



**REPORT OF THE AUDITORS
AND COMBINED FINANCIAL
STATEMENTS, 2001-2004**

CHAPTER SEVEN



**R E P O R T O F T H E A U D I T O R S
A N D C O M B I N E D F I N A N C I A L S T A T E M E N T S**

I N D E X

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**N O T E S T O T H E C O M B I N E D F I N A N C I A L S T A T E M E N T S A T A N D F O R
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REPORT OF THE AUDITORS
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EXECUTIVE BOARD AND
SESSION OF THE
INTERNATIONAL OLYMPIC COMMITTEE
LAUSANNE

We have audited the accompanying combined financial statements of the International Olympic Committee as at December 31, 2004, comprising the statements of financial position as at that date, the related statements of activities, cash flows and changes in fund balances for the year then ended and the notes to the financial statements set out on pages 90 to 109. These combined financial statements are the responsibility of the Executive Board of the International Olympic Committee. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, these combined financial statements give a true and fair view of the financial position of the International Olympic Committee as of December 31, 2004, and of the results of its activities, cash flows and changes in fund balances for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers SA



F Roth



E Hamoir

Lausanne, 10 May 2005



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**COMBINED STATEMENTS OF FINANCIAL POSITION AT DECEMBER
31, 2004 AND 2003 (IN THOUSANDS OF U.S. DOLLARS)**

<u>ASSETS</u>	<u>NOTES</u>	<u>2004</u>	<u>2003</u>
UNRESTRICTED			
Current assets			
Cash and cash equivalents	4	374 281	233 172
Available-for-sale investments	5	122 335	16 955
Receivables and other current assets	6	108 617	114 405
		<u>605 233</u>	<u>364 532</u>
Non-current assets			
Financial assets	5	186 379	197 296
Goodwill	7	-	1 228
Tangible assets	8	109 879	101 995
		<u>296 258</u>	<u>300 519</u>
RESTRICTED			
Restricted bank deposits, available-for-sale investments and television broadcasting rights installments held in trust	9	135 035	368 151
Total assets		<u>1 036 526</u>	<u>1 033 202</u>
LIABILITIES AND FUND BALANCES			
Current liabilities			
Accounts payable and accrued expenses	10	127 581	184 465
Olympic Games related advances, guarantee deposits and deferred income, net	11	-	279 178
		<u>127 581</u>	<u>463 643</u>
Non-current liabilities			
Olympic Games related advances, guarantee deposits and deferred income, net	11	127 085	80 352
Earmarked funds	12	56 384	18 531
Retirement benefit obligations	13	147	916
		<u>183 616</u>	<u>99 799</u>
Fund balances			
Undesignated		502 080	368 659
Designated		159 388	64 143
Cumulative translation adjustments		63 861	36 958
		<u>725 329</u>	<u>469 760</u>
Total liabilities and fund balances		<u>1 036 526</u>	<u>1 033 202</u>



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**COMBINED STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED
DECEMBER 31, 2004 AND 2003 (IN THOUSANDS OF U.S. DOLLARS)**

	NOTES	2004		2003	
		Undesignated	Designated	Total	
REVENUES					
Television broadcasting rights	14	1 492 593	-	1 492 593	-
TOP program marketing rights	15	292 217	-	292 217	96 201
Other rights		51 148	-	51 148	4 563
Others		9 386	212	9 598	4 828
		<u>1 845 344</u>	<u>212</u>	<u>1 845 556</u>	<u>105 592</u>
EXPENDITURE					
Functional	16	<u>88 581</u>	<u>2 530</u>	<u>91 111</u>	<u>76 046</u>
Olympic Games related expenditure, subsidies and special projects					
Olympic Games related expenditure	17	68 326	-	68 326	-
Grants and subsidies		3 428	-	3 428	3 121
Funds earmarked for allocation	12	57 000	-	57 000	-
Olympic Solidarity program	18	-	38 685	38 685	45 502
Special projects		1 582	-	1 582	564
		<u>130 336</u>	<u>38 685</u>	<u>169 021</u>	<u>49 187</u>
Distribution of rights to OCOG, USOC and IF					
Television broadcasting	14	1 231 212	(135 625)	1 095 587	-
TOP program marketing	15	270 721	-	270 721	79 482
		<u>1 501 933</u>	<u>(135 625)</u>	<u>1 366 308</u>	<u>79 482</u>
Excess of revenues (expenditure) before financial items					
		124 494	94 622	219 116	(99 123)
Financial income, net	19	<u>8 927</u>	<u>623</u>	<u>9 550</u>	<u>24 982</u>
Excess of revenues (expenditure)		<u>133 421</u>	<u>95 245</u>	<u>228 666</u>	<u>(74 141)</u>



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**COMBINED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED
DECEMBER 31, 2004 AND 2003 (IN THOUSANDS OF U.S. DOLLARS)**

