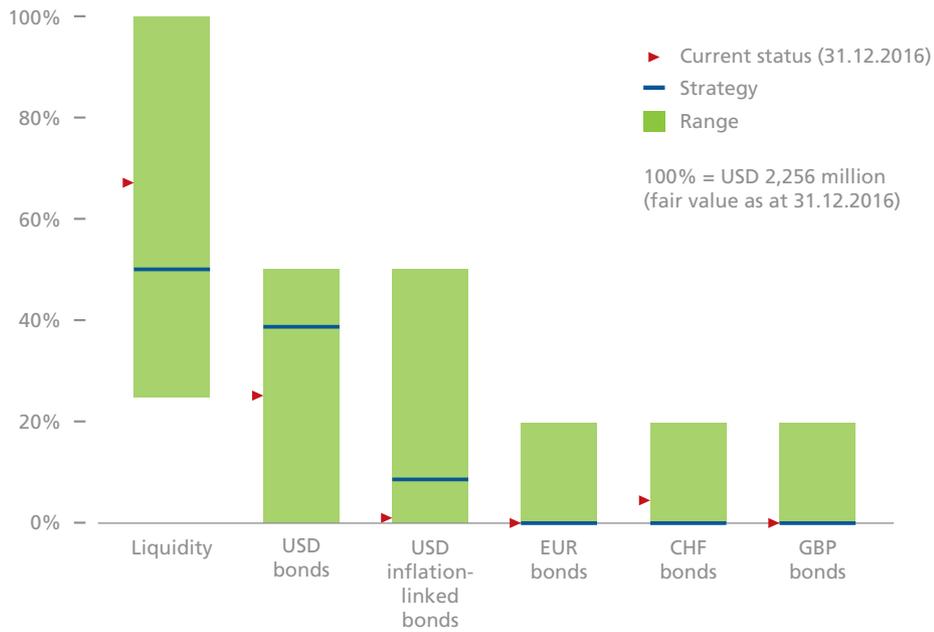
Only a few investments (USD 40 million) with maturities of longer than 12 months and fixed interest rates were made during the year under review. On the other hand, variable interest-rate bonds with an investment period shorter than one year and good credit ratings were purchased in the order of USD 100 million, which then also benefited from the notable rise in short-term US interest rates.

As in previous years, it was possible to use the currency markets in conjunction with fixed-rate investments to optimise the financial result.

Overall, the investment strategy once again proved its worth in the year under review, resulting in a yield of around 1.7% on the investment portfolio and a positive result that was above the relevant benchmark.

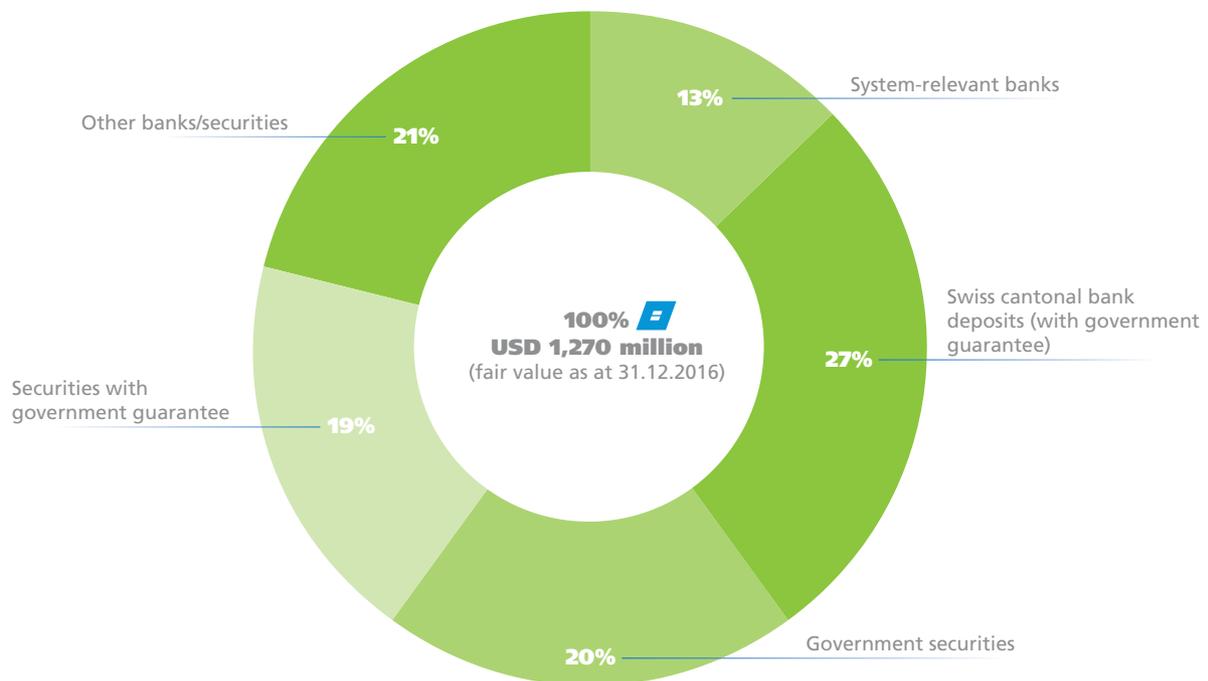
ASSET MANAGEMENT STRATEGY AND CURRENT STATUS

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



DETAILS ON THE CURRENT INVESTMENT PORTFOLIO

(INVESTMENT PORTFOLIO PROFILE BY COUNTERPARTY)



BUDGET COMPARISON – REVENUE

2016 REVENUE IN LINE WITH BUDGET

FIFA presents its figures in accordance with the IFRS. Until recently, however, FIFA drafted its budgets on a so-called “cash basis”. A direct budget analysis using the IFRS figures is therefore not possible and so a transition from IFRS is necessary. In connection with the implementation of IFRS 15, FIFA has decided to also adopt IFRS in its budgeting methodology, which will enable one-to-one budget analysis as of the 2017 financial year.

This new budget methodology, starting with the 2017 budget, will be split in two parts:

In the first instance, the budget is drawn up on a cash basis. This type of budget (“cash budget”) is used as a basis for the internal control function and FIFA budget holders are measured against these targets.

Secondly, IFRS are applied to the cash budget. This type of budget (“IFRS budget”) forms the basis for external reporting and is deemed as the benchmark for the yearly financial statements under IFRS. The IFRS budget will be duly presented to the Finance Committee, the FIFA Council and the FIFA Congress for the approval and ratification of each. It is to be understood that the cash budget and the IFRS budget will represent the same figures on a four-yearly basis (e.g. the 2015-2018 cycle), the main difference between the two budget types being the allocation of revenue and expenses to the individual years of the cycle in accordance with IFRS 15.

The approach described above will be applied as of the 2017 fiscal year. For the current year, the analysis of revenue has to be based on the budget approved by the FIFA Congress in May 2015 (see Financial Report 2014), which was prepared on a cash basis. Therefore, a transition from IFRS is necessary in order to enable the actual revenue to be compared with the cash budget. As such, from the total amount of revenue according to IFRS, an adjustment was made for the revenue that could not be included for a budget comparison. This adjustment

mainly includes reversals of IFRS applications and excludes non-cash items like value in kind and gross effects.

The resultant cash-in component was then compared with the budget.

In order to carry out a budget comparison, the following main items had to be adjusted from the total reported revenue of USD 502 million:

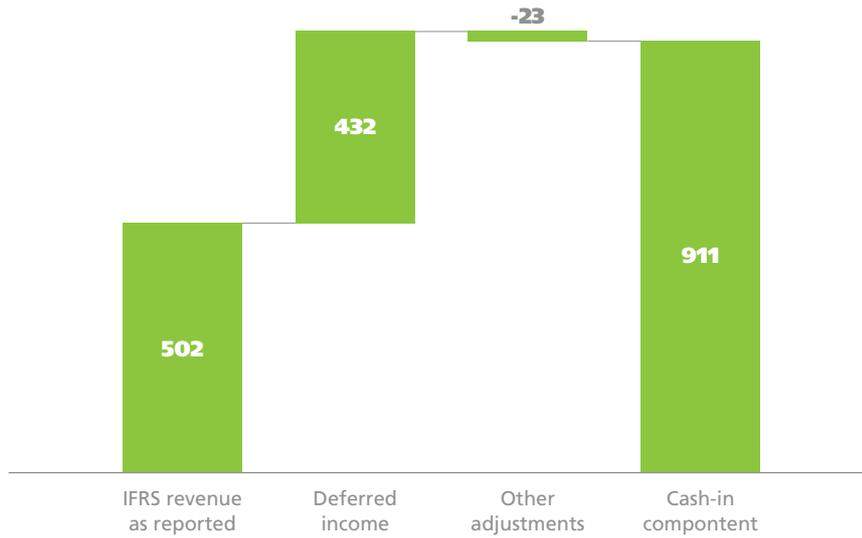
- Increase by USD 432 million for deferred income. Under IFRS 15, revenue can only be recognised at the time of the transfer of the promised goods or services to the customer in an amount that reflects the consideration to which FIFA expects to be entitled in exchange for those goods or services. For comparison with the cash budget, the deferred income has to be adjusted.
- Decrease by USD 23 million for non-cash and non-budget items. This primarily includes value-in-kind items (goods or services provided by marketing or TV broadcasting partners for free as part of the consideration to FIFA). Value in kind is not considered in the cash budget, however, and in the accounting it has to be recognised as both revenue and cost at the same time.

In 2015, the 65th FIFA Congress passed a revenue budget of USD 822 million for the 2016 financial year. However, at the 66th FIFA Congress in 2016, an increase to the revenue budget of USD 656 million for the 2015-2018 cycle was approved. This increase has led to a total revenue budget of USD 906 million for the 2016 financial year.

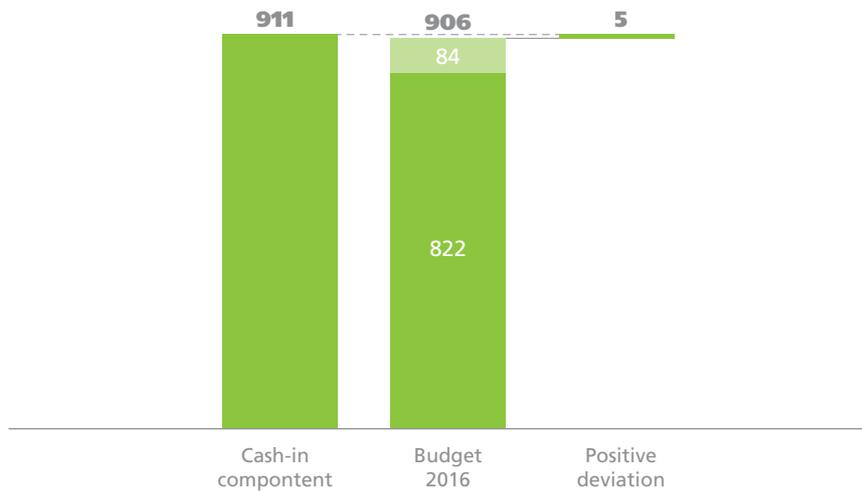
BUDGET COMPARISON – REVENUE

- The revenue budget of USD 906 million was exceeded by USD 5 million, which represents a positive deviation of +0.5%.

REVENUE 2016: COMPONENTS (USD MILLION)



REVENUE 2016: BUDGET COMPARISON (USD MILLION)



BUDGET COMPARISON – EXPENSES/INVESTMENT

2016 EXPENSES WELL BELOW BUDGET THANKS TO FOCUSED COST CONTAINMENT

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

The approach described above will be applied as of the 2017 fiscal year. For the current year, the analysis of expenses has to be based on the budget approved by the 65th FIFA Congress in May 2015 (see Financial Report 2014), which was prepared on a cash basis. A transition from IFRS is therefore necessary in order to enable the actual expenses to be compared with the cash budget. As such, from the total amount of expenses according to IFRS, an adjustment was made for the expenses that could not be included for a budget comparison.

In order to carry out the budget comparison, the following items had to be adjusted from the total reported expenses of USD 893 million (consisting of total expenses from football activities and total expenses from administrative activities):

BUDGET COMPARISON – EXPENSES

Expenses in 2016 were USD 91 million below budget due to the following factors:

- Net effect of cost savings, to which all FIFA divisions have contributed (USD 28 million)
- Fewer costs for committees due to a reduced number of meetings compared to the initial plan (USD 6 million)
- Some projects under expiring development programmes were liquidated due to inactivity for several years (USD 6 million)
- Under-utilisation of available financial support to member associations due to missing requests (USD 27 million)
- Lower-than-expected personnel costs (USD 5 million)
- Underspending in several areas where the scope will be redefined and therefore some projects have been put on hold, e.g. TMS and the FIFA World Football Museum (USD 19 million)

DEFERRED EXPENSES

- Increase in expenses due to reversals of IFRS applications in the amount of USD 106 million. As a result of the application of IFRS 15, all event-related costs have to be shown in the year the event actually takes place. The main part of this reversal is related to expenses for the 2018 FIFA World Cup Russia™.

