



**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

R E P O R T O F A U D I T O R S P A G E 8 5

**C O M B I N E D S T A T E M E N T S O F F I N A N C I A L P O S I T I O N A T D E C E M B E R
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**C O M B I N E D S T A T E M E N T S O F A C T I V I T I E S F O R T H E Y E A R S E N D E D
D E C E M B E R 3 1, 2 0 0 4 A N D 2 0 0 3 P A G E 8 7**

**C O M B I N E D S T A T E M E N T S O F C A S H F L O W S F O R T H E Y E A R S
E N D E D D E C E M B E R 3 1, 2 0 0 4 A N D 2 0 0 3 P A G E 8 8**

**C O M B I N E D S T A T E M E N T S O F C H A N G E S I N F U N D B A L A N C E S F O R
T H E Y E A R S E N D E D D E C E M B E R 3 1, 2 0 0 4 A N D 2 0 0 3 P A G E 8 9**

**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
AND COMBINED FINANCIAL STATEMENTS

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



**REPORT OF THE AUDITORS
AND COMBINED FINANCIAL STATEMENTS**

**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> |



**REPORT OF THE AUDITORS
AND COMBINED FINANCIAL STATEMENTS**

**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)**

| | 2004 | 2003 |
|---|-------------------|------------------|
| 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> |



**REPORT OF THE AUDITORS
AND COMBINED FINANCIAL STATEMENTS**

**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.

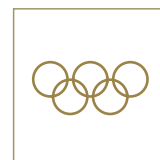


REPORT OF THE AUDITORS AND COMBINED FINANCIAL STATEMENTS

- 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.

REPORT OF THE AUDITORS AND COMBINED FINANCIAL STATEMENTS

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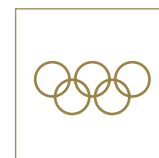
9. RESTRICTED BANK DEPOSITS AND TELEVISION AVAILABLE-FOR-SALE INVESTMENTS AND TELEVISION BROADCASTING RIGHTS INSTALLMENTS HELD IN TRUST

| | 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 | - |
| | <hr/> | <hr/> |
| Total revenues from television broadcasting rights | 1 492 593 | - |

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 | - |
| | <hr/> | <hr/> |
| Use and distribution of television broadcasting rights to OCOG, USOC and IF | 1 095 587 | - |
| Allocation to OS | 135 625 | - |
| | <hr/> | <hr/> |
| | 1 231 212 | - |

15. TOP PROGRAM MARKETING RIGHTS

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

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) | - |
| | <hr/> | <hr/> |
| | 270 721 | 79 482 |



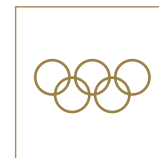
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16. FUNCTIONAL EXPENDITURE

| | 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.