	<u>2004</u>	<u>2003</u>
Operating activities		
Excess of revenues (expenditure) before financial items	219 116	(99 123)
Adjustments for:		
- Excess of television broadcasting rights revenues over distribution	(397 006)	-
- Allocation to Earmarked funds	57 000	
- Release of Olympic Games related deferred income and expenditure, net	2 098	(583)
- Depreciation	8 925	7 915
- Foreign exchange differences	(6 782)	693
	<u>(116 649)</u>	<u>(91 098)</u>
Changes in:		
- Olympic Games related deferred income and expenditure, net	(177)	1 778
- Olympic Games related guarantee deposits, net	(5 247)	5 033
- Receivables and other current assets	1 320	(8 059)
- Accounts payable and accrued expenses	(56 884)	89 324
	<u>(60 988)</u>	<u>88 076</u>
TV Rights receipts and disbursements		
- Receipt of Olympic Games related advances	222 393	359 277
- Allocation of Olympic Games related advances	(54 506)	(176 460)
- Earmarked funds	(19 147)	(16 269)
- Changes in restricted bank deposit and television broadcasting rights	130 782	(85 517)
	<u>279 522</u>	<u>81 031</u>
Interest received	20 736	20 544
Interest paid	(810)	(591)
	<u>19 926</u>	<u>19 953</u>
Net cash generated by operating activities	<u>121 811</u>	<u>97 962</u>
Investing activities		
Investment in affiliated company	(273)	(3 933)
Purchase of fixed assets	(9 340)	(3 331)
Purchase of available-for-sale investments	(81 855)	(125 007)
Loan to the "House of Sport"	(3 204)	-
Repayment of Salt Lake City OCOG receivable	2 674	5 168
Proceeds from sales of available-for-sale investments	105 814	106 736
Net cash used in investing activities	<u>13 816</u>	<u>(20 367)</u>
Increase in cash and cash equivalents	<u>135 627</u>	<u>77 595</u>
Movement in cash and cash equivalents		
At start of year	233 172	153 046
Increase	135 627	77 595
Effects of exchange rate changes	5 482	2 531
At end of year	<u>374 281</u>	<u>233 172</u>



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**COMBINED STATEMENTS OF CHANGES IN FUNDS BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003
(IN THOUSANDS OF U.S. DOLLARS)**

	Undesignated funds	Designated funds	Cumulative translation adjustments	Total
Balance at January 1, 2003	396 312	110 631	12 687	519 630
Translation adjustment	-	-	24 271	24 271
Excess of expenditure recognized in statement of activities	(27 653)	(46 488)	-	(74 141)
Balance at December 31, 2003	368 659	64 143	36 958	469 760
Translation adjustment	-	-	26 903	26 903
Excess of revenues recognized in statement of activities	133 421	95 245	-	228 666
Balance at December 31, 2004	<u>502 080</u>	<u>159 388</u>	<u>63 861</u>	<u>725 329</u>



REPORT OF THE AUDITORS AND COMBINED FINANCIAL STATEMENTS

NOTES TO THE COMBINED FINANCIAL STATEMENTS AT AND FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

1. ACTIVITY

The International Olympic Committee (IOC), domiciled in Lausanne, Switzerland, is an international non-governmental non-profit organization in the form of an association. The mission of the IOC is to lead the Olympic Movement in accordance with the Olympic Charter. The Olympic Movement encompasses organizations, athletes and other persons who agree to be guided by the Olympic Charter, including, in addition to the IOC, the International Sports Federations (IFs), the National Olympic Committees (NOCs) and the Organizing Committees of the Olympic Games (OCOGs).

The Olympic Movement's revenues are largely generated from royalties on licensing television broadcasting rights for Olympic Games, as well as revenues from the commercial exploitation of the Olympic symbol and Olympic emblems. The allocation of the revenues between the organizations making up the Olympic Movement is generally contractually based in respect of the IOC, the USOC and the OCOGs, and in respect of the IFs, the NOCs and the OS negotiated on an ongoing basis with the IOC.

In addition to the activities of the IOC, these combined financial statements include the activities of the following organizations and programs:

- The Olympic Museum (OM), a foundation governed by the provisions of the Swiss Civil Code. It has been entrusted by the IOC with the task of depicting the history and development of the Olympic Movement and to associate the movement with art and culture for specialists and the public at large worldwide.
- The Olympic Foundation (OF), a foundation governed by the provisions of the Swiss Civil Code. It has been entrusted by the IOC to give support to the activities of the Olympic Movement notably in the areas of culture, education and sports.
- The Olympic Solidarity (OS), a program developed jointly by the IOC and the National Olympic Committees (NOCs). Its purpose is to assist the officially recognized NOCs, especially those most in need, to fulfill their mission and in making known the ideals of the Olympic Movement.
- The Meridian Management SA (MMSA), a company which manages the IOC's worldwide sponsorship program and all its other marketing activities, a fully owned subsidiary of the OF.