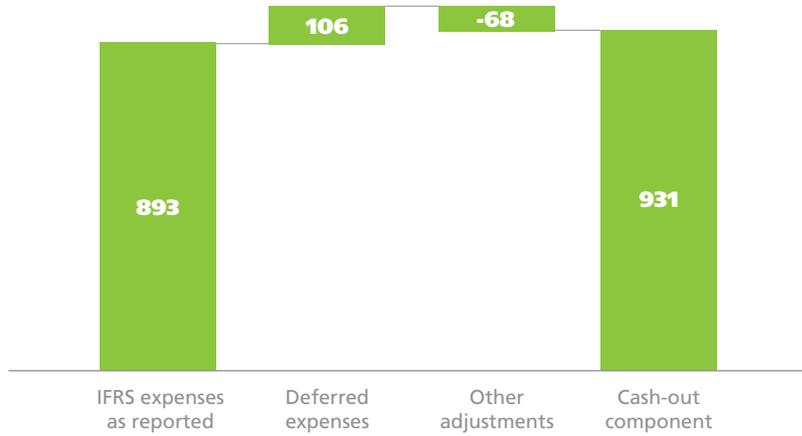
OTHER ADJUSTMENTS

- Adjustment for depreciation and impairments on property and equipment in the amount of USD 48 million (decrease in expenses).
- Release of accruals in the amount of USD 34 million (increase in expenses). This relates to accruals from several areas which remained unused during the 2016 financial year.
- Decrease in expenses by USD 18 million related to value-in-kind items (goods or services provided by marketing or TV broadcasting partners for free as part of the consideration to FIFA). Value in kind is not considered in the cash budget, however, and in the accounting it has to be recognised as both revenue and cost at the same time.
- Other net effects add up to USD 36 million decrease.

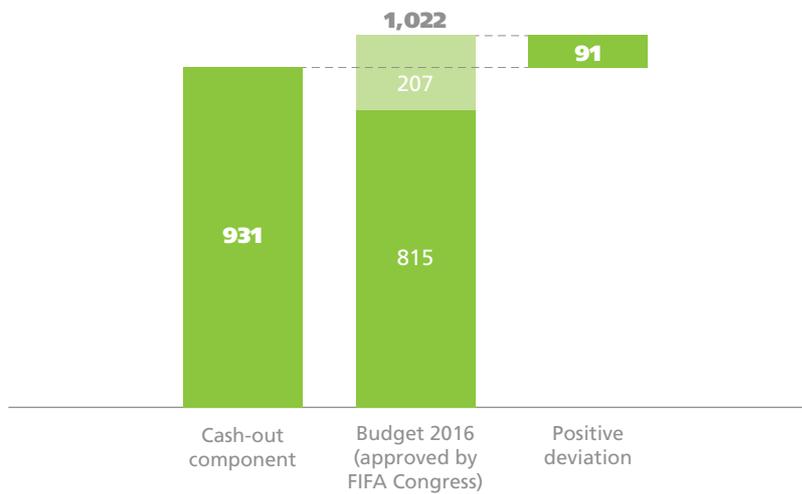
The resultant cash-out component was then compared with the expense budget for 2016.

In 2015, the 65th FIFA Congress passed the initial expenses budget of USD 815 million for the 2016 financial year. However, at the 66th FIFA Congress in 2016, an expense budget increase of USD 656 million for the 2015-2018 cycle was approved. This increase has led to a total expense budget of USD 1,022 million for the 2016 financial year, which was underspent by USD 91 million.

EXPENSES 2016: COMPONENTS (USD MILLION)



EXPENSES 2016: BUDGET COMPARISON (USD MILLION)



DETAILED BUDGET FOR 2017 AND 2018

FIFA CYCLE BUDGET CONFIRMED

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

For maximum transparency, FIFA has now decided to change this approach and to start presenting all budgets on an IFRS basis.

By applying this approach, budget deviations are more transparent and comprehensible than before. As a result, the detailed annual revenue and investment budget for 2017, although already ratified by the 66th FIFA Congress in 2016, has been restated in the Financial Report 2016. A thus revised annual revenue and investment budget for 2018 is also presented in the Financial Report 2016, which is in line with the ordinary cycle of presentation. This budget for 2018 requires ratification by the 67th FIFA Congress.

The FIFA Finance Committee and the Bureau of the FIFA Council approved the detailed annual budgets for 2017 and 2018 at their respective meetings on 29 March and 30 March 2017.

The application of IFRS on the budget has an effect on both the allocation of the revenue and investment to the individual years of the 2015-2018 budget cycle (i.e. purely in terms of timing) and on the inclusion of non-cash items, namely depreciation. The inclusion of depreciation was compensated by budget savings in previous years. FIFA is maintaining the total budget for the full 2015-2018 cycle for both revenue and expenses/investment. Revenue targets are maintained despite stagnant global trade and investigations surrounding previous FIFA officials that put pressure on the organisation’s overall revenue generation. At the same time, FIFA continues to examine its investment budgets for further cost savings, which is expected to result in further opportunities to enhance FIFA’s investment in football activities.

The detailed revenue and investment budget is presented on the following three pages, starting with an overview of the revenue and investment budget for the entire four-year cycle. The data for 2015 and 2016 represents actual figures, while 2017 and 2018 are the IFRS budgets. Details on the revenue budget are presented on page 23. For the 2018 FIFA World Cup™ and Development & Education categories, only the totals are presented: further details can be found on page 41.

2015-2018 BUDGETS

- FIFA has decided to present its budgets on an IFRS basis (they were previously presented on a cash basis). As a result, budget deviations are more transparent and comprehensible than before.
- The 2017 budget, which was ratified by the 2016 FIFA Congress, has been restated to IFRS in the Financial Report 2016.
- FIFA is maintaining the 2015-2018 overall budget for both revenue and investment.
- The overall budget for 2017 and 2018 contains a contingency of around 8%, which will cover expected and unexpected risks.

Remarks on the 2017 and 2018 investment budget:

- The budget presentation follows the same structure used to report the actual figures to allow the best possible transparency. Therefore, personnel expenses and depreciation of property and equipment are shown in the relevant expense category. Previously, the entire personnel costs were included as a separate item in the operating result and in the “Service” category.
- Depreciation is included in the budget (previously, this was not the case).
- Under IFRS, expenses for events are shown in the year in which the competition takes place. Therefore, the entire expense budget for the 2018 FIFA World Cup™ is shown in the year 2018 (previously, the expenses for the FIFA World Cup™ were spread over all four years of the cycle).

The same applies to other FIFA events: the full expense budget is included in the year of the respective event.

- The largest single item in the “Other FIFA events” category is the FIFA Confederations Cup Russia 2017, the main cost items of which are the financial contribution to the LOC Russia (USD 64 million), TV production (USD 26 million), prize money (USD 20 million) and costs relating to teams and confederations (USD 10 million). In the previous presentation of the budget, the expenses for this event were included mostly in the 2018 FIFA World Cup.
- The significant increase in expenses under Development & Education after 2015 relates to the implementation of the Forward Programme. Under this programme, the member associations, confederations and regional associations receive substantially more funds for their running and project costs. The increase in expenses from the Forward Programme was approved by the 2016 Congress. Furthermore, budget was allocated in this category to the newly created annual football summits and costs related to the new development offices. In addition, museum-related expenses are shown in the Development & Education expense category. Personnel expenses and depreciation are split out to the respective line. The budget presented for the museum is based on the current business model.
- The budgets in the Football Governance category contain the expenses related to the two FIFA subsidiaries Transfer

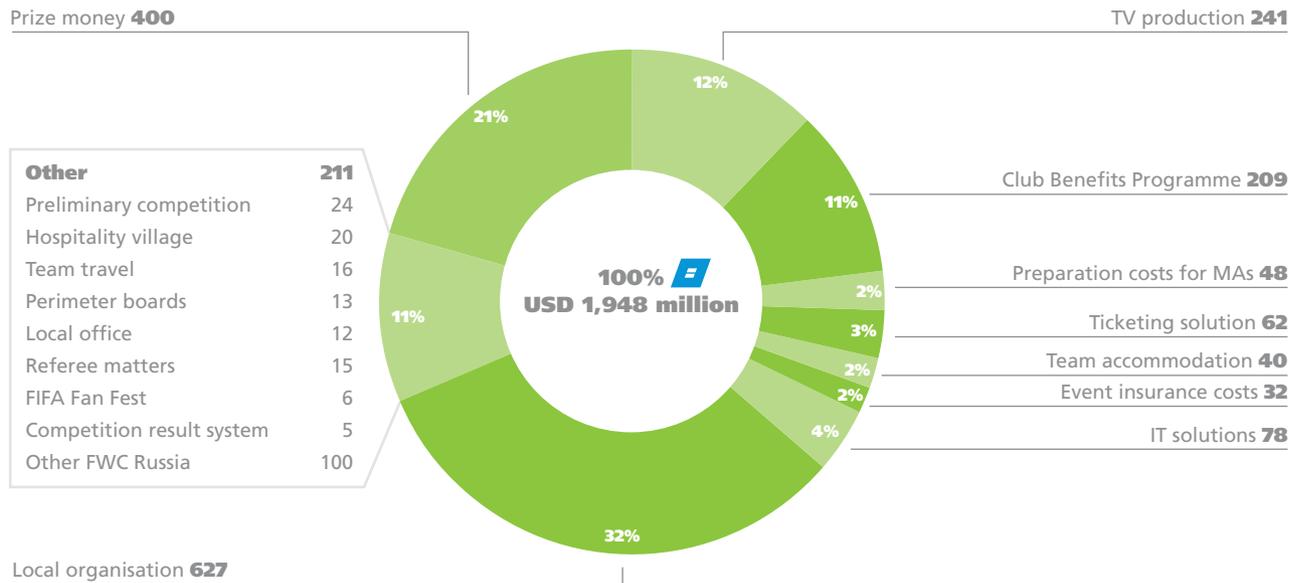
Matching System GmbH and Early Warning System GmbH, the football governance-related FIFA committees, the judicial bodies and FIFA's contribution to The International Football Association Board (IFAB).

- Under Marketing & TV Broadcasting, the expenses in the areas of TV rights and marketing rights exploitation are included, but expenses directly linked to FIFA events are excluded, as these are part of the Competitions & Events category. This category shows the costs related to specific programmes like the FIFA Quality Programme (footballs, football turf and goal-line technology), the video assistant referee initiative, FIFA brand development and the FIFA Films projects.
- In the FIFA Governance & Administration category, the legal costs of investigations are expected to decrease significantly in 2017 and 2018. The expenses for the annual FIFA Congress and committee meetings show a slight decrease from 2016 to 2017 due to the fact that two Congresses took place in 2016 (the Extraordinary Congress in February and the ordinary Congress in May). The cost increase in 2018 relates to the Congress that is taking place just before the FIFA World Cup, which is typically a bigger event than in a non-FIFA World Cup year. The “Other” line contains a variety of administrative expenses such as insurance fees, local transportation costs, asset management advisory fees, expenses for interpreters, financial audit costs, logistics costs and many more.

