

FINANCIAL REPORT 2021

AUDITED FINANCIAL STATEMENTS 2021



32ND AFC CONGRESS 2022 MAY 18TH

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AFC FINANCE COMMITTEE CHAIRPERSON



"The unity and solidarity of the AFC, and its MAs and RAs, have proven time and time again the resolve to rise above adversity, and I am confident that you will find in this financial report, the prudent investment that matches this commitment and optimism."

Dear Friends,

On behalf of the AFC Finance Committee, I am happy to recommend to the 32nd AFC Congress, the financial statements for 2021, which once again underpins the steadfast commitment with which the Asian Football Confederation (AFC) continues to emerge stronger from the devastating impact of the pandemic.

So much of 2021 was focused on navigating a way forward for Asian football amidst the greatest economic and health crisis in modern history and I am pleased to note that this report outlines our collective efforts to fortify the pillars of our recovery as we seek to build a better future for our Member Associations (MAs) and Regional Associations (RAs).

The 2021 report also heralds the first financial year under the new commercial cycle. Thanks to the new partnerships forged with the singular aim of delivering better value for the Asian football family, the AFC was able to record a higher revenue with a reduced deficit of USD11.1m as compared to the approved budget deficit of USD35.1m.

Perhaps even more impressive was the dedication to deliver our competitions without compromising on quality with an increase in investment outlined across nearly all areas for the benefit of our stakeholders, MAs and RAs.

The overall investment expenditure rose by 12.6% from USD163.9m in 2020 to USD184.5m in 2021 and the most compelling sign of our recovery was showcased in the successful and safe staging of all six projected competitions – a significant improvement from 2020 when the pandemic restricted the AFC to completing just two tournaments.

The AFC Champions League saw a record 40 clubs participate in the expanded format across 10 centralised venues, and after a long hiatus, we also witnessed the return of the AFC's national team competitions.

The AFC's Vision and Mission continued to serve as our guiding light, and the Confederation's promise to ensure Asian teams succeed on the biggest stages was underlined by the USD24m contribution to our 12 Participating Teams in the AFC Asian Qualifiers – Road to Qatar, whilst the 24-team AFC Women's Asian Cup India 2022™ Qualifiers was completed to set the stage for the expanded Finals, further exemplifying our commitment to grow the women's game in Asia.

I am also pleased to note that the 2021 statement reinforced our ambitions to strengthen our MAs and RAs with the AFC Financial Assistance Programme and AFC Regional Association Fund.

Our clarity of purpose has also brought to bear new programmes with investment directed towards the AFC Academic Centre of Excellence, further complementing the comprehensive ensuite of Technical, Referees and Development programmes, all aimed at holistically elevating the standards of our Members.

There is no denying that the aftermath of the pandemic remains uncertain, but the unity and solidarity of the AFC, and its MAs and RAs, who have proven time and time again the resolve to rise above adversity, is a source of great hope and I am confident that you will find in this financial report, the prudent investment that matches this commitment and optimism.

I would like to put on record our gratitude to our external auditors, Ernst and Young, who have audited the financial statements and have issued an unqualified report, which has subsequently been approved by the AFC Executive Committee.

We look forward to your continued support and thank you for all the cooperation and assistance accorded to the AFC Finance Committee as we work towards not only accelerating the momentum of the AFC's recovery but also in solidifying our financial foundations in the months and years to come.



Mariano V. Araneta Jr
AFC Finance Committee Chairperson
2019-2023

AFC AUDIT AND COMPLIANCE COMMITTEE CHAIRPERSON



"The AFC places utmost importance on improving its accountability by enhancing its governance structure in accordance with internationally recognised best practices."

Dear Friends,

The Asian football family has shown great resolve in overcoming the challenges posed by the COVID-19 pandemic in the last two years and it fills us with hope as we witness the slow and safe return of Asian football.

Built on the pillars of good governance and integrity, these core values continue to guide the Confederation on a pathway towards more forward-thinking measures and sustainable projects that will reinforce the strong foundations of the Asian Football Confederation (AFC).

Within a short period since the last AFC Congress, we have accessed and reviewed management responses and actions while providing strategic oversight based on our internal review and findings.

It is crucial that the internal processes within the AFC are clear and efficient, with the view of strengthening the Confederation's Member Associations (MAs) and Regional Associations (RAs) and ultimately the wider Asian football ecosystem.

As outlined in the AFC's Vision and Mission, the AFC places utmost importance on improving its accountability by enhancing its governance structure in accordance with internationally recognised best practices.

The risk management system that is currently in place has bolstered the internal procedures to ensure the effectiveness of the AFC to support further growth and improvement within the Confederation while promising greater transparency.