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- The Olympic Program (TOP), the IOC's worldwide sponsorship program which is managed by Meridian Management SA.
- The Olympic Broadcasting Services SA (OBS), a company that shall supply all services relating to the establishment and management of the Host Broadcasting function of the Olympic Games, and in which the OF holds a 99% shareholding. At December 31, 2004, the value of the minority interest amounted to US\$ 5 540 (US\$ 7 430 at December 31, 2003).
- The Olympic Games Knowledge Services OGKS SA (OGKS), a company which supports the IOC in the transfer of knowledge and expertise from one OCOG to another, and in which the OF holds a 100% shareholding. During the year, the IOC through the OF has paid US\$ 1 000 000 to the minority shareholder of OGKS. US\$ 109 000 was for the purchase of its 33% shareholding and US\$ 891 000 which was contractually due. At December 31, 2003, the value of the minority interest amounted to US\$ 111 000.

The activities of the OM, the OF, the OS, the MMSA, the TOP Program, the OBS and OGKS have been combined with those of the IOC (together, the IOC) on the basis of the fact that the latter has a majority shareholding or control of the Boards of each organization and of each program.

A 33.3% investment in La Maison du Sport International SA, Lausanne, held by the OF, is accounted for under the equity method of accounting.



2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation

The combined financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention except for available-for-sale investments and derivative financial instruments which are shown at fair value. Transactions and balances among the combined organizations and programs have been eliminated.

These combined financial statements will be approved by the Executive Committee of the IOC on July 4, 2005.

The amounts shown in these combined financial statements are presented in US dollars, in view of the international nature of the IOC's operations and due to the majority of its income being earned in that currency.

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Restricted assets represent advances received on television rights royalties and guarantee deposits made by OCOGs. Such funds are held in bank deposit accounts, available-for-sale investments or in trust.

Fund balances include designated funds which are set aside for the financing of the Olympic Solidarity program. The use of these funds is recognized on a cash basis.

B. Foreign currencies

The statements of activities of OM, OF; MMSA, OBS and OGKS which use the Swiss franc as their measurement currency have been translated in US dollars at average exchange rates for the year (US\$/CHF 1.24 for 2004 and US\$ 1.34 for 2003) and the statements of financial positions at the year-end exchange rates ruling at December 31 (US\$/CHF 1.13 for 2004 and US\$ 1.24 for 2003). Exchange differences arising from such translation have been taken to the statements of changes in fund balances.

Foreign currency income and expenditure are accounted at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of activities. Non-monetary items carried at historical cost denominated in a foreign currency are reported using the historical exchange rate at the date of the transaction.

C. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and unrestricted deposits held with banks with a maturity of up to three months.

D. Investments

The IOC classifies all of its investments into the available-for-sale category as they are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or changes in interest rates. Available-for-sale investments are included in non-current assets unless the intention is to hold the investment for less than 12 months from the statement of financial position date, in which case they are included in current assets.

All purchases and sales of investments are recognized at cost on the settlement date and are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the investments are included in the statement of activities in the period in which they arise.

E. Deferred income and expenditure

Income and expenditure relating to Olympic Games not yet held are deferred and recognized in the



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statement of activities upon successful completion of the Olympic Games. These include costs incurred on certain projects which provide benefits to a number of Olympic Games. Income and expenditure relating to the TOP program are deferred for items relating to future TOP four-year-programs. In addition, certain amounts relating to value in kind contributions received and payable to OCOGs under the TOP program are deferred and recognized in the year of the Olympic Games.

F. Goodwill

The excess of the cost of the acquisition of MMSA over the fair value of the identifiable net assets has been capitalised. Goodwill is amortised on a straight-line basis over its anticipated useful life, which in this case has been deemed to be two years.

G. Fixed assets

Buildings and building installations, leasehold improvements, furniture and equipment and information technology systems are stated at cost less accumulated depreciation. Depreciation is calculated on a straight line basis over the estimated useful life of the assets as follows:

Buildings	50 years
Building installations	25 years
Leasehold improvements, furniture and equipment	10 years
Information technology systems	5 years

Land and collections are stated at cost and are not depreciated.

New facilities and major renewals are capitalized; maintenance, repairs and minor renewals are charged to the statement of activities as incurred.

H. Pension obligations

The IOC operates a defined benefit pension plan for the IOC, OM, OS, MMSA and OGKS employees, the assets of which are held independently of the IOC's assets in a separate fund. The pension accounting costs of the plan are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the statement of activities so as to spread the regular cost over the service lives of the employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans on a regular basis. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability. All actuarial gains and losses are spread forward over the average remaining service lives of employees.



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I. Revenue recognition

Television broadcasting rights

Royalties from the licensing of television rights to broadcast Olympic Games are recognized on the successful completion of the respective Olympic Games. Installments received by the IOC prior to this date are deferred as they may be repayable, in whole or in part, to the television networks at any time up to the completion of the Games upon the occurrence, for any reasons, of one or several conditions specified in the agreements. Interest earned on the installments received are of the benefit of the IOC and are recorded as interest income currently.