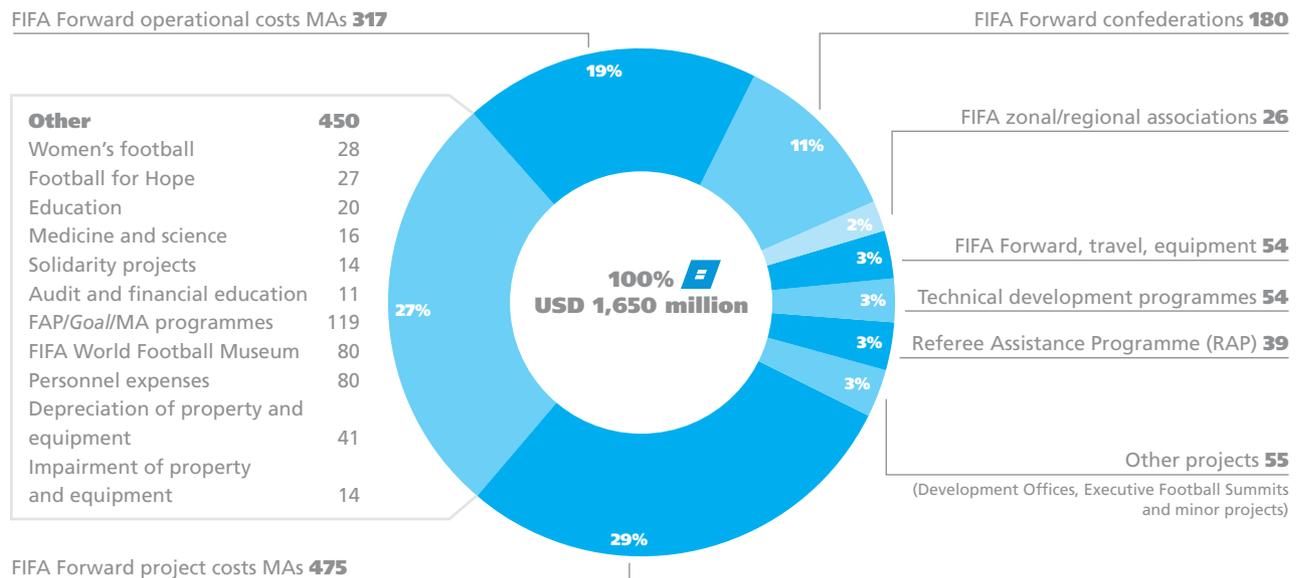
TOTAL REVENUE AND INVESTMENT BUDGET FOR THE 2015-2018 CYCLE (USD MILLION)

	2015 IFRS	2016 IFRS	2017 IFRS	2018 IFRS	TOTAL CYCLE
TOTAL REVENUE	544	502	614	3,996	5,656
COMPETITIONS & EVENTS	215	157	296	2,079	2,747
2018 FIFA World Cup Russia™	-	-	-	1,948	1,948
Other FIFA events	172	106	245	77	600
– FIFA U-20 Women's World Cup 2018	-	-	-	17	17
– FIFA U-17 Women's World Cup 2018	-	-	-	19	19
– FIFA Confederations Cup Russia 2017	-	-	153	-	153
– FIFA U-20 World Cup Korea Republic 2017	-	-	24	-	24
– FIFA U-17 World Cup India 2017	-	-	18	-	18
– FIFA Beach Soccer World Cup Bahamas 2017	-	-	7	-	7
– FIFA U-20 Women's World Cup Papua New Guinea 2016	-	19	-	-	19
– FIFA U-17 Women's World Cup Jordan 2016	-	17	-	-	17
– FIFA Futsal World Cup Colombia 2016	-	13	-	-	13
– Olympic Football Tournaments Rio 2016	-	10	-	-	10
– FIFA Women's World Cup Canada 2015™	82	1	-	-	83
– FIFA U-20 World Cup New Zealand 2015	26	1	-	-	27
– FIFA U-17 World Cup Chile 2015	22	2	-	-	24
– FIFA Beach Soccer World Cup Portugal 2015	7	-	-	-	7
– FIFA Club World Cup	21	21	22	22	86
– FIFA Interactive World Cup	2	3	4	3	12
– FIFA Ballon d'Or/Best FIFA Football Awards	5	5	6	6	22
– 2014 FIFA World Cup Brazil™	-	4	-	-	4
– Value in kind and other	7	10	11	10	38
FIFA Club Protection Programme	28	37	34	35	134
Personnel expenses	13	13	15	17	58
Depreciation of property plant and equipment	2	1	2	2	7
DEVELOPMENT & EDUCATION	187	428	511	524	1,650
FOOTBALL GOVERNANCE	36	32	33	35	136
– Football governance bodies and third-party services	18	14	15	15	62
– Personnel expenses	16	17	16	18	67
– Depreciation of property and equipment	2	1	2	2	7
MARKETING & TV BROADCASTING	29	28	34	41	132
– Broadcasting and media rights	10	11	11	14	46
– Marketing rights	4	3	4	5	16
– Licensing rights	3	2	4	5	14
– Sales commission	1	1	1	1	4
– Personnel expenses	9	10	12	14	45
– Depreciation of property and equipment	2	1	2	2	7
FIFA GOVERNANCE & ADMINISTRATION	194	248	229	220	891
– Legal costs from investigations	20	50	14	8	92
– Annual FIFA Congress and committee meetings	21	27	24	32	104
– Communications	33	26	23	25	107
– Information technology	13	21	25	21	80
– Buildings and maintenance	13	12	12	12	49
– Other legal costs	11	12	15	14	52
– Personnel expenses	55	64	69	74	262
– Other	20	21	39	27	107
– Depreciation of property and equipment/investment properties	8	7	8	7	30
– Impairment of property plant and equipment	-	8	-	-	8
TOTAL INVESTMENT	661	893	1,103	2,899	5,556
RESULT BEFORE TAXES AND FINANCIAL RESULT	-117	-391	-489	1,097	100

INVESTMENT BUDGET FOR THE 2018 FIFA WORLD CUP RUSSIA™ (USD MILLION)



INVESTMENT BUDGET FOR DEVELOPMENT & EDUCATION IN THE 2015-2018 CYCLE (USD MILLION)





📷 Northern Ireland striker Josh Magennis in action during a European qualifier for the 2018 FIFA World Cup™



4

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	2016	Restated 2015
REVENUE			
Revenue from television broadcasting rights	1	95,612	258,496
Revenue from marketing rights	2	114,574	157,243
Revenue from licensing rights	3	204,485	50,499
Revenue from hospitality rights and ticket sales	4	0	0
Other revenue	5	87,025	78,136
Total revenue		501,696	544,374
EXPENSES			
Competitions & Events	6	-157,067	-215,417
Development & Education	7	-427,832	-186,512
Football Governance	8	-31,753	-35,666
Total expenses from football activities		-616,652	-437,595
FIFA Governance & Administration	9	-248,185	-194,282
Marketing & TV Broadcasting	10	-27,905	-29,489
Total expenses from administrative activities		-276,090	-223,771
Result before taxes and financial result		-391,046	-116,992
Taxes and duties	13	-2,439	-3,851
Financial costs	11	-29,297	-72,229
Financial income	12	54,025	140,316
Net result for the year		-368,757	-52,756
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	28	-16,410	-22,139
Items that may be subsequently reclassified to profit or loss			
Net change in fair value of hedging instruments transferred to profit or loss	27	0	-3,541
Foreign currency translation differences		23,873	-34,676
Total other comprehensive income		7,463	-60,356
Total comprehensive income for the year		-361,294	-113,112
Net result for the year		-368,757	-52,756
Allocation to restricted reserves		368,757	52,756
Result for the year after allocation		0	0

The notes on pages 50 to 102 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

in TUSD	Note	31 Dec 2016	Restated 31 Dec 2015
Assets			
Cash and cash equivalents	14	1,010,140	801,624
Receivables	15	203,987	239,532
Derivative financial assets	27	7,249	25,765
Financial assets	20	634,004	705,253
Contract assets	17	142,201	24,733
Prepaid expenses and other accrued income	16	71,276	62,200
Current assets		2,068,857	1,859,107
Property and equipment	18	282,616	302,944
Investment properties	19	29,760	25,900
Derivative financial assets	27	10,128	7,080
Financial assets	20	709,451	685,195
Prepaid expenses and other accrued income	16	251,088	136,100
Non-current assets		1,283,043	1,157,219
Total assets		3,351,900	3,016,326
Liabilities and reserves			
Payables	21	73,668	61,652
Derivative financial liabilities	27	2,458	886
Contract liabilities	23	1,237,600	688,434
Accrued expenses	22	480,538	367,862
Current liabilities		1,794,264	1,118,834
Contract liabilities	23	86,069	83,365
Accrued expenses	22	73,220	75,791
Post-employment benefit obligation	28	87,602	65,625
Derivative financial liabilities	27	255	927
Provisions	24	261,998	261,998
Non-current liabilities		509,144	487,706
Total liabilities		2,303,408	1,606,540
Association capital	25	4,104	4,104
Foreign currency translation reserves		-54,955	-78,828
Restricted reserves	25	1,099,343	1,484,510
Reserves		1,048,492	1,409,786
Total liabilities and reserves		3,351,900	3,016,326

The notes on pages 50 to 102 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

in TUSD	Note	2016	Restated 2015
Net result for the year		-368,757	-52,756
Depreciation	18-19	48,201	14,362
Net financial result	11-12	-24,728	-68,087
Other non-cash items		9,681	-1,035
Taxes and duties	13	2,439	3,851
(Increase)/Decrease in receivables		35,545	-58,434
(Increase)/Decrease in prepaid expenses and other accrued income		-107,696	-18,773
(Increase)/Decrease in contract assets		-117,467	-24,734
Increase/(Decrease) in payables		12,016	-4,463
Increase/(Decrease) in accrued expenses		115,043	-805,446
Increase/(Decrease) in contract liabilities		551,870	771,798
Increase/(Decrease) in provisions		0	246,405
Taxes and duties paid		-6,717	-4,562
Net cash generated/(used) by operating activities		149,430	-1,874
Purchase of property and equipment	18	-18,872	-120,274
Investment in financial assets	20	-1,141,368	-953,995
Repayments of financial assets	20	1,182,648	808,558
Interest received		30,318	30,557
Income from investments in financial assets		6	6
Purchase of investment properties	19	-12,788	0
Net cash generated/(used) in investing activities		39,944	-235,148
Interest paid		-1,168	-2,018
Net cash generated/(used) in financing activities		-1,168	-2,018
Net (decrease)/increase in cash and cash equivalents		188,206	-239,040
Cash and cash equivalents as at 1 January	14	801,624	1,083,067
Effect of exchange rate fluctuations		20,310	-42,403
Net increase/(decrease) in cash and cash equivalents		188,206	-239,040
Cash and cash equivalents as at 31 December	14	1,010,140	801,624

The notes on pages 50 to 102 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

in TUSD	Association capital	Hedging reserves	Translation reserves	Restricted reserves	Total
Balance as at 1 January 2015	4,104	3,541	-44,152	1,559,405	1,522,898
Net change in fair value of hedging instruments transferred to profit or loss	0	-3,541	0	0	-3,541
Remeasurements of post-employment benefit obligations	0	0	0	-22,139	-22,139
Foreign currency translation differences	0	0	-34,676	0	-34,676
Total other comprehensive income (restated)	0	-3,541	-34,676	-22,139	-60,356
Net result for the year (restated)	0	0	0	-52,756	-52,756
Total comprehensive income for the year	0	-3,541	-34,676	-74,895	-113,112
Balance as at 31 December 2015 (restated)	4,104	0	-78,828	1,484,510	1,409,786

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

The notes on pages 50 to 102 are an integral part of these consolidated financial statements.

NOTES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

A GENERAL INFORMATION AND STATEMENT OF COMPLIANCE

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 association football in every way it deems fit. FIFA uses its reserves in pursuit of its principal mission.

The consolidated financial statements were approved by the Bureau of the FIFA Council on 30 March 2017, and will be submitted to the 67th FIFA Congress on 11 May 2017, for approval.

FIFA prepares the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB. The scope of consolidation is set out in Note 33. Other 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 2016 to 31 December 2016, 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

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.

There have been two main changes from last year's consolidated financial statements:

- Voluntary change in presentation of the consolidated statement of comprehensive income
- Early adoption of IFRS 15 – Revenue from Contracts with Customers

In addition, certain reclassifications have been recognised to increase the transparency and comparability.

Voluntary change in presentation of the consolidated statement of comprehensive income

As of 31 December 2016, FIFA has decided to voluntarily change the presentation of its consolidated statement of comprehensive income to better reflect its key activities, which, in turn, are defined by its statutory objectives.

The retrospective application has resulted in the following adjustments within prior-year figures presented. There is no overall impact on the reported results.

Presentation adjustments of the consolidated statement of comprehensive income

in TUSD	2015	Adjustments	Represented 2015
Revenue from television broadcasting rights	628,520	0	628,520
Revenue from marketing rights	257,472	720	258,192
Revenue from licensing rights	11,762	42,485	54,247
Revenue from hospitality rights	35,000	0	35,000
Other event-related revenue*	40,096	-40,096	0
Other revenue	0	78,136	78,136
Other operating income*	80,524	-80,524	0
FIFA World Cup™ expenses*	-574,196	574,196	0
Competitions & Events	0	-794,768	-794,768
FIFA Club Protection Programme*	-29,293	29,293	0
Other FIFA event expenses*	-178,157	178,157	0
Development-related expenses*	-160,789	160,789	0
Development & Education	0	-186,512	-186,512
Football Governance	-94,553	58,887	-35,666
FIFA Governance & Administration	0	-194,282	-194,282
Exploitation of rights*	-17,252	17,252	0
Marketing & TV Broadcasting	0	-29,489	-29,489
Personnel expenses*	-92,106	92,106	0
Depreciation*	-14,362	14,362	0
Other operating expenses*	-79,288	79,288	0
Taxes and duties	-3,851	0	-3,851
Financial costs	-30,284	-41,945	-72,229
Financial income	98,371	41,945	140,316
Net result for the year	-122,386	0	-122,386

* Accounts of the consolidated statement of comprehensive income are no longer used.

Adoption of new standards

FIFA has been early in adopting the new “IFRS 15 – Revenue from Contracts with Customers”, including amendments to IFRS 15 (clarifications), for the 2016 financial year. FIFA has applied the full retrospective transition method, resulting in adjustments to the comparative period, 2015. As a result, FIFA has changed its accounting policy for revenue recognition (as explained under “E Revenue recognition” below).

