

Oceania Football Confederation Incorporated
Special Purpose Financial Reports
For the Year Ended 31st December 2013

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Oceania Football Confederation Incorporated

Directory

As at 31st December 2013

Purpose of Confederation

Oceania Football Confederation (OFC) is charged the task of servicing and administering football in the Oceania region while also using the game as a tool for social development.

Nature of Activities

OFC is the umbrella organisation of the national football associations within Oceania. OFC has 11 member associations which it supports financially and logistically through various programs.

Executive Committee

| | | |
|-----------------------|---|------------------|
| President | David Chung | Papua New Guinea |
| Senior Vice President | Martin Alufurai (to August 2013) | Solomon Islands |
| | Rajesh Patel (from November 2013) | Fiji |
| Vice President | Lee Harmon | Cook Islands |
| Executive Members | Alex Goldinet | American Samoa |
| | Frank Van Hattum | New Zealand |
| | Toetu Petana | Samoa |
| | Lord Ve'ehala | Tonga |
| | Lambert Matlock | Vanuatu |
| | Tai Nicholas | |
| General Secretary | Bank of New Zealand | |
| Bankers | | |
| Address | 12 Maurice Road, Mt Smart Penrose, Auckland 1061 New Zealand | |
| Auditor | Lynch Phibbs & Associates Level 5, 60 Parnell Road, Parnell, Auckland | |

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER ASSOCIATIONS OF OCEANIA FOOTBALL CONFEDERATION INCORPORATED

We have audited the special purpose financial report of Oceania Football Confederation Incorporated on pages 4 to 12 which comprise the statement of financial position as at 31 December 2013, the statement of financial performance, the statement of movements in accumulated funds, and a summary of significant accounting policies and other explanatory information.

Executive Committee's Responsibility for the Financial Statements

The Executive Committee are responsible for the preparation of the special purpose financial report that gives a fair view of the matters to which they relate and for such internal control as the Executive Committee determine is necessary to enable the preparation of a special purpose financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the special purpose financial report based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the special purpose financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates as well as evaluating the presentation of the special purpose financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We are also the auditors of OFC Commercial Limited a wholly owned subsidiary of Oceania Football Confederation Incorporated, however we do not believe this appointment impacts on our independence in any way. Other than in our capacity as auditor we have no other relationship with, or interest in, Oceania Football Confederation Incorporated.

Opinion

In our opinion, the special purpose financial report of Oceania Football Confederation Incorporated on pages 4 to 12 present fairly, in all material respects, the financial position of the Confederation as at 31 December 2013, and of its financial performance for the year then ended in accordance with the accounting policies which have been accepted by the Executive Committee as appropriate for the users of their special purpose financial report.

Emphasis of Matter

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to the note under the heading "Reporting Entity" on page 7, which describes the basis of accounting. The special purpose financial report is prepared to enable the Confederation to meet its statutory obligations of filing annual financial statements with the Registrar of Incorporated Societies and thus may not be suitable for any other purpose. Further, all members of the Executive Committee are representatives of the Member Associations who comprise the Confederation. Our report is intended solely for the use of the Member Associations and should not be distributed to parties other than the Member Associations.



Lynch Phibbs & Associates
14 May 2014
Parnell
AUCKLAND

Oceania Football Confederation Incorporated
Special Purpose Financial Reports
Statement of Financial Performance
For the Year ended 31st December 2013

| | Note | 2013 \$ | 2012 \$ |
|--------------------------------|------|----------------------|--------------------|
| INCOME | | | |
| FIFA - Grants | | 6,687,537 | 7,665,415 |
| FIFA - Grants Income | | 615,460 | 617,282 |
| Just Play - Grants | | 1,983,031 | 2,033,615 |
| Interest Received | | 38,737 | 101,543 |
| Rent Recovered | | 45,417 | 36,000 |
| Sponsorship Received | | 170,223 | 127,445 |
| TV Rights Income | | 214,595 | - |
| Recovered Income | 13 | 1,391,965 | - |
| Competitions Income | | 109,599 | - |
| Exchange Gain | | 39,920 | - |
| Sales of Just Play Kits | | 14,886 | - |
| Sundry Income | | 238,114 | 975,814 |
| Total Income | | 11,549,484 | 11,557,114 |
| Less Expenses | | | |
| Administrative Expenses | | 2,909,566 | 3,178,207 |
| Recoverable Expenses | | 1,391,965 | - |
| Depreciation | | 539,722 | 362,638 |
| Development Grants | | 2,761,576 | 3,508,953 |
| Media and Television | | 872,810 | 261,743 |
| Social Responsibility | | 1,135,529 | 889,051 |
| Technical | | 802,804 | 1,254,984 |
| Tournaments | | 1,943,595 | 2,271,662 |
| Win In Oceania 2013 | | 401,704 | - |
| Cost Of Sales | | 14,656 | - |
| Total Expenses | | 12,773,927 | 11,727,238 |
| NET OPERATING DEFICIT | | (\$1,224,443) | (\$170,124) |

NOTE: These Financial Statements must be read in conjunction with the accompanying Notes and Auditor's Report.