The proceeds from television rights royalties are allocated between the IOC, OCOGs, IFs, NOCs and OS by decision of the IOC Executive Board upon the successful completion of the Olympic Games.

TOP rights

Revenues from TOP rights are partly received in cash, in which case they are recorded in the period the installments become due, and partly received in the form of goods or services (Value in Kind). Value in Kind is recognized for the USOC, the NOCs and the IOC on a linear basis during the period of the contract and in the year of the Games of the Olympiad or Olympic Winter Games for the OCOGs. Value in Kind revenues are recorded based on their underlying fair value. Fair value is considered to be the estimated market price obtainable between knowledgeable, willing parties in an arm's length transaction.

The TOP rights proceeds, net of related management fees, are allocated between the IOC, OCOGs and NOCs based on a standard formula agreed by the parties. Such distribution is recorded in line with the aforementioned policy with respect to the recognition of TOP rights.

Other rights

Other rights include revenues from the commercial exploitation of the Olympic symbol and Olympic emblems. The revenues represent the IOC's share of the OCOGs marketing programs, as well as income from other sponsorship, suppliership and licensing agreements. Revenues which are related to Olympic Games are deferred until the year the Olympic Games are held; other revenues are recorded in the period the installments become due. Part of these revenues is received in the form of goods or services (Value in Kind).

J. Financial income

Interest income is recognized on an effective yield basis, and dividend income is recognized when the right to receive payment is established.



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K. Income taxes

The IOC, the OF and the OM are exempt from paying income taxes. Income taxes due by MMSA, OGKS and OBS for the year ended December 31, 2004, are included in accounts payable and accrued expenses.

3. FINANCIAL RISK MANAGEMENT

1. Financial risk factors

The IOC's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. Its overall risk management programme seeks to minimise potential adverse effects on the activities of the IOC. The IOC uses derivative financial instruments such as foreign currency options, interest rate swaps, swaptions and forward contracts to cover certain exposures.

Risk management is carried out by the IOC treasury department under limits determined by the IOC financial management committee and the policies approved by the IOC Executive Committee.

a. Foreign exchange risk

The IOC is exposed to foreign exchange risks mainly because most of its revenues are generated in US dollars, whereas its functional expenditure is essentially Swiss franc based. Foreign currency option and forward contracts are used to reduce the related exposure. In addition, the IOC makes use of US dollar bank deposits which offer a superior interest rate compared to ordinary US dollar deposits but which include an embedded option to repay the deposit in Swiss francs rather than US dollars if, at the maturity of the deposit, the US dollar rate against the Swiss franc exceeds the strike price fixed at the inception of the deposit.

b. Interest rate risk

The IOC is exposed to interest rate risk through the impact of rate changes on interest bearing assets. These exposures are managed partly through the use of derivative financial instruments such as interest rate swaps and swaptions.

c. Credit risk

Substantially all of the IOC's revenues are generated from the licensing of television broadcasting rights and other rights. The IOC believes that all amounts due under such rights are fully collectible. The IOC has policies which limit the amount of credit and investment exposures. Cash is placed with, and derivative instruments are entered into with major Swiss banks. Investment securities represent



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notes issued by major corporations and government entities as well as investment fund units issued by major banks.

2. Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized in the statement of financial position at cost and subsequently are remeasured at their fair value. All fair value changes are recognized immediately in the statement of activities.

Certain financial instrument transactions provide effective economic hedges under the IOC's risk management policies, however, they do not qualify for hedge accounting under the specific rules in IAS 39. As a consequence, hedging instrument and the hedged item are reported independently as if there were no hedging relationship.

3. Fair value estimation

The fair value of publicly traded derivatives, and available-for-sale investments is based on quoted market prices at the statement of financial position date. The fair value of interest rate swaps and swaptions is calculated at the present value of the estimated future cash flows. The fair value of forward foreign exchange options and forward contracts is determined using forward exchange market rates at the statement of financial position date.



4. CASH AND CASH EQUIVALENTS

	2004	2003
	US\$ 000	US\$ 000
Cash at bank and in hand	11 982	25 405
Bank deposits		
- in US\$	358 968	192 247
- in Euros	543	13 560
- in Swiss francs	2 788	1 960
	<hr/>	<hr/>
Total cash and cash equivalent	<u>374 281</u>	<u>233 172</u>

All bank deposits are made through major Swiss banks. At December 31, 2004 and 2003, respectively, the weighted average interest rate was respectively 2.19% and 1.15% for US\$ deposits, 0.02% and 0.15% for Swiss franc deposits, 2.06% and 2.15% for Euro deposits.