I would like to thank everyone, in particular the members of the AFC Audit and Compliance Committee, our colleagues on the AFC Finance Committee and our external auditors, Ernst and Young for their unwavering support in producing this year's AFC Financial Statement, which I am happy to commend to the AFC Congress.

Thank you.



Muhannad Fahmi Hamad
AFC Audit and Compliance Committee Chairperson 2019-2023

1232-05-5
The Asian Football Confederation
(Registered in Malaysia under the Societies Act, 1966)

Statement by the Finance Committee

We, Mr Mariano V. Araneta Jr. and Datuk Seri Windsor John, being Finance Committee Chairperson and General Secretary respectively, of The Asian Football Confederation, do hereby state that, in the opinion of the Finance Committee, the accompanying financial statements set out on pages 15 to 48 are drawn up in accordance with International Financial Reporting Standards and the requirements of the Societies Act, 1966 so as to give a true and fair view of the financial position of The Asian Football Confederation as at 31 December 2021 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Finance Committee.

Mr Mariano V. Araneta Jr.
Finance Committee Chairperson

Datuk Seri Windsor John
General Secretary

Kuala Lumpur, Malaysia
17 March 2022

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Independent auditors' report to the Executive Committee and members of The Asian Football Confederation (Registered in Malaysia under the Societies Act, 1966)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of The Asian Football Confederation, which comprise the statement of financial position as at 31 December 2021, and statement of comprehensive income, statement of changes in accumulated fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 15 to 48.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Confederation as at 31 December 2021, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Societies Act, 1966 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Confederation in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Responsibilities of the Finance Committee for the financial statements

The Finance Committee of the Confederation is responsible for the preparation of financial statements of the Confederation that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Societies Act, 1966 in Malaysia. The Finance Committee is also responsible for such internal control as the Finance Committee determine is necessary to enable the preparation of financial statements of the Confederation that are free from material misstatement, whether due to fraud or error.

Ernst & Young PLT 202006000003 (LLP0022760-LCA) & AF 0039 was registered on 02.01.2020 and with effect from that date, Ernst & Young (AF 0039), a conventional partnership was converted to a limited liability partnership.

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Independent auditors' report to the Executive Committee and members of The Asian Football Confederation (cont'd.) (Registered in Malaysia under the Societies Act, 1966)

Responsibilities of the Finance Committee for the financial statements (cont'd.)

In preparing the financial statements of the Confederation, the Finance Committee is responsible for assessing the Confederation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Finance Committee and Executive Committee either intend to liquidate the Confederation or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Confederation, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Confederation's internal control.

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Independent auditors' report to the Executive Committee and members of The Asian Football Confederation (cont'd.) (Registered in Malaysia under the Societies Act, 1966)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Finance Committee.

- Conclude on the appropriateness of the Finance Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Confederation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Confederation or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Confederation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Confederation, including the disclosures, and whether the financial statements of the Confederation represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Compliance Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In accordance with the requirements of the Societies Act 1966 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Confederation have been properly kept in accordance with the provisions of the Act.

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Independent auditors' report to the Executive Committee and members of The Asian Football Confederation (cont'd.) (Registered in Malaysia under the Societies Act, 1966)

Other matters

This report is made solely to the members of the Confederation, as a body, in accordance with Section 26 of the Society Act, 1966 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
17 March 2022

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The Asian Football Confederation
(Registered in Malaysia under the Societies Act, 1966)

Statement of comprehensive income for the year ended 31 December 2021

	Note	2021 USD	2020 USD
Revenue	3	171,881,198	160,335,851
Service fees/commission expenses		(50,669,106)	(66,362,193)
Host broadcast production cost		(1,629,213)	-
Net revenue		119,582,879	93,973,658
Other income	4	1,436,071	3,892,158
Competition expenses	5	(78,683,747)	(39,848,392)
Administration expenses	6	(33,179,266)	(28,030,183)
Member Association and Regional Association development, education and financial assistance expenses	7	(20,266,841)	(29,646,335)
(Deficit)/surplus of income over expenditure before tax		(11,110,904)	340,906
Taxation	8	-	-
(Deficit)/surplus of income over expenditure after tax, representing total comprehensive (deficit)/surplus for the year		(11,110,904)	340,906

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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The Asian Football Confederation
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Statement of financial position as at 31 December 2021