Oceania Football Confederation Incorporated
Special Purpose Financial Reports
Statement of Movements in Accumulated Funds
For the Year ended 31st December 2013

| | 2013 | 2012 |
|---|---------------------------|---------------------------|
| | \$ | \$ |
| ACCUMULATED FUNDS AT START OF PERIOD | 7,953,958 | 8,124,082 |
| Net Deficit for the Period | (1,224,443) | (170,124) |
| Total recognised revenues & expenses | <u>(1,224,443)</u> | <u>(170,124)</u> |
| ACCUMULATED FUNDS AT END OF PERIOD | <u><u>\$6,729,515</u></u> | <u><u>\$7,953,958</u></u> |

NOTE: These Financial Statements must be read in conjunction with the accompanying Notes and Auditor's Report.

Oceania Football Confederation Incorporated
Special Purpose Financial Reports
Statement of Financial Position As at 31st
December 2013

| | Note | 2013 \$ | 2012 \$ |
|-----------------------------------|------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| ANZ Bank Account | | 217 | 85,359 |
| Bank NCL | | 306,798 | 54,221 |
| BNZ Bank Account | | 1,931,679 | 359,978 |
| Cash in Hand | | 5,707 | 10,447 |
| GST Refund Due | 1(g) | 32,050 | 175,034 |
| Dues from Member Associations | 7(a) | 274,156 | 321,216 |
| Grants Receivable | 7(b) | - | 196,064 |
| Accounts Receivable / Prepayments | 7(c) | 1,746,810 | 1,333,746 |
| Inventory | | 270,291 | - |
| Total Current Assets | | <u>4,567,708</u> | <u>2,536,065</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant & equipment | 9 | 8,785,345 | 5,467,239 |
| OFC Commercial Ltd | | 927,046 | 670,617 |
| Dues from Member Associations | 8 | 735,534 | 615,781 |
| Investments | | | |
| OFC Commercial Ltd | 10 | 1,000,000 | 1,000,000 |
| Total Non-Current Assets | | <u>11,447,925</u> | <u>7,753,637</u> |
| TOTAL ASSETS | | <u>16,015,633</u> | <u>10,289,702</u> |
| CURRENT LIABILITIES | | | |
| Accounts Payable & Accruals | 11 | 1,512,533 | 1,450,194 |
| Grants Received in Advance | 11 | 192,509 | 249,550 |
| OFC Commercial Ltd | | - | - |
| Total Current Liabilities | | <u>1,705,042</u> | <u>1,699,744</u> |
| TERM LIABILITIES | | | |
| FIFA – Unsecured | 12 | 7,581,076 | 636,000 |
| TOTAL LIABILITIES | | <u>9,286,118</u> | <u>2,335,744</u> |
| NET ASSETS | | <u>\$6,729,515</u> | <u>\$7,953,958</u> |
| Represented by : | | | |
| FUNDS | | | |
| Retained Earnings | | 6,729,515 | 7,953,958 |
| TOTAL ACCUMULATED FUNDS | | <u>\$6,729,515</u> | <u>\$7,953,958</u> |

General Secretary
 Tai Nicholas



Head of Finance
 Richard Otter



NOTE: These Financial Statements must be read in conjunction with the accompanying Notes and Auditor's Report.

Oceania Football Confederation Incorporated

Statement of Accounting Policies and Notes to Special Purpose Financial Reports For the Year ended 31st December 2013

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Oceania Football Confederation Incorporated is an incorporated society registered under the Incorporated Societies Act 1908. These financial statements have been prepared as a special purpose financial report. All members of the Executive Committee are representatives of the Member Associations. These financial statements are prepared to enable the Confederation to meet its statutory obligations of filing annual financial statements with the Registrar of Incorporated Societies and thus may not be suitable for any other purpose. The Executive Committee is satisfied these financial statements meet the needs of FIFA and Member Associations.

Measurement Base

The measurement base adopted is that of historical cost. Reliance has been placed on the fact that the Confederation is a going concern. Accrual accounting is used to match expenses and revenues.

Specific Accounting Policies

The specific accounting policies adopted in the Special Purpose Financial Report and which have a significant effect on the results and financial position disclosed are:

(a) Revenue Recognition

Revenue is recognised when received, except FIFA, UEFA, and AUSAID revenues from funding are recognised when the related expenses, that the funding purpose was based, occur. Investment income is recognised on an accrual basis.