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5. FINANCIAL ASSETS

	2004	2003
	US\$ 000	US\$ 000
Shareholding in Beijing Olympic Broadcasting Co. Ltd	273	-
Loan to the International House of Sport	3 204	-
Available-for-sale investments	182 902	197 296
	<u>186 379</u>	<u>197 296</u>

In relation with the preparation of the Games of the XXIX Olympiad, OBS SA has invested an amount of Euro 200 000 in an entity called Beijing Olympic Broadcasting Co. Ltd. This not for profit entity was created jointly with the Beijing Organizing Committee. This investment does not give the right to the payment of any dividend or surplus nor any financial responsibility over and above the amount invested.

MOVEMENT IN AVAILABLE-FOR-SALE INVESTMENTS

	2004	2003
	US\$ 000	US\$ 000
Opening net book amount	316 585	277 764
Integration of MMSA	-	335
Additions	81 855	125 007
Disposals	(105 701)	(106 336)
Exchange differences	8 990	19 312
Increase in market value	3 508	503
Closing net book amount	<u>305 237</u>	<u>316 585</u>
Current	122 335	16 955
Non-current	182 902	197 296
Restricted (see note 9)	-	102 334
	<u>305 237</u>	<u>316 585</u>



Available-for-sale investments mainly consist of fixed and floating rate bonds and investment fund units, including equity funds, which are carried at market value. Market value is calculated by reference to Stock Exchange quoted selling prices and published investment fund unit prices at the close of business on the statement of financial position date.

At December 31, 2004 and 2003, bonds amounting to US\$ 56 281 306 and US\$ 80 823 278 respectively are subject to a security lending convention with a major Swiss bank. In addition, a further amount of US\$ 8 835 483, respectively US\$ 8 049 585, were pledged in favour of the same institution to guarantee a line of credit.

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6. RECEIVABLES AND OTHER CURRENT ASSETS

	2004	2003
	US\$ 000	US\$ 000
Rights income receivable	29 137	12 001
Recoverable withholding taxes and VAT	19 261	3 534
Advances on acquisition of TOP technology partner net of rights invoiced	83	3 571
Advances to TOP technology partner on behalf of Athens, Turin and Beijing OCOG	37 198	21 785
Receivable from Salt Lake City OCOG	-	2 674
Receivable from Athens OCOG	-	34 464
Receivable from Turin OCOG	2 996	2 424
Receivable from Beijing OCOG	5 579	5 423
Receivable from Vancouver OCOG	67	91
Other receivables	7 538	8 147
Accrued interests receivable	5 097	6 454
Prepaid expenses and advances	801	12 881
Olympic souvenirs and awards	860	956
	<hr/>	<hr/>
Total receivables and other current assets	<u>108 617</u>	<u>114 405</u>



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7. GOODWILL

	US\$ 000
Goodwill arising from acquisition of MMSA	2 456
Amortisation 2003 (See note 16)	(1 228)
December 31, 2003	1 228
Amortisation 2004 (See note 16)	(1 228)
December 31, 2004	-

Effective 1st April 2003, the IOC acquired the remaining 75% of MMSA through the acquisition of its holding company WSP Holding Sarl, thereby providing the IOC with 100% ownership of MMSA.

Details of net assets acquired and goodwill are as follows

	US\$ 000
Purchase consideration in cash	5 651
Fair value of net assets acquired	(3 195)
Goodwill	2 456

The fair value of the assets and liabilities arising from the acquisition are as follows:

	US\$ 000
Cash and cash equivalents	1 718
Available-for-sale investments (note 5)	335
Accounts receivable	1 308
Prepaid expenses	2 500
Accounts payable	(2 666)
Fair value of net assets acquired	3 195

The cash outflow on acquisition was as follows:

	US\$ 000
Purchase consideration in cash	5 651
Cash and cash equivalents acquired	(1 718)
Cash outflow on acquisition	3 933



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8. FIXED ASSETS

	Land, buildings and building installations US\$ 000	Leasehold improvements, furniture and equipment US\$ 000	Information technology systems US\$ 000	Collections US\$ 000	Total US\$ 000
Year ended December 31, 2003					
Opening net book amount	69 229	9 186	4 439	15 464	98 318
Exchange differences	3 338	3 632	47	16	7 033
Additions / Disposals, net	-	973	1 743	615	3 331
Depreciation charge	(1 468)	(3 066)	(2 153)	-	(6 687)
Closing net book amount	<u>71 099</u>	<u>10 725</u>	<u>4 076</u>	<u>16 095</u>	<u>101 995</u>
At December 31, 2003					
Cost	74 167	43 284	19 584	16 090	153 125
Exchange differences	12 142	3 293	39	5	15 479
Accumulated depreciation	(15 210)	(35 852)	(15 547)	-	(66 609)
Net book amount	<u>71 099</u>	<u>10 725</u>	<u>4 076</u>	<u>16 095</u>	<u>101 995</u>
Year ended December 31, 2004					
Opening net book amount	71 099	10 725	4 076	16 095	101 995
Exchange differences	5 201	1 003	34	3	6 241
Additions / Disposals, net	-	4 127	471	4 742	9 340
Depreciation charge	(1 660)	(5 089)	(934)	(14)	(7 697)
Closing net book amount	<u>74 640</u>	<u>10 766</u>	<u>3 647</u>	<u>20 826</u>	<u>109 879</u>
At December 31, 2004					
Cost	74 167	44 725	20 055	20 832	159 779
Exchange differences	17 343	4 296	73	8	21 720
Accumulated depreciation	(16 870)	(38 255)	(16 481)	(14)	(71 620)
Net book amount	<u>74 640</u>	<u>10 766</u>	<u>3 647</u>	<u>20 826</u>	<u>109 879</u>