IFRS 15 replaces the existing standards IAS 11, IAS 18 and all revenue-related interpretations. IFRS 15 changes the basis for deciding whether revenue is to be recognised over time or at a particular point in time and expands and improves disclosures about revenue.

The core principle of IFRS 15 is to recognise revenue that depicts the transfer of promised goods or services to the customer in an amount that reflects the consideration to which FIFA expects to be entitled in exchange for those goods or services. To recognise revenue, IFRS 15 defines a five-step process that includes: identifying the contract(s)

with the customer, identifying the performance obligations in the contract, determining the transaction price, allocating the transaction price and recognising revenue when a performance obligation is satisfied.

There was no material impact as at 1 January 2015. This is primarily a result of FIFA following a four-year business cycle, which started with the FIFA Women’s World Cup 2015™ in Canada and will end with the 2018 FIFA World Cup™ in Russia.

The following tables summarise the adjustments posted in FIFA’s consolidated financial statement as a result of the retrospective application of IFRS 15.

Also included in the figures stated below is a consolidated balance sheet reclassification of USD 262.0 million from accrued expenses to provisions (see also Note 24) and a reclassification of USD 11.9 million from provisions to post-employment benefit obligation (see also Note 28).

Adjustments to the consolidated statement of comprehensive income

in TUSD	Represented 2015	Adjustments	Restated 2015
REVENUE			
Revenue from television broadcasting rights	628,520	-370,024	258,496
Revenue from marketing rights	258,192	-100,949	157,243
Revenue from licensing rights	54,247	-3,748	50,499
Revenue from hospitality rights and ticket sales	35,000	-35,000	0
Other revenue	78,136	0	78,136
Total revenue	1 054,095	-509,721	544,374
EXPENSES			
Competitions & Events	-794,768	579,351	-215,417
Development & Education	-186,512	0	-186,512
Football Governance	-35,666	0	-35,666
Total expenses from football activities	-1 016,946	579,351	-437,595
FIFA Governance & Administration	-194,282	0	-194,282
Marketing & TV Broadcasting	-29,489	0	-29,489
Total expenses from administrative activities	-223,771	0	-223,771
Result before taxes and financial result	-186,622	69,630	-116,992
Taxes and duties	-3,851	0	-3,851
Financial costs	-72,229	0	-72,229
Financial income	140,316	0	140,316
Net result for the year	-122,386	69,630	-52,756
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	-22,139	0	-22,139
Items that may be subsequently reclassified to profit or loss			
Net change in fair value of hedging instruments transferred to profit or loss	-3,541	0	-3,541
Foreign currency translation differences	-34,676	0	-34,676
Total other comprehensive income	-60,356	0	-60,356
Total comprehensive income for the year	-182,742	69,630	-113,112

Adjustments to the consolidated balance sheet as at 31 December 2015

in TUSD	31 Dec 2015	Adjustments	Restated 31 Dec 2015
Assets			
Cash and cash equivalents	801,624	0	801,624
Receivables	239,532	0	239,532
Derivative financial assets	25,765	0	25,765
Financial assets	705,253	0	705,253
Contract assets	0	24,733	24,733
Prepaid expenses and other accrued income	199,272	-137,072	62,200
Current assets	1,971,446	-112,339	1,859,107
Property and equipment	302,944	0	302,944
Investment properties	25,900	0	25,900
Derivative financial assets	7,080	0	7,080
Financial assets	685,195	0	685,195
Prepaid expenses and other accrued income	0	136,100	136,100
Non-current assets	1,021,119	136,100	1,157,219
Total assets	2,992,565	23,761	3,016,326
Liabilities and reserves			
Payables	61,652	0	61,652
Derivative financial liabilities	886	0	886
Contract liabilities	0	688,434	688,434
Accrued expenses	1,439,954	-1,072,092	367,862
Current liabilities	1,502,492	-383,658	1,118,834
Contract liabilities	0	83,365	83,365
Accrued expenses	83,365	-7,574	75,791
Post-employment benefit obligation	53,723	11,902	65,625
Derivative financial liabilities	927	0	927
Provisions	11,902	250,096	261,998
Non-current liabilities	149,917	337,789	487,706
Total liabilities	1,652,409	-45,869	1,606,540
Association capital	4,104	0	4,104
Hedging reserves	0	0	0
Foreign currency translation reserves	-78,828	0	-78,828
Restricted reserves	1,414,880	69,630	1,484,510
Reserves	1,340,156	69,630	1,409,786
Total liabilities and reserves	2,992,565	23,761	3,016,326

Adjustments to the consolidated cash flow statement

in TUSD	2015	Adjustments	Restated 2015
Net result for the year	-122,386	69,630	-52,756
Depreciation	14,362	0	14,362
Net financial result	-68,087	0	-68,087
Other non-cash items	-1,746	711	-1,035
Taxes and duties	3,851	0	3,851
(Increase)/Decrease in receivables	-58,434	0	-58,434
(Increase)/Decrease in prepaid expenses and other accrued income	-19,745	972	-18,773
(Increase)/Decrease in contract assets	0	-24,734	-24,734
Increase/(Decrease) in payables	-4,463	0	-4,463
Increase/(Decrease) in accrued expenses	262,315	-1,067,761	-805,446
Increase/(Decrease) in contract liabilities	0	771,798	771,798
Increase/(Decrease) in provisions	-3,690	250,095	246,405
Taxes and duties paid	-3,851	-711	-4,562
Net cash (used in)/provided by operating activities	-1,874	0	-1,874
Net cash (used in)/provided by investing activities	-235,148	0	-235,148
Net cash (used in)/provided by financing activities	-2,018	0	-2,018
Net (decrease)/increase in cash and cash equivalents	-239,040	0	-239,040

Adoption of other amended standards and interpretations

FIFA has also applied the “Annual Improvements to IFRSs 2012-2014 Cycle” for the first time for the annual reporting period commencing 1 January 2016. 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 the new and revised standards which have been issued but are not yet effective and will come into effect on or after 1 January 2017. The following standards, amendments and interpretations are:

- IAS 7 – Statement of Cashflow, effective date 1 January 2017
- IFRS 9 – Financial Instruments, effective date 1 January 2018
- IFRS 16 – Leases, effective date 1 January 2019

The amendments to IAS 7 – Statement of Cash Flows require FIFA to provide additional disclosures on changes in liabilities arising from financing activities, including changes arising from both cash flows and non-cash changes. FIFA plans to adopt the new standard as per the effective date commencing 1 January 2017. The application of the

amendments will result in additional disclosures in the financial statements.

IFRS 9 – Financial Instruments were issued in July 2014 replacing IAS 39 – Financial Instruments: Recognition and Measurement and all previous 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 plans to adopt the new standard on the required effective date and does not expect it to have a significant effect on its consolidated financial statements.

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

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. The non-controlling interests are immaterial.

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

	31 Dec 2016	Average 2016	31 Dec 2015	Average 2015
1 CHF	0.9700	1.0026	1.0009	1.0310
1 EUR	1.0540	1.1098	1.0926	1.1256
1 GBP	1.2279	1.3815	1.4824	1.5356
100 RUB	1.6579	1.4802	1.3655	1.7023
100 BRL	30.7392	28.4865	25.2766	31.8108

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 and ticketing services for selected FIFA competitions, including the FIFA Women's World Cup 2015™, 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.

Practical expedients

FIFA has elected to make use of the following practical expedients:

- Completed contracts under IAS 11 and IAS 18 before the date of transition have not been reassessed.
- Contract costs incurred related to contracts with an amortisation period of less than one year have been expensed as incurred.
- FIFA applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.
- FIFA also applies the practical expedient in paragraph C5(d) of IFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when FIFA expects to recognise that amount as revenue for the year ended 31 December 2015.

F EXPENSES FROM FOOTBALL ACTIVITIES

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. The 66th FIFA Congress in May 2016 was the platform for the

launch of a new era for FIFA and global football with the announcement of a step change in FIFA’s approach to football development. FIFA Forward 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. Also included under Development & Education are the related expenses of the FIFA World Football Museum.

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 committees (Ethics and Disciplinary), plus the costs of the Players’ Status Committee as part of administrating 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

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 mainly costs incurred by the FIFA Commercial Division for the commercialisation of marketing and broadcasting rights.

H OPERATING LEASE PAYMENTS

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

Financial income comprises interest income from loans and receivables and held-to-maturity investments, foreign exchange gains, gains on derivatives that are not accounted for as hedging instruments and gains arising from a change in the fair value of financial assets at fair value through profit or loss. Financial costs consist of interest expense on financial liabilities, foreign exchange losses, losses on

derivatives not accounted for as hedging instruments and losses arising from a change in the fair value of financial assets 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

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 reserves for the above-mentioned purpose.

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.

FIFA is taxed in Switzerland according to the ordinary taxation rules applying to associations. The non-profit

K CASH AND CASH EQUIVALENTS

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 90 days or less.

L DERIVATIVES

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, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are initially recognised at fair value. Subsequent to initial recognition, all derivatives are also stated at fair

value. Gains and losses on 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

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.

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. The estimated useful life of the investment property building is 40 years.

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.

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

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

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

R IMPAIRMENT

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

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

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

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 re-establishment of the federation.

V SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the management to make judgments, 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 judgments 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.

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 currently is 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 United States of America's Department of Justice ("DOJ") and the Swiss Office of the Attorney General ("OAG"), reference is made to Note 29.

NOTES

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 REVENUE FROM TELEVISION BROADCASTING RIGHTS

in TUSD	2016	Restated 2015
Europe	0	16,229
Asia and North Africa	35,642	79,508
South and Central America	24,768	62,410
North America and the Caribbean	28,601	72,294
Rest of the world	1,388	3,592
Total revenue from television broadcasting rights by region	90,399	234,033
Other broadcasting revenue	1,010	8,855
Other FIFA event revenue	4,203	15,608
Total revenue from television broadcasting rights	95,612	258,496

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 value-in-kind considerations as well as additional revenue for services during the events in order to fulfill FIFA's broadcasting obligations.

Revenue from broadcasting rights contracts, which include the right to broadcast other FIFA events for the years 2015 and 2016, but excluding the FIFA World Cup™ are presented as "Other FIFA event revenue". Such other FIFA events for the year 2016 are the FIFA U-20 World Cup Papua New Guinea 2016, the FIFA U-17 World Cup Jordan 2016, the FIFA Futsal World Cup Colombia 2016, the FIFA Club World Cup Japan 2016, the Blue Stars/FIFA Youth Cup 2016 and the FIFA Interactive World Cup 2016.

2 REVENUE FROM MARKETING RIGHTS

in TUSD	2016	Restated 2015
FIFA Partners	100,990	136,863
FIFA World Cup Sponsors	10,255	10,242
Regional Supporters	2,425	0
National Supporters	904	10,138
Total revenue from marketing rights	114,574	157,243

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 lower number of broadcasting hours of FIFA competitions in 2016, the revenue for the year is, logically, lower than that for 2015. 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 and Event Sponsors only have the contractual right for one single event in connection with the FIFA U-20 World Cup Papua New Guinea 2016, the FIFA U-17 World Cup Jordan 2016, the FIFA Futsal World Cup Colombia 2016, the FIFA Club World Cup Japan 2016, the Blue Stars/FIFA Youth Cup 2016 and the FIFA Interactive World Cup 2016. As a consequence, revenue for these contracts is recognised in the period in which the event takes place.

In 2016, the value of the services or goods received (i.e. value-in-kind consideration) amounted to USD 6.9 million (2015: USD 10.9 million) and is included in the revenue amounts recognised from marketing rights with FIFA Partners.

3 REVENUE FROM LICENSING RIGHTS

in TUSD	2016	Restated 2015
Brand licensing rights	199,551	45,349
Other licensing rights	4,934	5,150
Total revenue from licensing rights	204,485	50,499

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

Licensing rights from products and services for other FIFA events in 2016 – the FIFA U-20 World Cup Papua New Guinea 2016, the FIFA U-17 World Cup Jordan 2016, the FIFA Futsal World Cup Colombia 2016, the FIFA Club World Cup Japan 2016, the Blue Stars/FIFA Youth Cup 2016 and the FIFA Interactive World Cup 2016 – 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. This has resulted in an increased revenue of brand licensing in 2016 compared to 2015 as significant royalty amounts have been recognised, which were deferred throughout prior periods.

In 2016, the value of the services or goods received (i.e. value-in-kind consideration) amounted to USD 3.7 million (2015: USD 3.3 million) and is included in the revenue amounts recognised from licensing rights.

4 REVENUE FROM HOSPITALITY RIGHTS AND TICKET SALES

in TUSD	2016	Restated 2015
Revenue from hospitality rights - FIFA World Cup™	0	0
Revenue from hospitality rights - Other FIFA events	0	0
Revenue from ticketing sales - FIFA World Cup™	0	0
Revenue from ticketing sales - Other FIFA events	0	0
Total revenue from hospitality rights and ticket sales	0	0

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™. The FIFA Women's World Cup Canada 2015™ and FIFA Confederations Cup Russia 2017 have profit-share agreements only.