(i) Revenue

Interest income is recognised using the effective interest method.

(ii) Government Grants

Government grants are reported at their fair value where there is reasonable certainty that the grant will be received and all attaching conditions will be met.

(b) Foreign Currency

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. At balance date, foreign monetary assets and liabilities are translated at the closing rate, and exchange variations arising from these translations are recognised in the statement of financial performance.

(c) Operating Lease

The entity leases certain plant, office equipment, motor vehicles and land and buildings. Payments under operating leases are charged as expenses in the period in which they are incurred.

(d) Income Tax

The Confederation is a not for profit organisation and is exempt from income tax.

(e) Receivables

Accounts Receivable are stated at their expected realisable value.

Oceania Football Confederation Incorporated

Statement of Accounting Policies and Notes to Special Purpose Financial Reports For the Year ended 31st December 2013

(f) Investments

Investments are stated at cost.

(g) Goods & Services Tax

These financial statements have been prepared on a GST exclusive basis. All items in this statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST.

(h) Property, Plant & Equipment

All owned items of property, plant and equipment are initially recorded at cost and depreciated as outlined below. Initial cost includes the purchase consideration, and those costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

Subsequent expenditure to an item of property, plant or equipment is added to its gross carrying amount when such expenditure either increases the future economic benefits beyond its existing service potential, or is necessarily incurred to enable future economic benefits to be obtained.

Items of property, plant and equipment are written down immediately if impairment in the value of the asset causes its recoverable amount to fall below its carrying amount. The impairment is recognised in the statement of financial performance.

Where an item of property, plant and equipment is disposed of, the gain or loss recognised in the statement of financial performance is calculated as the difference between the net sale price and the carrying amount of the asset.

Depreciation is charged on assets on a straight line basis at the following rates:

| | |
|------------------------------|-------------|
| Buildings | 25 years |
| Office Furniture & Equipment | 3 - 5 years |
| Motor Vehicle | 5 years |
| Plant & Equipment | 5 years |

(i) Funding Grants Received

In accordance with OFC Statutes, the revenue and expenditure of OFC is to be managed so that they balance out over the financial period to which the funding relates.

Grants received in advance represent the granted funds that have not been spent for their designated purpose. These funds can be claimed back by FIFA, UEFFA, AUSAID and are consequentially shown as current liabilities.

Assets acquired from FIFA grants received are capitalised and included as grants spent.

(j) Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used in previous years.

Oceania Football Confederation Incorporated

Statement of Accounting Policies and Notes to Special Purpose Financial Reports For the Year ended 31st December 2013

2. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2012:\$0).

3. CAPITAL COMMITMENTS

At balance date the Confederation has no capital commitments (2012:\$0).

4. LICENSE TO OCCUPY

The Confederation has a License to occupy a building it owns, on a piece of land on Mt. Smart Recreation Reserve leased from Auckland City Council pursuant to an agreement dated 28 October 1998. The term of the license is for 20 years and may be renewed for a further similar term.

The annual license fee payable in advance monthly of \$12.00 per square meter of occupied land (2,377 sqm) and is currently subject to a review from the Council upon certain conditions being met.

5. HOME OF FOOTBALL PROJECT

In 2011 the Confederation entered into an agreement with the Orakei Local Board, Auckland Council, in respect to acquiring the use of land at Ngahue Reserve to allow the Confederation to establish a Home of Football facility and multisport precinct and associated training and administrative facilities.

As at 31 December 2013 OFC has spent NZ\$4,534,571 on the project, and stage 1 is expected to be completed by the end of June 2014.

FIFA has agreed to provide a term loan of US\$10,000,000 to help fund the project. A sum of \$7,581,076 had been drawn at balance date. The term loan is repayable over 4 years from 2015 to 2018. Instalments of US\$2,500,000 for each year during the 4 year period shall be automatically deducted from the FAP by FIFA. The loan is interest free.

6. RELATED PARTIES

Most of the transactions are related to member association and executive committee membership, and OFC (Commercial) Ltd being related party transactions.

The President, Senior Vice President, and all the Executive members except Frank Van Hattum are directors of OFC Commercial Ltd.

During the year, OFC undertook the following related party transactions:

- (a) Purchased stock value of \$284,947 from OFC Commercial Ltd
- (b) Transfer \$200,000 for operational cashflow funding.