	Note	31.12.2021 USD	31.12.2020 USD
Assets			
Non-current assets			
Property, plant and equipment	9	18,717,993	18,991,064
Receivables	10	6,848,216	6,848,216
		25,566,209	25,839,280
Current assets			
Receivables	10	142,019,125	68,528,092
Fixed deposits with licensed banks	11	140,933,000	153,391,621
Cash and bank balances	11	16,463,074	19,359,183
		299,415,199	241,278,896
Total assets		324,981,408	267,118,176
Accumulated fund and liabilities			
Accumulated fund			
Accumulated surplus		3,395,228	14,506,132
Non-current liabilities			
Deferred income	12	142,500,000	155,000,000
Payables	13	448,538	459,954
Amount due to FIFA	14	2,000,000	-
		144,948,538	155,459,954
Current liabilities			
Deferred income	12	110,317,220	44,895,732
Payables	13	64,645,078	51,510,053
Amount due to FIFA	14	1,675,344	746,305
		176,637,642	97,152,090
Total liabilities		321,586,180	252,612,044
Total accumulated fund and liabilities		324,981,408	267,118,176

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Statement of changes in accumulated fund for the year ended 31 December 2021

	Accumulated surplus USD
As at 1 January 2020	14,165,226
Total comprehensive surplus for the year	340,906
As at 31 December 2020	14,506,132
As at 1 January 2021	14,506,132
Total comprehensive deficit for the year	(11,110,904)
As at 31 December 2021	3,395,228

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Statement of cash flows
for the year ended 31 December 2021

	2021 USD	2020 USD
Operating activities		
(Deficit)/surplus of income over expenditure before tax	(11,110,904)	340,906
Non-cash adjustments to reconcile (deficit)/surplus of income over expenditure before tax to net cash flows:		
Depreciation of property, plant and equipment (Note 6)	1,021,572	1,032,355
Gain from disposal of property, plant and equipment	(1,386)	(1,305)
Net unrealised foreign exchange differences (Note 4)	(724,273)	(217,512)
Net (reversal of)/allowance for expected credit losses	(399,700)	1,146,094
Operating (deficit)/surplus before working capital changes	(11,214,691)	2,300,538
Increase in receivables	(73,091,333)	(18,112,806)
Increase in payables	13,052,648	15,335,423
Increase in deferred income	52,921,488	39,918,232
Net cash (used in)/generated from operating activities	(18,331,888)	39,441,387
Investing activities		
Purchase of property, plant and equipment	(748,501)	(244,779)
Movement in fixed deposits placements with maturities more than 90 days	(14,000,000)	43,250,000
Proceeds from disposal of property, plant and equipment	1,386	1,448
Net cash (used in)/generated from investing activities	(14,747,115)	43,006,669
Financing activity		
Proceeds of loan from FIFA	4,000,000	-
Repayment of loan to FIFA	(1,000,000)	-
Net cash generated from financing activity	3,000,000	-
Net (decrease)/increase in cash and cash equivalents	(30,079,003)	82,448,056
Net foreign exchange differences	724,273	217,512
Cash and cash equivalents at beginning of year	116,000,804	33,335,236
Cash and cash equivalents at end of year	86,646,074	116,000,804

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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Statement of cash flows (cont'd.)
for the year ended 31 December 2021

	Note	2021 USD	2020 USD
Cash and cash equivalents at end of the year comprise the following:			
Fixed deposits with licensed banks	11	140,933,000	153,391,621
Cash and bank balances	11	16,463,074	19,359,183
		157,396,074	172,750,804
Less: Fixed deposits with maturities more than 90 days	11	(70,750,000)	(56,750,000)
		86,646,074	116,000,804

Note:

(a) Changes in liabilities arising from financing activities:

	2021 USD
At beginning of the year	-
Proceeds of loan from FIFA	4,000,000
Repayment of loan to FIFA	(1,000,000)
At the end of the year	3,000,000

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

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The Asian Football Confederation
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Notes to the financial statements
for the year ended 31 December 2021

1. Confederation information

The Asian Football Confederation ("the Confederation") is the governing body of Asian football. It is one of the six Confederations recognised by Federation Internationale de Football Association ("FIFA").

The Confederation is an international non-governmental, non-profit organisation in the form of an association registered pursuant to Section 7 of the Societies Act, 1966 of the Laws of Malaysia.

The Confederation consists of 47 Member Associations. The Confederation was formed in 1954.

The principal activity of the Confederation is to improve the game of football constantly and promote, regulate and control it in the territory of Asia. There has been no significant change in the nature of the principal activity during the financial year.

The principal place of business of the Confederation is located at AFC House, Jalan 1/155B, Bukit Jalil, 57000 Kuala Lumpur, Malaysia.

The financial statements of the Confederation were reviewed by the Audit and Compliance Committee, before it was authorised for issue in accordance with a resolution of the Finance Committee on 17 March 2022.

2. Significant accounting policies

2.1 Basis of preparation

(a) Statement of compliance

The financial statements of the Confederation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the requirements of the Societies Act, 1966.

The Confederation adopts the indirect method for the presentation of statement of cash flows.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, unless otherwise stated.

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2. Significant accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

(c) Functional and presentation currency

The financial statements are presented in United States Dollar ("USD"), which is also the Confederation's functional currency.