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

5 OTHER REVENUE

in TUSD	2016	Restated 2015
FIFA Club World Cup	29,011	20,450
Olympic Football Tournaments Rio 2016	22,087	19
FIFA Quality Programme	9,714	13,072
FIFA World Football Museum	4,657	28
Rent of real estate*	4,123	2,363
Penalties/appeals	5,599	4,138
Income from sale of film and video rights	3,563	3,536
Revenues from prior cycles and Other*	8,271	34,530
Total other revenue	87,025	78,136

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

Other revenue is recognised in the accounting period in which the services are rendered. It comprises, namely, revenue generated from the FIFA Club World Cup, the contributions received related to the Olympic Football Tournaments Rio 2016 and the FIFA Quality Programme. The latter contains revenue in connection with the test programmes for footballs, football turf and goal-line technology.

Rent income from real estate increased in lockstep with the opening of the FIFA World Football Museum, since

the property used for the museum also contains apartments, which FIFA is renting out. Revenue from prior cycles and other includes various smaller sources of revenue such as revenue generated from players' status-related proceedings and revenue from prior cycles. The majority of revenue shown in "other" in 2015 relates to revenue which is linked to the 2011-2014 cycle, and which is recorded in this category so as not to dilute any other revenue category with revenue, which should not belong in this cycle but was only recognised after 2014 was closed.

6 COMPETITIONS & EVENTS

in TUSD	2016	Restated 2015
FIFA World Cup™	0	0
FIFA Club World Cup Japan 2016 and 2015	20,714	20,869
FIFA U-20 Women's World Cup Papua New Guinea 2016	18,694	0
FIFA U-17 Women's World Cup Jordan 2016	18,444	0
FIFA Futsal World Cup Colombia 2016	13,365	0
Olympic Football Tournaments Rio 2016	10,044	0
FIFA Ballon d'Or/The Best FIFA Football Awards 2016	4,526	5,261
2014 FIFA World Cup Brazil™	4,315	0
FIFA Interactive World Cups	2,839	2,330
FIFA U-17 World Cup Chile 2015	2,000	22,211
Blue Stars/FIFA Youth Cup	1,065	1,124
FIFA Women's World Cup Canada 2015™	632	81,365
FIFA U-20 World Cup New Zealand 2015	543	25,117
FIFA Beach Soccer World Cup Portugal 2015	0	7,303
FIFA Club World Cup Morocco 2014	0	1,307
Value in kind and other	8,535	4,916
Total other FIFA events	105,716	171,803
FIFA Club Protection Programme	36,504	29,293
Personnel expenses	13,385	12,678
Depreciation of property and equipment	1,462	1,643
Total Competitions & Events	157,067	215,417

FIFA World Cup™

Preparations for the FIFA Confederations Cup 2017 and 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 2016 and 2015 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 and USD 105 million for 2016. The biggest amount incurred relates to the financing of the 2018 FIFA World Cup Local Organising Committee Russia in the amount of USD 35.0 million followed by USD 29.7 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 they 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.

Other competition-related expenses and value-in-kind expenses are being condensed within 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 the 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 105 incidents were reported by clubs under the programme in respect of accidents occurring in 2015 and 2016. The total amount of loss payments and reserves related to claims arising from accidents in the years under review was EUR 34.3 million (USD 38.1 million) as at 31 December 2016.

7 DEVELOPMENT & EDUCATION

in TUSD	2016	Represented 2015
FIFA Forward project costs member associations	158,250	0
FIFA Forward operational costs member associations	105,500	0
FIFA Forward confederations	60,000	0
Technical development programmes	14,628	9,562
Refereeing Assistance Programme (RAP)	8,212	8,839
Other projects	5,866	1,348
Women's football	5,164	6,833
Football for Hope	5,150	2,982
Education	4,796	4,622
Medicine and Science	3,494	4,607
Solidarity projects	1,967	2,577
Audit and financial education	1,836	1,671
FAP/Goal/MA programmes*	-19,513	117,748
Total Development & Education programmes	355,350	160,789
FIFA World Football Museum	22,678	10,980
Personnel expenses	20,954	13,074
Depreciation of property and equipment	14,864	1,669
Impairment of property and equipment	13,986	0
Total Development & Education	427,832	186,512

* FAP/Goal/MA programmes for 2016 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 Programme

FIFA's new development programme is one of the priorities of FIFA's global strategy, as the mission of "developing football everywhere and for all" justifies FIFA's existence as an organisation.

The FIFA Forward programme, approved at the 66th FIFA Congress in May 2016, has launched a new era of global football development with FIFA significantly increasing its investment to build a stronger foundation for the growth of the game. FIFA Forward, based on three principles (more investment, more impact and more oversight), provides the resources and structure to deliver a state-of-the-art development programme, meaning:

- More investment in development for members
- More impact via tailor-made plans to meet specific needs
- More oversight so that all funds are used responsibly

Forward provides financial, technical and human support to all of FIFA's member associations and the confederations in their endeavours to develop and foster football at all levels within their territories. The programme provides equal and substantially increased funding to each of FIFA's 211 member associations, all six confederations and the zonal/regional associations each and every year. Forward replaces the previous Financial Assistance Programme and a range of other development programmes that were awarded on an ad hoc basis.

In accordance with the FIFA Forward programme, each member association is guaranteed financial support of up to USD 1.25 million per year to cover operational costs (up to USD 500,000) and in project development funding (up to USD 750,000), a total of USD 5 million over a four-year cycle.

Each confederation will receive USD 10 million per year for football projects aimed at developing promoting and organising football within its territory.

Zonal/regional associations will receive up to 1 million per year for youth and women's tournaments.

Member associations have to use their development funding diligently, efficiently and transparently. Through FIFA Forward, the overall football development needs, processes

and objectives of each single member association will be clearly defined and documented in order to maximise the benefits of the funds invested in each project.

Jointly signed by FIFA and every member association or confederation receiving development funding, contracts of agreed objectives will set out frameworks for every football development programme receiving funding.

Forward operational costs of up to USD 500,000 for each member association per year account for the majority of the Forward funding invested globally in 2016 with project funding applications currently being prepared for approval during 2017.

The FIFA administration is supporting the member associations and confederations as they prepare their strategic plans, define their football development projects and determine project milestones. This will enable FIFA and each member association and confederation to sign together a contract of agreed objectives according to the Forward regulations by June 2017, thereby creating accountability, transparency and sustainability in the football development projects approved and monitored by the FIFA Development Committee.

Projects funded under the Forward Programme may be related to the following areas:

- Strategic areas (e.g. strategy and planning, governance and legal affairs);
- Organisational areas (e.g. leadership training, management of leagues and clubs, marketing and revenue generation, event and competition management, financial management, management of facilities, stadiums and security, social responsibility, IT);
- Sporting areas (e.g. training of technical directors, training of coaches, referees, youth football, women's football, domestic competitions, training centres, beach soccer and futsal);
- Footballing infrastructure (e.g. pitches including lighting systems, technical centres, and association headquarters).

As at 31 December 2016, funds committed and accrued through the FIFA Forward Programme for the member associations and confederations amounted to USD 323.8 million.

Technical development programmes

The general objectives of FIFA's technical development programmes are for member associations to develop, strengthen and enhance their football provision for men and women, boys and girls, and from grassroots to elite levels, enabling them to promote and develop the game in terms of both quantity and quality for amateurs and professionals alike. During the year 2016, the technical division introduced an additional programme aimed at developing youth leagues around the world through the provision of financial support and football equipment. An additional USD 3.4 million has been directly invested in competitions, equipment, academies and other technical development programmes, while another USD 0.7 million was used for educational programmes and seminars.

Refereeing Assistance Programme (RAP)

The Refereeing Assistance Programme includes several programmes to support the education of referees, for example, through various seminars and courses. The main cost drivers are refereeing courses for Futuro III, the member associations and the 2018 FIFA World Cup Russia. FIFA supported close to 300 courses and seminars during 2016.

Other projects

"Other projects" refers to investment in tailored programmes focused on developing specific areas within member associations. Programmes aimed at improving IT systems and building intellectual property were increased during 2016. Advice and consultancy to members on matters of governance and organisational structure are included here. There have been additional investments of USD 3.4 million under the FIFA Connect Programme as well as professional football services.

Women's football

FIFA supports 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.

Football for Hope

To harness the game's huge potential and support existing football-based community projects, Football for Hope aims to help improve the lives and prospects of young people around the world. It offers funding, equipment, and training

to organisations running such projects, and organises events for experts and young leaders so that they can meet, exchange ideas and learn from each other while sharing their experiences of working in this field. Efforts and activities with regard to the sustainability programme have been intensified, reflecting a total investment of USD 4.3 million in 2016.

Education

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

Medicine and Science

Football for Health includes various programmes in the medical field such as research, doping controls and the "FIFA 11 for Health" Programme. These programmes are implemented under the aegis of the FIFA Medicine and Science Department.

Solidarity projects

Member associations that were hit by natural disasters and disease outbreaks (earthquake, cyclone, etc.) received support from the programme.

Audit and financial education

Audit and financial education refers to costs incurred through the monitoring and control of development funds. It also extends to support in building financial management capabilities in member associations, focusing on increasing standards of transparency and accountability.

FAP/Goal/MA programmes

The Financial Assistance Programme provided USD 1 million over a four-year cycle to member associations for administrative and technical infrastructure. This funding was supported by a number of ad hoc programmes including *Goal*, *Challenger*, *Win-Win* and football management programmes. In 2016, *Goal* Programme projects related to previous years which had not yet been initiated were reclassified as Forward Programme projects.

FIFA World Football Museum

The FIFA World Football Museum started taking shape with the objective of celebrating football's rich heritage and showing how the game continues to connect and inspire the world. Housed on three floors and covering

approximately 3,000 square metres of exhibition space, the FIFA World Football Museum examines all aspects of the world of football. Included in the position "FIFA World Football Museum" are all related FIFA World Football Museum costs, except for depreciation and impairment of property and equipment and personnel expenses. The increase in expenses of USD 11.7 million in 2016 compared to 2015 is related to higher running costs of the FIFA World Football Museum.

Personnel expenses

Due to an increase in the headcount based on the opening of the FIFA World Football Museum in 2016,

personnel expenses increased compared to the previous year.

Depreciation and impairment of property and equipment

The increase in depreciation of property and equipment in 2016 is mainly driven by the recognition of the assets of the FIFA World Football Museum. Depreciation of these assets started in 2016, with the opening of the FIFA World Football Museum. Please refer to Note 18 Property and Equipment with regard to the impairment of the FIFA World Football Museum.

8 FOOTBALL GOVERNANCE

in TUSD	Represented	
	2016	2015
Football governance bodies and third-party services	13,443	18,509
Personnel expenses	16,894	15,567
Depreciation of property and equipment	1,416	1,590
Total Football Governance	31,753	35,666

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 costs of the above football governance bodies and third-party services comprise the costs of the judicial

committees (Ethics and Disciplinary), plus the costs of the Players' Status Committee as part of administrating player regulations. It also includes costs related to preventing match manipulation as part of the Early Warning System and players' status proceedings as part of the Transfer Matching System. Additionally, it includes expenses related to The International Football Association Board concerning the Laws of the Game of association football.

9 FIFA GOVERNANCE & ADMINISTRATION

in TUSD	2016	Represented 2015
Legal costs related to investigations	50,465	20,238
Annual FIFA Congress and committee meetings	27,028	20,620
Communications	26,050	32,639
Information technology	21,043	12,716
Buildings and maintenance	11,933	13,080
Legal costs	11,588	11,045
Personnel expenses	64,312	56,043
Other	20,781	20,108
Depreciation of property and equipment / investment properties	7,060	7,793
Impairment of investment properties	7,925	0
Total FIFA Governance & Administration	248,185	194,282

FIFA Governance & Administration comprises all costs related to the governance of FIFA itself. The costs were impacted by one-off costs in the total amounts of USD 69.7 million and USD 17.2 million in 2016 and 2015 respectively. Extraordinary items in 2016 include costs incurred in connection with legal investigations of USD 50.5 million (2015: USD 20.2 million), the Extraordinary FIFA Congress in Zurich of USD 7.9 million and HR severance payments of USD 3.4 million as well as USD 7.9 million in the impairment of the Hotel Ascot. There was also a positive impact in 2015 with regards to the release of employment benefit obligation of several former Executive Committee members of USD 3.0 million. The total personnel expenses for the FIFA Council in 2016 amounts USD 13.8 million (2015: USD 8.2 million).

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

The costs for the annual FIFA Congress and the meetings of the various committees comprise the costs incurred in connection with the Extraordinary FIFA Congress in Zurich and the 66th FIFA Congress in Mexico City. It also includes the costs of the meetings of the standing committees (except for the Players' Status Committee), the costs of travel and accommodation of committee members as well

as of the official delegates of the 211 member associations, the six confederations and guests for the FIFA Congress, which are paid by FIFA.