Oceania Football Confederation Incorporated
Statement of Accounting Policies and Notes to
Special Purpose Financial Reports
For the Year ended 31st December 2013

| 7. TRADE AND OTHER RECEIVABLES | 2013 | 2012 |
|--|--------------------|--------------------|
| 7(a) Due from Member Associations | \$ | \$ |
| American Samoa | 27,573 | 17,539 |
| Cook Island | 144,225 | 90,655 |
| Fiji | 57,394 | 71,418 |
| New Zealand | - | - |
| Niue | 200 | 100 |
| Samoa | 20,100 | 59,963 |
| Tahiti | 1,087 | 629 |
| Tonga | 2,769 | 54,852 |
| Tuvalu | -200 | -200 |
| Vanuatu | 21,008 | 26,260 |
| Total | \$274,156 | \$321,216 |
| 7(b) Grants Receivable | | |
| FIFA | - | - |
| Others | - | 196,064 |
| Total | \$- | \$196,064 |
| 7(c) Accounts Receivable / Prepayments | | |
| Sundry Receivables | 1,384,413 | 1,196,006 |
| Prepayments | 143,860 | 111,329 |
| Accrued Income/Other Receivables | 218,537 | 26,411 |
| Total | \$1,746,810 | \$1,333,746 |
| 8. Dues from Member Associations (non-current Proportion) | 2013 | 2012 |
| | \$ | \$ |
| New Caledonia | 186,205 | 212,362 |
| Papua New Guinea | 154,952 | 174,952 |
| Solomon Islands | 394,377 | 228,467 |
| | 735,534 | 615,781 |

Oceania Football Confederation Incorporated
Statement of Accounting Policies and Notes to
Special Purpose Financial Reports
For the Year ended 31st December 2013

| 9. | Buildings | 2013 | 2012 |
|------------------------|--|-------------|-------------|
| | | \$ | \$ |
| | At cost | 5,231,573 | 5,102,523 |
| | Less accumulated depreciation | (1,761,718) | (1,491,679) |
| | | 3,469,855 | 3,610,844 |
| | Land Development (Home of Football) | | |
| | At cost | 4,534,571 | 977,682 |
| | Less accumulated depreciation | - | - |
| | | 4,534,571 | 977,682 |
| | Motor Vehicles | | |
| | At cost | 278,434 | 286,137 |
| | Less accumulated depreciation | (92,500) | (61,102) |
| | | 185,934 | 225,035 |
| | Furniture & Fittings | | |
| | At cost | 439,664 | 444,509 |
| | Less accumulated depreciation | (370,690) | (343,080) |
| | | 68,974 | 101,429 |
| | Office Equipment | | |
| | At cost | 783,074 | 676,552 |
| | Less accumulated depreciation | (325,344) | (185,705) |
| | | 457,730 | 490,847 |
| | Plant & Equipment | | |
| | At cost | 96,474 | 81,304 |
| | Less accumulated depreciation | (28,193) | (19,903) |
| | | 68,281 | 61,402 |
| | Total Property, Plant & Equipment | \$8,785,345 | \$5,467,239 |
| 10. INVESTMENTS | | | |
| | Unlisted Shares | | |
| | OFC Commercial Ltd | 1,000,000 | 1,000,000 |
| | | \$1,000,000 | \$1,000,000 |

The Confederation owns all the share capital in OFC Commercial Ltd comprising 1,000 ordinary shares (fully paid up).

OFC current policy is not to prepare consolidated financial statements.

Oceania Football Confederation Incorporated
Statement of Accounting Policies and Notes to
Special Purpose Financial Reports
For the Year ended 31st December 2013

| | 2013 | 2012 |
|--|--------------------|--------------------|
| 11. TRADE AND OTHER PAYABLES | | |
| Accounts Payable & Accruals | \$ | \$ |
| Sundry Creditors | 877,897 | 876,229 |
| Accounts Payable & Accruals | 634,636 | 573,412 |
| O-League Bond | - | - |
| Due to Member Associations | - | 553 |
| Total | \$1,512,533 | \$1,450,194 |
| Grants Received in Advance | | |
| FIFA - FAP | - | 64,143 |
| FIFA - WIO | - | 31,444 |
| FIFA - Ambassador Program | 75,084 | 75,084 |
| AUSAID | - | 5,268 |
| UEFA | - | 73,611 |
| PYASC | 117,425 | - |
| Total | \$192,509 | \$249,550 |

12. TERM LOAN

The term loan is from FIFA for "the Home for Football". The loan is carrying a nil interest rate (see more details under note 5).

13. RECOVERED INCOME & EXPENDITURE COMPARATIVE FIGURES

Comparative figures for recovered income and recoverable expense accounts are not available due to loss of data for the 2012 financial year. OFC server had a failure which resulted in a loss of data for the 2012 financial year. Due to incomplete comparative year data, actual recovered income and recoverable expense can't be used. Therefore, comparative figures cannot be calculated.