The IOC is the beneficiary of a free lease of the land on which the Olympic House in Vidy is built and of the Château de Vidy, which has been granted by the City of Lausanne and which expires in 2083. The free lease has not been reflected in the value of the fixed assets.

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9. RESTRICTED BANK DEPOSITS AND TELEVISION AVAILABLE-FOR-SALE INVESTMENTS AND TELEVISION BROADCASTING RIGHTS INSTALLMENTS HELD IN TRUST

	2004	2003
	US\$ 000	US\$ 000
Restricted bank deposits	67 839	143 014
Television broadcasting rights installments held in trust	67 196	122 803
Available-for-sale investments (see note 5)	-	102 334
	135 035	368 151

Total restricted bank deposits, available-for-sale investments and television broadcasting rights held in trust

Restricted bank deposits mainly consist of fixed rate bank deposits made principally in US dollars through major Swiss banks for which book value approximate their fair value because of the relatively short maturity turns.

At December 31, 2004 and 2003, the weighted average interest rates on the restricted bank deposits were 2.19% and 1.15% and on television broadcasting rights installments 2.171% and 2.185%, respectively.



10. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	2004	2003
	US\$ 000	US\$ 000
Rights income to be redistributed	41 064	2 501
Payable to Athens OCOG	19 089	127 940
Payable to Turin OCOG	22 084	13 777
Payable to Beijing OCOG	70	49
Other payables	31 311	21 750
Accrued expenses	13 963	18 448
	127 581	184 465

Total accounts payable and accrued expenses

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**11. OLYMPIC GAMES RELATED ADVANCES,
GUARANTEE DEPOSITS AND DEFERRED INCOME, NET**

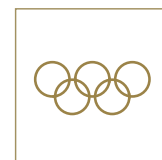
2003	2004 Olympic Games			2006 Olympic Winter Games			2008 Olympic Games		
	Beginning of year	Movement of the year	End of year	Beginning of year	Movement of the year	End of year	Beginning of year	Movement of the year	End of year
	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Advances on TV Rights	301 090	295 165	596 255	92 098	46 653	138 751	14 767	-	14 767
Less TV Rights allocated to OCOGs	(147 534)	(144 631)	(292 165)	(45 128)	(22 860)	(67 988)	(6 497)	-	(6 497)
Less TV Rights allocated to USOC	(20 234)	(5 058)	(25 292)	(11 731)	(3 911)	(15 642)	-	-	-
Advances, net	133 322	145 476	278 798	35 239	19 882	55 121	8 270	-	8 270
Deferred Income	3 982	7 474	11 456	-	111	111	-	-	-
Deferred Expenditure	(11 474)	(4 891)	(16 365)	(2 589)	(467)	(3 056)	(1 897)	(449)	(2 346)
Guarantee Deposit	1 278	4 011	5 289	1 156	9	1 165	1 035	8	1 043
Total									
2004	2004 Olympic Games			2006 Olympic Winter Games			2008 Olympic Games		
	Beginning of year	Movement of the year	End of year	Beginning of year	Movement of the year	End of year	Beginning of year	Movement of the year	End of year
	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Advances on TV Rights	596 255	(596 255)	-	138 751	75 120	213 871	14 767	22 327	37 094
Less TV Rights allocated to OCOGs	(292 165)	292 165	-	(67 988)	(36 809)	(104 797)	(6 497)	(10 940)	(17 437)
Less TV Rights allocated to USOC	(25 292)	25 292	-	(15 642)	(3 910)	(19 552)	-	(2 847)	(2 847)
Advances, net	278 798	(278 798)	-	55 121	34 401	89 522	8 270	8 540	16 810
Deferred Income	11 456	(11 456)	-	111	226	337	-	2 456	2 456
Deferred Expenditure	(16 365)	16 365	-	(3 056)	(1 382)	(4 438)	(2 346)	(4 672)	(7 018)
Guarantee Deposit	5 289	(5 289)	-	1 165	15	1 180	1 043	14	1 057
Total									