Costs related to information technology consist of costs incurred in creating and maintaining a functional IT system infrastructure. In 2016, additional investments were made in the Integrated Football and Event System (USD 2.8 million), while value-in-kind IT services had a positive effect on the 2015 figures in the amount of USD 3.4 million.

Other costs stem from administrative expenses comprising fees for audits (USD 3.1 million), insurance (USD 3.8 million), asset management (USD 1.3 million), transport- and travel-related costs (USD 2 million) and other administrative and consultancy-related costs. It includes costs of USD 1.1 million from the Executive Football Summits 2016. Meanwhile, 2015 was positively affected by lower value-in-kind expenses in comparison to 2016.

Personnel expenses include costs related to FIFA governance and administration employees as well as the FIFA Council (please refer to Note 28 for further details).

Impairment of investment properties refers to the impairment of the Hotel Ascot. For further information, please refer to Note 19 Investment Properties.

10 MARKETING & TV BROADCASTING

in TUSD	2016	Represented 2015
Broadcasting and media rights	9,739	10,630
Marketing rights	3,410	4,046
Licensing rights	2,154	2,577
Sales commission	720	720
Personnel expenses	10,397	9,848
Depreciation of property and equipment	1,485	1,668
Total Marketing & TV Broadcasting	27,905	29,489

The Marketing & TV Broadcasting expenses reflect the costs incurred by the FIFA Marketing & TV 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 related to agent fees for the 2015-2018 cycle was already paid in 2015. The costs have been capitalised to the extent that the amortisation in the following years from 2016 to 2018 matches the IFRS 15 revenue recognition pattern of the underlying FIFA Partner contract (see Note 17).

11 FINANCIAL COSTS

in TUSD	2016	Represented 2015
Interest expenses	1,479	1,710
Foreign currency losses	23,215	56,062
Loss from financial assets at fair value through profit or loss	2,947	14,367
Loss from held-to-maturity investments	1,656	90
Total finance costs	29,297	72,229

Foreign currency losses result mainly from the valuation of the net assets in foreign currencies such as CHF or EUR.

12 FINANCIAL INCOME

in TUSD	2016	Represented 2015
Interest income from loans and receivables	19,949	16,283
Income from held-to-maturity investments	13,521	14,011
Foreign currency gains	3,785	11,317
Income from financial assets at fair value through profit or loss	16,770	98,705
Total financial income	54,025	140,316

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

13 TAXES AND DUTIES

in TUSD	2016	2015
Taxes and duties	2,439	3,851
Total taxes and duties	2,439	3,851

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 association 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 2016	31 Dec 2015
Cash on hand, post and bank accounts	617,233	604,465
Call account and short-term deposits with maturities of up to 3 months	392,907	197,159
Total cash and cash equivalents	1,010,140	801,624

Restricted cash and cash equivalents amounted to USD 10.3 million in 2016.

15 RECEIVABLES

in TUSD	31 Dec 2016	31 Dec 2015
Receivables from Marketing & TV Broadcasting		
Due from third parties	159,702	194,820
Provision for bad debts	-205	-4,369
Total receivables from Marketing & TV Broadcasting	159,497	190,451
Other receivables		
Due from member associations and confederations	16,411	14,186
Due from third parties	29,520	36,340
Provision for bad debts	-1,441	-1,445
Total other receivables	44,490	49,081
Total receivables, net	203,987	239,532

The majority of the open receivables from the Marketing & TV Broadcasting relate to contractual payments from broadcasters and sponsors for the 2018 FIFA World Cup™, which are due in 2017.

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	2016	2015
Provision for bad debts		
Balance as at 1 January	5,814	4,390
Use	-4,372	-13
Additions	205	1,442
Foreign exchange effect	-1	-5
Balance as at 31 December	1,646	5,814

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

Ageing analysis of receivables

in TUSD	31 Dec 2016	31 Dec 2015
Not due	203,196	222,800
Overdue – less than 30 days	77	14,608
Overdue – less than 60 days	86	0
Overdue – more than 60 days	2,274	7,939
Total receivables	205,633	245,347

in TUSD	31 Dec 2016	31 Dec 2015
Overdue – less than 30 days	77	14,608
Overdue – less than 60 days	86	0
Overdue – more than 60 days	628	2,124
Total receivables due but not impaired	791	16,732

As at 31 December 2016, trade receivables of USD 0.8 million (2015: USD 16.7 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 2016	Restated 31 Dec 2015
Other accrued income	9,444	17,900
Prepaid expenses	61,832	44,300
Total current prepaid expenses and other accrued income	71,276	62,200
Prepaid expenses	251,088	136,100
Total non-current prepaid expenses	251,088	136,100

Non-current prepaid expenses primarily include deferred costs related to the 2018 FIFA World Cup Russia™,

which amounts to USD 251 million for 2016 and USD 136.1 million for 2015.

17 CONTRACT ASSETS

in TUSD	31 Dec 2016	31 Dec 2015
Contract assets	132,717	17,443
Contract acquisition costs	9,484	7,290
Total contract assets	142,201	24,733

Contract assets relate to FIFA's rights of consideration for services provided. In 2016 and 2015, 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	2016	2015
Contract assets at the beginning of the year	17,443	0
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	115,274	17,443
Contract assets as at 31 December	132,717	17,443

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 right 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	2016	2015
Contract cost assets at the beginning of the year	7,290	0
Costs to obtain a contract at 31 December	2,914	7,290
Amortisation recognised as cost of providing services during the period	-720	0
Contract cost assets as at 31 December	9,484	7,290

in TUSD	2016
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	3,258,891
Of which	
– Television broadcasting rights	2,008,154
– Marketing rights	890,787
– Licensing rights	189,950
– Hospitality rights	140,000
– Other revenues	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 2016, which are expected to be recognised in the cycles ending in 2022, 2026 and 2030 amount to USD 5'208 million. Contracted revenue will be recognised in line with the transfer of control over goods and services as described in Note E.

18 PROPERTY AND EQUIPMENT

in TUSD	Operational buildings	Buildings under construction	Land	Office and other equipment	Total
Cost					
Balance as at 1 January 2015	228,054	52,394	15,124	26,639	322,211
Additions	0	119,030	0	1,244	120,274
Foreign exchange effects	-1,432	0	0	0	-1,432
Balance as at 31 December 2015	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
Balance as at 31 December 2016	411,398	0	15,124	33,402	459,924
Accumulated depreciation					
Balance as at 1 January 2015	107,767	0	0	17,598	125,365
Depreciation	11,007	0	0	2,367	13,374
Foreign exchange effects	-1,432	0	0	802	-630
Balance as at 31 December 2015	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
Balance as at 31 December 2016	153,775	0	0	23,533	177,308
Net carrying amount					
As at 31 December 2015	109,280	171,424	15,124	7,116	302,944
As at 31 December 2016	257,623	0	15,124	9,869	282,616

The category "operational buildings" refers to the Home of FIFA, FIFA House and three other buildings in Zurich.

The FIFA World Football Museum was reclassified from "buildings under construction" to "operational buildings" and "office and other equipment" under an amount of USD 189.3 million as the related assets were capable of operating in the manner as intended.

The FIFA World Football Museum opened in February 2016 primarily with the objective of brand-building and education and FIFA's management has assessed that the museum

should not be considered a separate cash-generating unit (CGU) for the purposes of impairment testing along with the office space. Residential apartments have been identified as a separate CGU. In 2016, the impairment loss of USD 14.0 million represented the write-down of certain operational property of the FIFA World Football Museum, as a result of higher running costs as expected. This was recognised in the statement of comprehensive income under the line item "Development & Education". The recoverable amount was based on value in use calculation of net cash flows over 30 years, which are discounted with a factor of 2%.

19 INVESTMENT PROPERTIES

in TUSD	Total
Cost	
Balance as at 1 January 2015	27,135
Additions	0
Balance as at 31 December 2015	27,135
Additions	12,788
Balance as at 31 December 2016	39,923
Accumulated depreciation	
Balance as at 1 January 2015	247
Depreciation	988
Balance as at 31 December 2015	1,235
Depreciation	1,003
Impairment	7,925
Balance as at 31 December 2016	10,163
Net carrying amount	
As at 31 December 2015	25,900
As at 31 December 2016	29,760

On 28 October 2014, FIFA acquired the Hotel Ascot in Zurich, which is classified as an investment property. In 2016, the impairment loss of USD 7.9 million represented the write-down in the investment property of Hotel Ascot, as actual net cash flows are worse than expected. This was recognised in the statement of profit or loss under the line item "FIFA Governance & Administration". The valuation technique is based on discounted cash flows whereby the valuation model considers the present value of net cash flows to be generated from the property (value in use). The expected net cash flows are discounted using

a risk-adjusted discount rate for 2016 of 5.3%. Book value after impairment is representative for 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 2016, the carrying amount of the investment property is impaired to its recoverable amount. Rental income related to the Hotel Ascot amounts to USD 0.4 million in 2016 (2015: USD 1.4 million), whereas direct related costs incurred are USD 0.5 million (2015: USD 0.1 million).

20 FINANCIAL ASSETS

in TUSD	31 Dec 2016	31 Dec 2015
Debt securities	181,320	398,561
Deposits	450,684	306,692
Loans	2,000	0
Current financial assets	634,004	705,253
Debt securities	625,822	595,552
Deposits	72,750	75,068
Equity securities	1,379	1,075
Loans	9,500	13,500
Non-current financial assets	709,451	685,195
Total financial assets	1,343,455	1,390,448

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

21 PAYABLES

in TUSD	31 Dec 2016	31 Dec 2015
Due to member associations and confederations	16,456	19,762
Due to related parties	1,745	2,164
Due to third parties	55,467	39,726
Total payables	73,668	61,652

22 ACCRUED EXPENSES

in TUSD	31 Dec 2016	Restated 31 Dec 2015
Other FIFA events	25,235	50,307
Development programmes	397,737	256,899
Other accrued expenses	57,566	60,656
Total current accrued expenses	480,538	367,862
Other accrued expenses	73,220	75,791
Total non-current accrued expenses	73,220	75,791

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).

23 CONTRACT LIABILITIES

in TUSD	2016	2015
Current contract liability at the beginning of the year	688,434	0
Increase due to cash received and decrease as a result of changes in the measure of progress, change in estimate	549,166	612,064
Changes due to reclassification from deferred income	0	76,370
Current contract liability as at 31 December	1,237,600	688,434
Non-current contract liability at the beginning of the year	83,365	0
Increase due to cash received and decrease as a result of changes in the measure of progress, change in estimate	2,704	0
Changes due to reclassification from non-current deferred income	0	83,365
Non-current contract liability as at 31 December	86,069	83,365

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 goods or services to the customer.

24 PROVISIONS

in TUSD	2016	Represented 2015
Balance as at 1 January	261,998	15,593
Provisions made during the year	0	709
Provisions released during the year	0	-4,061
Provisions used during the year	0	-339
Reclassifications	0	250,096
Balance as at 31 December	261,998	261,998

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.

25 RESERVES

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 2016 in TUSD	Held for trading	Fair value - hedging instruments	Held-to-maturity	Loans and receivables	Financial liabilities at FV through P&L	Other financial liabilities	Total
Financial assets measured at fair value							
Derivative financial assets – swaps	17,377	0	0	0	0	0	17,377
Equity securities	1,379	0	0	0	0	0	1,379
Total	18,756	0	0	0	0	0	18,756
Financial assets not measured at fair value							
Cash and cash equivalents	0	0	0	1,010,140	0	0	1,010,140
Receivables	0	0	0	203,987	0	0	203,987
Deposits	0	0	0	523,434	0	0	523,434
Debt securities	0	0	807,142	0	0	0	807,142
Others	0	0	0	11,500	0	0	11,500
Total	0	0	807,142	1,749,061	0	0	2,556,203
Financial liabilities measured at fair value							
Derivative financial liabilities – swaps	0	0	0	0	2,713	0	2,713
Total	0	0	0	0	2,713	0	2,713
Financial liabilities not measured at fair value							
Payables	0	0	0	0	0	73,668	73,668
Total	0	0	0	0	0	73,668	73,668

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 2015 and 2016. 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
Financial assets measured at fair value				
Derivative financial assets – swaps	17,377		17,377	
Equity securities	1,379	1,379		
Total	18,756			
Financial assets not measured at fair value				
Cash and cash equivalents	1,010,140			
Receivables	203,987			
Deposits	523,434			
Debt securities	807,142	812,162		
Others	11,500			
Total	2,556,203			
Financial liabilities measured at fair value				
Derivative financial liabilities – swaps	2,713		2,713	
Total	2,713			
Financial liabilities not measured at fair value				
Payables	73,668			
Total	73,668			

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 level of the lowest level input that is significant to the entire measurement.

31 December 2015 in TUSD	Held for trading	Fair value - hedging instruments	Held-to-maturity	Loans and receivables	Financial liabilities at FV through P&L	Other financial liabilities	Total
Financial assets measured at fair value							
Derivative financial assets – swaps	32,845	0	0	0	0	0	32,845
Equity securities	1,075	0	0	0	0	0	1,075
Total	33,920	0	0	0	0	0	33,920
Financial assets not measured at fair value							
Cash and cash equivalents	0	0	0	801,624	0	0	801,624
Receivables	0	0	0	239,532	0	0	239,532
Deposits	0	0	0	381,760	0	0	381,760
Debt securities	0	0	994,113	0	0	0	994,113
Others	0	0	0	13,500	0	0	13,500
Total	0	0	994,113	1,436,416	0	0	2,430,529
Financial liabilities measured at fair value							
Derivative financial liabilities – swaps	0	0	0	0	1,813	0	1,813
Total	0	0	0	0	1,813	0	1,813
Financial liabilities not measured at fair value							
Payables	0	0	0	0	0	61,652	61,652
Total	0	0	0	0	0	61,652	61,652

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 2015 and 2016. 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 2015 in TUSD	Carrying amount	Fair value		
	Total	Level 1	Level 2	Level 3
Financial assets measured at fair value				
Derivative financial assets – swaps	32,845		32,845	
Equity securities	1,075	1,075		
Total	33,920			
Financial assets not measured at fair value				
Cash and cash equivalents	801,624			
Receivables	239,532			
Deposits	381,760			
Debt securities	994,113	998,853		
Others	13,500			
Total	2,430,529			
Financial liabilities measured at fair value				
Derivative financial liabilities – swaps	1,813		1,813	
Total	1,813			
Financial liabilities not measured at fair value				
Payables	61,652			
Total	61,652			

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 2016 and 31 December 2015, 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 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 forward currency exchange contracts and derivative products to hedge this exposure (see also Note 27).

As at 31 December 2016, FIFA is exposed to the following foreign exchange fluctuation risks:

- If the EUR had gained (lost) 10% against the USD as at 31 December 2016, the net result would have been USD 9.9 million higher (lower) (2015: USD 14.2 million).
- If the CHF had gained (lost) 10% against the USD as at 31 December 2016, the net result would have been USD 4.0 million higher (lower) (2015: USD 8.0 million).
- If the BRL had gained (lost) 10% against the USD as at 31 December 2016, the net result would have been USD 11.7 million higher (lower) (2015: USD 9.0 million higher).
- If the RUB had gained (lost) 10% against the USD as at 31 December 2016, the net result would have been USD 0.8 million higher (lower) (2015: USD 0.9 million).

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

Positions exposed to foreign currency risk as at 31 December 2016

in thousands	CHF	EUR	RUB	BRL
Cash and cash equivalents	54,485	104,934	529,646	374,121
Receivables	39,115	1,014	317	20,642
Financial assets	0	1	0	17
Total assets in foreign currency	93,600	105,949	529,963	394,780
Payables	52,332	11,677	47,537	15,264
Total liabilities in foreign currency	52,332	11,677	47,537	15,264
Net exposure in foreign currency	41,268	94,272	482,426	379,516

Positions exposed to foreign currency risk as at 31 December 2015

in thousands	CHF	EUR	RUB	BRL
Cash and cash equivalents	55,174	59,485	672,168	355,151
Receivables	37,297	32,919	0	0
Financial assets	8,793	39,957	0	0
Total assets in foreign currency	101,264	132,361	672,168	355,151
Payables	20,226	2,520	0	29
Total liabilities in foreign currency	20,226	2,520	0	29
Net exposure in foreign currency	81,038	129,841	672,168	355,122

Liquidity risk

As at 31 December 2016 and 31 December 2015, FIFA was fully self-financed. Additionally, FIFA has access to contractual or secured short-term credit facilities 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 2016.

Maturity of financial liabilities

in TUSD	31 December 2016			31 December 2015		
	90 days	1 year or less	More than a year	90 days	1 year or less	More than a year
Payables – MAs and confederations	0	16,456	0	0	19,762	0
Payables – third parties and related parties	57,212	0	0	41,890	0	0
Derivative financial liabilities	0	2,458	255	0	886	927
Total	57,212	18,914	255	41,890	20,648	927

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 and forwards to hedge the exposure on revenue from TV rights. Depending on expected needs based on the forecast, the revenue is converted into CHF. 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 2016 and 31 December 2015, there are no open hedging positions as FIFA does not apply hedge accounting.

Several financial investments were made in foreign currency in 2016. The foreign exchange risk has been hedged using swaps, forwards and options. The total notional value of the outstanding swaps, forwards and options as at 31 December 2016 amounts to USD 488 million (2015: USD 751 million). The derivative financial instruments are valued at fair market prices.

in TUSD	31 December 2016		31 December 2015	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Cash flow hedges				
– effective within the next year	0	0	0	0
Other derivative financial instruments				
– effective within the next year	7,249	2,458	25,765	886
– effective in the coming years	10,128	255	7,080	927
Total	17,377	2,713	32,845	1,813
Of which				
– recognised in hedging reserve	0	0	0	0

While the majority of derivative financial instruments will mature in 2017, 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	2016	Restated 2015
Wages and salaries	82,461	83,256
Social benefit costs	22,520	10,376
Other employee benefit costs	3,859	3,394
Other	17,102	10,184
Total personnel expenses	125,942	107,210
Of which		
– Competitions & Events	13,385	12,678
– Development & Education	20,954	13,074
– Football Governance	16,894	15,567
– FIFA Governance & Administration	64,312	56,043
– Marketing & TV Broadcasting	10,397	9,848

The personnel expenses for 2015 have been restated and now also include the personnel expenses of TMS, EWS and the FIFA Council.

Personnel expenses

The number of employees at the end of the year ending 31 December 2016 was 685 (2015: 582). The increase is specifically due to the opening of the FIFA World Football Museum in February 2016. Total personnel expenses increased mainly due to a one-time impact in 2015 of USD 9.6 million in the retirement benefit plan as the trustees of

the collective foundation to which FIFA is affiliated decided to reduce the conversion rate that is applied to the plan participants' savings upon retirement. As stated in Note 9, there also had been a positive impact in 2015 with regards to the release of employment benefit obligation of several FIFA Council members of USD 3.0 million.

Retirement plans

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

in TUSD	2016	Represented 2015
Retirement benefit plan for FIFA Council members	13,125	11,902
Retirement benefit plan for employees	74,477	53,723
Total post-employment benefit obligation	87,602	65,625

Retirement plan of FIFA Council members

An annual payment will be made to all long-serving FIFA Council members retiring. FIFA Council members receive compensation if they have served as a member of the Council for eight or more years. The compensation is limited to a maximum of the number of years that the member has served on the Council. Only FIFA Council members may benefit from this scheme. 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. The Compensation Sub-Committee cancelled such benefits for members of the FIFA Council who were provisionally or permanently banned by the Ethics Committee. The post-employment benefit obligation of the retirement plan related to FIFA Council members amounts to USD 13.1 million (2015: USD 11.9 million).

in TUSD	2016	2015
Balance as at 1 January	11,902	15,593
Service costs	1,318	–3,459
Interest expenses	115	107
Payments	–210	–339
Balance as at 31 December	13,125	11,902
Of which		
– Due to active members	7,866	6,557
– Due to pensioners	5,259	5,345

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 re-insured 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 2016

in TUSD	Present value of obligation	Fair value of plan assets	Net post-employment benefit obligation
At 1 January 2016	192,309	-138,586	53,723
Included in profit or loss:			
– 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
Total	9,285	3,787	13,072
Remeasurements included in comprehensive income:			
– 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
Total	17,432	-1,022	16,410
Contributions and benefits paid:			
– Plan participants	4,283	-4,283	0
– Employer	0	-8,727	-8,727
– Benefit payments	-7,276	7,276	0
Total	-2,993	-5,734	-8,727
At 31 December 2016	216,033	-141,555	74,478
Of which			
– Due to active members	200,027		
– Due to pensioners	16,005		

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.

The expected contributions to be paid by the employer into the plan for 2017 are USD 8.6 million.

In 2015, the Board of Trustees of the collective foundation to which FIFA is affiliated decided to reduce the conversion rate that is applied to the plan participants' savings upon retirement. As a result of this decision, a past service credit of USD 9.6 million was recognised in profit or loss.

Movement in the employees' post-employment benefit obligation over the year 2015

in TUSD	Present value of obligation	Fair value of plan assets	Net post- employment benefit obligation
At 1 January 2015	155,059	-117,987	37,072
Included in profit or loss:			
– Current service cost	11,844	0	11,844
– Plan amendments	-9,629	0	-9,629
– Interest expense / (income)	1,830	-1,409	421
– General administration costs	0	237	237
– Exchange differences	-1,168	656	-512
Total	2,877	-516	2,361
Remeasurements:			
– Return on plan assets, excluding interest income	0	-6,766	-6,766
– (Gain) / loss from change in financial assumptions	15,321	0	15,321
– Experience (gains) / losses	13,584	0	13,584
Total	28,905	-6,766	22,139
Contributions:			
– Plan participants	3,555	-3,555	0
– Employer	0	-7,849	-7,849
– Benefit payments	1,913	-1,913	0
Total	5,468	-13,317	-7,849
At 31 December 2015	192,309	-138,586	53,723
Of which			
– Due to active members	177,584		
– Due to pensioners	14,725		

Principal actuarial assumptions

	31 Dec 2016	31 Dec 2015
Discount rate	0.50%	0.70%
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 2010 mortality tables, which

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

	31 Dec 2016	31 Dec 2015
Longevity at age 63/62 for current pensioners:		
– male	24.15	23.36
– female	27.30	26.91
Longevity at age 63/62 for employees retiring 20 years after the end of the reporting period		
– male	26.03	25.14
– female	29.14	28.63

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%

Sensitivity of the employees' post-employment benefit obligation to changes in the weighted principal assumption at 31 December 2015

Impact on post-employment benefit obligations			
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease 4.94%	Increase 5.34%
Future salary increases	0.25%	Increase 0.35%	Decrease 0.34%
Future pension increases	0.25%	Increase 2.55%	Decrease 2.42%

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 15.27 years (2015: 14.19 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

Current investigations and legal risks

FIFA is currently exposed to a number of investigations being conducted by the US Department of Justice ("DOJ") and the Swiss Office of the Attorney General ("OAG").

Uncertainties and potential impact

The investigations by the Swiss and foreign authorities will continue for some time and may also still expand in scope.

Based on FIFA's current status as a victim in the investigations by the US authorities and based on its designation as a damaged party in the investigations conducted by the Swiss authorities, and given that FIFA intends to continue its path of full cooperation with the respective authorities 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 must be made at this time to the consolidated financial statements. The ongoing investigations will, however, continue to generate costs, which will be recognised as incurred.

The investigations are subject to a number of uncertainties whose possible effect on FIFA's operations and financial position cannot be fully determined at this time. Should the ongoing investigations result in legal action being taken against FIFA or otherwise adversely affect FIFA or its reputation, this could potentially impair FIFA's relationship with its business partners including sponsors or other third parties. It could also have a negative impact on FIFA's operational results and financial position, since a fundamental assumption in preparing the consolidated financial statements is FIFA's ability to reliably estimate the outcome of the 2018 FIFA World Cup™. The development of the current situation is carefully monitored on an ongoing basis.

FIFA has taken appropriate remedial and disciplinary actions and implemented the reforms adopted by the Extraordinary FIFA Congress on 26 February 2016.

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

As at 31 December 2016, FIFA had no capital commitments (2015: FIFA had no capital commitments).

31 OPERATING LEASES

in TUSD	Restated	
	31 Dec 2016	31 Dec 2015
Maturity 1 year	9,104	9,147
Maturity 1–5 years	35,870	34,600
Maturity > 5 years	214,155	215,914
Total	259,129	259,661

The operating leases for 2015 have been restated by disclosing total future minimum lease payments under non-cancellable operating leases.

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 2016, a total amount of USD 6.9 million (2015: USD 6.6 million) was recognised as an expense in the statement of profit or loss for operating

leases. FIFA has contracted a lease term for 30 years, 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

Identity of related parties

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 2016, short-term employee benefits for related parties amounted to USD 27.1 million (2015: USD 32.2 million), of which USD 2.7 million consists of termination benefits (2015: USD 0.2 million). In addition to these short-term employee benefits, FIFA contributes to defined post-

employment benefit plans. The pension expenses in 2016 amounted to USD 2.8 million (2015: USD -2.2 million, which was positively impacted by the release of employment benefit obligation of USD 3.0 million). In 2015, FIFA paid USD 6 million for the rendering of services by an entity controlled by a close family member of a person who was part of the key management personnel in 2015. FIFA has outstanding payables to related parties amounting to USD 1.7 million (2015: USD 2.0 million). Further disclosures and information are available in the FIFA Governance Report 2016.