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2010 Olympic Winter Games			2012 Olympic Games			Total end of year	Current portion	Non- current portion
Beginning of year	Movement of the year	End of year	Beginning of year	Movement of the year	End of year			
US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
-	7 155	7 155	-	10 304	10 304	767 232	596 255	170 977
-	-	-	-	-	-	(366 650)	(292 165)	(74 485)
-	-	-	-	-	-	(40 934)	(25 292)	(15 642)
-	7 155	7 155	-	10 304	10 304	359 648	278 798	80 850
2 163	412	2 575	-	1 200	1 200	15 342	11 456	3 886
-	(1 909)	(1 909)	-	(286)	(286)	(23 962)	(16 365)	(7 597)
-	1 005	1 005	-	-	-	8 502	5 289	3 213
							279 178	80 352

2010 Olympic Winter Games			2012 Olympic Games			Total end of year	Current portion	Non- current portion
Beginning of year	Movement of the year	End of year	Beginning of year	Movement of the year	End of year			
US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000	US\$ 000
7 155	1 573	8 728	10 304	5 165	15 469	275 162	-	275 162
-	-	-	-	-	-	(122 234)	-	(122 234)
-	-	-	-	-	-	(22 399)	-	(22 399)
7 155	1 573	8 728	10 304	5 165	15 469	130 529	-	130 529
2 575	-	2 575	1 200	2 500	3 700	9 068	-	9 068
(1 909)	(653)	(2 562)	(286)	(1 463)	(1 749)	(15 767)	-	(15 767)
1 005	13	1 018	-	-	-	3 255	-	3 255
							-	127 085



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12. EARMARKED FUNDS

This account consists of the unused balance of funds earmarked for allocation to organizations of the Olympic Movement. Transactions recorded during 2004 and 2003 are as follows:

	2004 US\$ 000	2003 US\$ 000
Balance at January 1	18 531	34 800
Funds earmarked for allocation to organizations of the Olympic Movement	57 000	-
Allocation to and funds expensed on behalf of the World Anti-Doping Agency	(10 226)	(8 093)
Allocation to the International Council of Arbitration of Sports	(3 169)	(2 444)
IOC / IFs solidarity program	(1 500)	(1 500)
Financial assistance to other organizations of the Olympic Movement	(4 252)	(4 232)
Balance at December 31	<u>56 384</u>	<u>18 531</u>

13. STAFF COSTS

	2004 US\$ 000	2003 US\$ 000
Salaries	38 297	31 432
Social security costs	5 506	4 413
Pension costs – defined benefit plan	1 785	1 974
Total staff costs (note 16)	<u>45 588</u>	<u>37 819</u>
Average number of persons employed	<u>307</u>	<u>297</u>

DEFINED BENEFIT PENSION PLAN

The IOC's pension scheme covers substantially all employees. The scheme was valued by independent actuaries using the projected unit credit method as at December 31, 2002.

The amounts recognized in the statement of activities are as follows:

	2004 US\$ 000	2003 US\$ 000
Current service cost	3 653	3 256
Interest cost on projected benefit obligations	882	659
Expected return on plan assets	(1 165)	(862)
Net amortization	57	-
Employee contribution	(1 642)	(1 079)
Total net periodic pension cost, included in staff costs, as above	<u>1 785</u>	<u>1 974</u>



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The actual return of plan assets was a loss of US\$ 647 000 in 2004 and a gain of US\$ 1 596 000 in 2003.

The following table sets forth the status of the pension plan and the amounts recognized in the statement of financial position at December 31, 2004 and 2003:

	2004 US\$ 000	2003 US\$ 000
Projected benefit obligations	30 241	23 508
Fair value of plan assets	(30 446)	(25 867)
	<u>(205)</u>	<u>(2 359)</u>
Unrecognized net gains	352	3 275
Retirement benefit obligations recognized in the statement of financial position	<u>147</u>	<u>916</u>

Movement in the liability recognized in the statement of financial position:

	2004 US\$ 000	2003 US\$ 000
At beginning of year	916	1 017
Total expense as above	1 785	1 974
Contribution paid	(2 568)	(2 364)
Exchange difference	14	289
	<u>147</u>	<u>916</u>
Retirement benefit obligations recognized in the statement of financial position	<u>147</u>	<u>916</u>



The assumptions used for the calculations are the following:

	2004	2003
Discount rate used in determining present values	3.3%	3.8%
Annual rate of increase in future compensation levels	1.3%	1.3%
Expected rate of future increases in pension benefits	0.5%	0.5%
Expected long-term rate of return on plan assets	3.8%	4.5%

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14. TELEVISION BROADCASTING RIGHTS REVENUES AND DISTRIBUTION

	2004	2003
Source of rights revenues by continent	US\$ 000	US\$ 000
America	850 084	-
Europe	394 000	-
Africa	11 500	-
Asia	194 750	-
Oceania	42 259	-
Total revenues from television broadcasting rights	<u>1 492 593</u>	<u>-</u>

Use and distribution of revenues:

Insurance premium for Games cancellation	7 424	-
Organizing Committee of the Games of the XXVIIIth Olympiad	733 277	-
United States Olympic Committee	101 169	-
Special Marketing remuneration to International Federations	118 092	-
International Federations	135 625	-
Use and distribution of television broadcasting rights to OCOG, USOC and IF	<u>1 095 587</u>	<u>-</u>
Allocation to OS	135 625	-
	<u>1 231 212</u>	<u>-</u>

15. TOP PROGRAM MARKETING RIGHTS

	2004	2003
	US\$ 000	US\$ 000
Total revenues from the TOP marketing program	<u>292 217</u>	<u>96 201</u>

Use and distribution of revenues:

Organizing Committees of the Games of the Olympiad and of the Olympic Winter Games	221 551	33 803
United States Olympic Committee	23 606	22 272
National Olympic Committees	30 462	23 102
Other program costs	276	305
Reallocation of excess provision for Management Fees and Interest income	(5 174)	-
	<u>270 721</u>	<u>79 482</u>



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16. FUNCTIONAL EXPENDITURE

	2004	2003
	US\$ 000	US\$ 000
Salaries and social charges	45 588	37 819
Press, publications and public relations	3 502	3 373
External services	10 033	8 952
Session, commission and mission expenses	5 438	4 670
Transport, travel and residence expenses	3 950	3 873
Maintenance and supplies	13 675	9 444
Depreciation	7 697	6 687
Amortisation of goodwill (see note 7)	1 228	1 228
	<u>91 111</u>	<u>76 046</u>

17. OLYMPIC GAMES RELATED EXPENDITURE

	2004	2003
	US\$ 000	US\$ 000
Expenditure in relation with the XXVIIIth Games of the Olympiad		
Candidacy, Evaluation Commission and Coordination Commission costs	6 877	-
Technology: ORIS project and systems homologation and testing	7 844	-
IOC Athens operations	6 306	-
Subsidies to NOCs including grants for travel, equipment and athletes	24 015	-
IF judges and referees and other IF costs	7 113	-
Contribution to anti-doping program	2 388	-
Knowledge transfer program (TOK)	795	-
Marketing Program	3 970	-
Olympic Movement Promotional Campaign	2 013	-
Donation to a Greek Foundation responsible for preserving the heritage of the Athens Olympic Games	5 000	-
Other	2 005	-
	<u>68 326</u>	<u>-</u>



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18. OLYMPIC SOLIDARITY PROGRAM

	2004	2003
	US\$ 000	US\$ 000
Previous years' program	<u>5 015</u>	<u>4 429</u>
Current year program		
Program managed by continental associations	<u>15 721</u>	<u>15 885</u>
World Program managed centrally by Olympic Solidarity		
- Scholarships for athletes	5 448	8 312
- Regional & Continental Games – NOC preparation	143	3 528
- Youth development program	1 648	1 537
- Technical courses	2 003	1 911
- Scholarships for coaches	1 117	954
- Development of national coaching structure	704	581
- NOC infrastructure	4 020	4 375
- Sports administrators program	263	484
- High level education for sports administrators	324	556
- NOC management consultancy	148	70
- Sports medicine	394	294
- Sports & Environment	110	144
- Women & Sport	175	413
- International Olympic Academy	498	666
- Sport for All	401	334
- Culture & Education	475	111
- NOC Legacy	230	162
	<u>18 101</u>	<u>24 432</u>
Forums	<u>(152)</u>	<u>756</u>
Total current year program	<u>33 670</u>	<u>41 073</u>
Total current and prior years' program costs	<u>38 685</u>	<u>45 502</u>



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19. FINANCIAL INCOME, NET

	2004	2003
	US\$ 000	US\$ 000
Interest income	19 379	18 790
Interest expense	(810)	(591)
Fair value losses on available-for-sale investments, net	2 907	1 150
Gains (losses) on sale of available-for-sale investments, net	113	(247)
Net foreign exchange gains (losses), net	(12 039)	5 880
	<hr/>	<hr/>
Total finance income, net	9 550	24 982
	<hr/>	<hr/>

20. RELATED PARTY TRANSACTIONS

Transactions and balances with other organizations of the Olympic Movement are disclosed elsewhere in these financial statements. The members, the President and the Executive Board of the IOC are not remunerated by the IOC. However, the IOC covers all expenses related to the execution of their functions, in particular travel, hotel and meal expenses and a daily allowance for out-of-pocket expenses. These costs are included in session, commission and mission expenses in the statement of activities. In addition, the IOC covers the cost of the President's residence expenses (room rent, living expenses, residence taxes, insurance) which amounted to US\$ 397 000 (CHF 492 955) in 2004 and US\$ 363 000 (CHF 485 839) in 2003 as well as the same costs for the Honorary President for Life which amounted to US\$ 174 000 (CHF 216 056) in 2004 and US\$ 105 000 (CHF 140 532) in 2003 and which are included in the statement of activities under transport, travel and residence expenses.