33 CONSOLIDATED SUBSIDIARIES

	Location of incorporation	Activity	Ownership interest 2016	Ownership interest 2015
FIFA Museum AG	Zurich, Switzerland	Museum	100%	100%
FIFA Museum Gastronomie AG	Zurich, Switzerland	Gastronomy industry	100%	100%
FIFA Transfer Matching System GmbH	Zurich, Switzerland	Service company	100%	100%
FIFA Travel GmbH	Zurich, Switzerland	Travel agency	100%	100%
Early Warning System GmbH	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%	n/a
2018 FIFA World Cup Limited Liability Company	Moscow, Russia	Service company	100%	100%
FIFA Beach Soccer S.L.	Barcelona, Spain	Event management	70%	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.

34 POST-BALANCE-SHEET EVENTS

The Bureau of the FIFA Council authorised the issue of these consolidated financial statements on 30 March 2017. Up to this date, no other events have occurred since 31 December 2016 that would require any adjustment to the carrying amount of FIFA's assets and liabilities as at 31 December 2016 and/or disclosure.

The consolidated financial statements for 2016 will be submitted to the FIFA Congress for approval on 11 May 2017.



REPORT OF THE AUDITOR TO THE FIFA COUNCIL

Report on the audit of the consolidated financial statements

Opinion

On your instructions, we have audited the consolidated financial statements of Fédération Internationale de Football Association (FIFA) and its subsidiaries (the Group) for the year ended 31 December 2016, 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 46 to 102) give a true and fair view of the consolidated financial position of the Group as at 31 December 2016 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

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the

Our audit approach – Overview



Overall Group materiality: USD 8.9 million

We performed full scope audit work at the parent association (FIFA) in Switzerland. Our full scope audit addressed over 99% of the revenue, over 89% of the expenses and over 91% of the assets of the Group.

In addition, we performed specified procedures on assets held in two reporting units in Switzerland, addressing a further 6% of the Group’s assets.

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

- Addressing fraud risk
- Appropriateness and application of the new revenue recognition policy
- Accounting for the financial implications of ongoing investigations by Swiss and US authorities and other legal cases
- Testing for impairment and for onerous contracts relating to real estate

consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud. Our work in these areas is described in the “Key audit matters” section below.

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 principal objective is the constant improvement of football. Its 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 its operations are conducted by the parent association (FIFA). There are 15 other reporting units, including entities operating a museum and operating a hotel, which undertake specific activities.

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 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 because of the significant investments in the FIFA Museum building and on assets held by Hotel Ascot GmbH because of the potential impairment of this investment property.

This was PwC’s first-year audit of the consolidated financial statements of FIFA. Before accepting the audit mandate,

we ensured our independence as auditors. We update our independence assessment annually. To prepare for the audit, we met key management and other FIFA representatives in order to gain an understanding of FIFA’s activities, its complex or significant business arrangements and areas in which management applies judgement. These meetings also covered several matters described in the ‘Key audit matters’ section below. We also met the former auditor and reviewed its working papers to familiarise ourselves with the audit work performed and the controls relied on to issue an opinion, and to understand the evidence obtained relating to key areas of management judgement.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to obtain reasonable assurance whether 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.

On the basis of 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 8.9 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 implemented a new revenue recognition policy, which leads to an uneven recognition of annual income.

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, our risk assessment identified a high risk of fraud relating to the financial statements of FIFA and to underlying transactions. Our assessment was based on the allegations of misuse of funds by previous members of FIFA’s executive management, which are currently under investigation. We also took into account inappropriate activity in areas of the football industry that are outside FIFA’s control. These matters are widely known and also subject to investigations.</p> <p>Our preliminary assessment did not take into account the impact of the enhanced control procedures and reforms implemented by FIFA since 2015 and the widespread changes in senior management.</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, all members of senior management and the Audit and Compliance Committee Chairman. 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 idea of any instances of fraud or inappropriate behaviour that management became aware of as well as how these were dealt with.</p> <p>Through extensive discussions with management and other research, we deepened 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 specialists. These tests helped us identify and assess the risks of material misstatements in the financial statements due to fraud. 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"> • We verified for all significant new contracts and a sample of smaller new contracts signed in 2016 that the appropriate approval process and tendering process were adhered to. We checked the explanations for any exceptions to these processes.

- We tested expenditure incurred in 2016 relating to contracts signed by previous management for evidence that the contracted services were actually performed and that the service providers were remunerated in accordance with the signed contract.
- We interviewed the professional services firm engaged by FIFA to oversee the activities and procurement processes of the Russian Organising Committee for the 2018 FIFA World Cup™ 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 company's transactions to identify those involving potentially related parties. We ensured for these transactions that the underlying business rationales were appropriate, the transactions complied with FIFA regulations and they were properly approved.
- Further, our IT specialists used data analysis to identify unusual cash transactions in the 2016 financial year. We checked in detail the supporting documentation and approval of these transactions.
- We examined all elements of the remuneration of senior management and other related parties, focussing on obtaining evidence that the proper approval process was followed.

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 this regard as explained later in this report.

Appropriateness and application of the new revenue recognition policy

Key audit matter	How our audit addressed the key audit matter
<p>In the 2016 financial year, total revenue amounted to USD 501.7 million, comprising primarily event-related revenue. Event-related revenue was attributable to the sale of television broadcasting rights (USD 95.6 million), marketing rights (USD 114.6 million) and licensing rights (USD 204.5 million).</p> <p>FIFA has a four-year revenue cycle, which is dominated by the FIFA World Cup™. Consequently, FIFA usually signs major contracts for television broadcasting rights, marketing rights, licensing rights and hospitality rights for at least a full four-year cycle. The timing of revenue recognition for each revenue type and contract may differ considerably.</p> <p>FIFA decided to adopt early the International Financial Reporting Standard (IFRS) 15 'Revenue from contracts with customers' and has restated its comparative financial information accordingly. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised services to customers in an amount that reflects the consideration it expects in exchange for those services.</p> <p>There are three elements to this new standard that are critical to FIFA's revenue recognition:</p> <ol style="list-style-type: none"> 1) Recognise revenue over time or at a point in time; 2) Identify separate performance obligations (i.e. a promise to transfer a distinct service or series of distinct services) within the contracts to which revenue should be allocated; 3) Determine the value of each of the identified performance obligations. <p>We considered revenue recognition and the application of this new standard 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.</p> <p>For more detailed information on the new accounting policy regarding revenue recognition, including the assumptions, please refer to pages 57 to 58 in the</p>	<p>Due to FIFA's adoption of IFRS 15, we audited both the 2016 revenues and the restated 2015 revenues. FIFA, with the assistance of outside advisors, reviewed all the significant contracts concerned, prepared IFRS 15 accounting memoranda for each revenue type and presented for audit a proposed revenue recognition policy.</p> <p>With the support of our internal financial reporting specialists, we met with FIFA and its consultants regularly to discuss their findings and proposed decisions. FIFA's accounting memoranda were refined subsequently. The resulting policy and its application were deemed compliant with the new requirements. Where revenue was recognised over time, we paid particular attention to whether the contractual arrangements would meet the conditions required for revenue to be recognised over time.</p> <p>For a sample of contracts for each revenue stream, we performed the following:</p> <ul style="list-style-type: none"> • We independently identified and confirmed the performance obligations in the sampled contracts and compared them with management's proposals. • 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.

notes to the consolidated financial statements. For the disclosures concerning the restatement of the previous year's figures, please refer to pages 52 to 55 in the notes to the consolidated financial statements.

- We verified the accounting entries for the 2016 financial year and the restatement of figures for the 2015 financial year.

On the basis of the evidence we obtained, we concluded that the assumptions made and the judgements applied for the first-time implementation of 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	How our audit addressed the key audit matter
<p>FIFA is currently subject to investigations by the United States of America's Department of Justice and the Swiss Office of the Attorney General. FIFA has hired external law firms and engaged a professional services company to perform internal investigations on selected topics. Additionally, there are pending legal cases. The outcome of these ongoing investigations and legal cases is uncertain.</p> <p>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.</p> <p>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.</p> <p>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 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.</p>	<p>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 law firms used by FIFA and performed the following:</p> <ul style="list-style-type: none"> • 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 2016 consolidated financial statements. The lawyers' responses we obtained helped us challenge management's judgements regarding the recognition and measurement of a provision for fines, penalties or other payments of punitive character in the 2016 consolidated financial statements. <p>With respect to the investigations in the US and Switzerland, we received from the law firm involved a written response to our enquiry and met a representative of the firm to discuss the investigation. In addition, we read</p>

Further, there is a risk that these investigations and legal cases might lead to additional liabilities for FIFA, which are not reflected in the financial statements. Moreover, there is a risk that current investigations might significantly damage FIFA's reputation and potentially impair FIFA's relationships with important business partners.

the investigation reports of a professional services firm hired by the law firm to perform certain reviews in order to get an understanding of the potential impact on the consolidated 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.

Testing for impairment and for onerous contracts relating to real estate

Key audit matter	How our audit addressed the key audit matter
<p>In its consolidated financial statements, under fixed assets, FIFA records two properties for which we identified a risk of impairment or of overstated fair values as described below.</p> <p>a) FIFA Museum building – impairment and onerous contract exposures</p> <p>FIFA Museum AG (a subsidiary of FIFA) is the lessee of a property and it has invested in leasehold improvements to the building in the amount of USD 189.3 million. This building houses the FIFA World Football Museum along with office space used by FIFA and residential apartments sub-let by FIFA to third parties. Significant investments were made by FIFA to improve the leased property.</p> <p>The FIFA World Football Museum opened in February 2016. Its objective is to build the FIFA brand and provide an educational resource for the public. Management decided the Museum should not be considered a separate cash-generating unit (CGU) for impairment testing purposes. Together with the office space, the Museum is considered part of the head office operating assets, and thus part of the FIFA operating CGU. The residential apartments, on the other hand, were designated a separate CGU whose assets should be tested for impairment and which has entered into rental contracts that may be considered onerous.</p>	<p>a) FIFA Museum building – work performed</p> <p>Firstly, on the basis of our analysis of the cash flow sources, we confirmed that FIFA's identification of CGUs in the FIFA Museum building complied with financial reporting guidance.</p> <p>We obtained the breakdowns of the cost bases of the two CGUs, which comprise allocations of the rental costs and of the total cost of the improvements to the leased property. With the assistance of our real-estate specialists, we used data of current rents in Zurich and comparative data for building construction to assess the reasonableness of these allocations.</p> <p>With regard to testing for onerous contracts relating to the FIFA Museum building, we obtained from management the supporting documentation for the fair value and value-in-use calculations. With the assistance of our real-estate valuation specialists, we re-performed the calculations and verified the reasonableness of the key inputs and assumptions used, such as rental income, cost and discount rate.</p>

b) Impairment of Hotel Ascot

FIFA owns the Hotel Ascot, which is classified as an investment property and stated at cost less depreciation. The original cost, including improvements, amounted to USD 39.9 million. As the performance of the hotel, which is located in Zurich, is below expectations and the Zurich hotel sector overall is performing poorly, management identified indications of impairment and it proceeded to perform the required impairment assessment.

We consider this impairment assessment as a key audit matter as it requires the use of judgement and expert valuation techniques.

Please refer to note 18 "Property and equipment" and note 19 "Investment properties".

b) Hotel Ascot – work performed

We obtained a copy of an independent valuation of the hotel performed in 2015 and an updated internal valuation performed in 2016. With the assistance of our real-estate valuation specialists, we checked the logical consistency and mathematical correctness of the valuation model and assessed for reasonableness the key assumptions used by the model, such as the hotel's occupancy rate, cost by room and the discount rate.

On the basis of our work, we concluded that management's assumptions were reasonable and both properties (FIFA Museum building and Hotel Ascot) were appropriately accounted for in the financial statements.

Other matter

As described in note B, following the early adoption of IFRS 15, the comparative information for 2015 has been restated. The original financial statements of Fédération Internationale de Football Association (FIFA) for the year ended 31 December 2015 were audited by another firm of auditors whose report, dated 18 March 2016, expressed an unmodified opinion on those statements.

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 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.

We also provide the FIFA Council or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the FIFA Council or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, 30 March 2017

REPORTS TO THE FIFA CONGRESS

REPORT OF THE AUDITOR TO THE FIFA COUNCIL ON THE CONSOLIDATED FINANCIAL STATEMENTS 2016

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 2016 to 31 December 2016. 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 2016 financial statements through:

- Discussion of the financial statements during the meetings of the Audit and Compliance Committee held on 8 May 2016, 10 October 2016, 12 December 2016 and 28 March 2017 in the presence of the Secretary General and the external auditors;
- Examination of the audit reports of the external auditors;
- Examination of the 2016 Comprehensive Auditor's Report to the FIFA Council.

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 2016.

For the Audit and Compliance Committee



Tomaž Vesel
Chairman
Zurich, 28 March 2017

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