(d) Use of estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that requires a material adjustment to the carrying amount of assets or liabilities affected in future periods.

There were no critical judgements made by management in the process of applying accounting policies that have significant effect on the amount recognised in the financial statements during the current financial year.

Key sources of estimation uncertainty

There were no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2.2 Changes in accounting policy and disclosures

On 1 January 2021, the Confederation adopted the following new and amended IFRSs mandatory for annual financial periods beginning on or after 1 January 2021:

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases (Interest Rate Benchmark Reform - Phase 2)

The adoption of the above new and amended standards did not have any significant effect on the financial position of the Confederation.

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2. Significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Confederation's financial statements are disclosed below. The Confederation intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
• Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards	1 January 2022
• Amendments to IFRS 9 Financial Instruments	1 January 2022
• Amendments to Illustrative Examples accompanying IFRS 16 Leases	1 January 2022
• Amendments to IFRS 3 Business Combinations (Reference to the Conceptual Framework)	1 January 2022
• Amendments to IAS 16 Property, Plant and Equipment (Property, Plant and Equipment–Proceeds before Intended Use)	1 January 2022
• Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts–Cost of Fulfilling a Contract)	1 January 2022
• IFRS 17 Insurance Contracts	1 January 2023
• Amendments to IFRS 17 Insurance Contracts	1 January 2023
• Amendments to IAS 1 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)	1 January 2023
• Amendments to IAS 1 Presentation of Financial Statements (Disclosure of Accounting Policies)	1 January 2023
• Amendments to IAS 8 Accounting Policies, Changes in Accouting Estimates and Errors (Definition of Accounting Estimates)	1 January 2023
• Amendments to IFRS 10 Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
• Amendments to IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

There are no other new or revised IFRSs and amendments to IFRSs that are not yet effective and that would be expected to have a material impact on the Confederation in the current or future reporting periods.

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2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies

(a) Property, plant and equipment and depreciation

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses, if any.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Confederation depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

Freehold land has unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The principal annual depreciation rates are as follows:

Long term leasehold land	1%
Building	2%
Renovations	20%
Furniture and fittings	20%
Office and sports equipment	20%
Motor vehicles	20%
Computer equipment	33%
Football turf	12.5%

Capital work in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(b) Impairment of non-financial assets

The Confederation assesses, at the end of each reporting period, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment assessment for an asset is required, the Confederation estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses are recognised in statement of comprehensive income in the period in which it arises. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in statement of comprehensive income.

(c) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL").

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2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(c) Financial assets (cont'd.)

Initial recognition and measurement

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Confederation's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Confederation initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of business model.

The Confederation's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, that is the date that the Confederation commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

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2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(c) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in statement of comprehensive income when the asset is derecognised, modified or impaired.

The Confederation's financial assets at amortised cost include fixed deposits with licensed banks, cash and bank balances and receivables (excluding prepayments).

Financial assets at FVOCI (debt instruments), financial assets at FVOCI (equity instruments) and FVTPL

The Confederation did not have or designate any financial assets at FVOCI (debt instruments), financial assets at FVOCI (equity instruments) and FVTPL during the year ended 31 December 2021.

Derecognition

A financial asset is derecognised when:

a. The rights to receive cash flows from the asset have expired, or

b. The Confederation has transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
   i. The Confederation has transferred substantially all the risks and rewards of the asset, or
   ii. The Confederation has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Confederation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, they evaluate if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Confederation continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Confederation also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Confederation has retained.

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2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(c) Financial assets (cont'd.)

Derecognition (cont'd.)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Confederation could be required to repay.

(d) Impairment of financial assets

The Confederation recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between contractual cash flows due in accordance with the contract and all the cash flows that the Confederation expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Confederation applies a simplified approach in calculating expected credit losses ("ECLs") and uses a provision matrix to calculate the ECLs for trade and other receivables, and contract assets. Therefore, the Confederation does not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Confederation has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Confederation assesses if a financial asset is in default when contractual payment are 90 days past due. However, in certain cases, the Confederation may also consider a financial asset to be in default when internal or external information indicates that the Confederation are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Confederation. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. For deposits with financial institutions, ECL is measured based on historical observed loss rates on placements made with the counter parties.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and deposits with licensed banks with maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

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2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(f) Financial liabilities

Initial recognition and subsequent measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

All financial liabilities of the Confederation are subsequently measured at amortised cost using the effective interest method. Liabilities are classified as current liabilities unless the Confederation has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

(g) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

(h) Provisions

Provisions are recognised when the Confederation has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

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2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(h) Provisions (cont'd.)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. When the Confederation expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income, net of any reimbursement.

(i) Revenue recognition

Revenue from contract with customers

Revenue from contracts with customers is recognised when the control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Confederation expects to be entitled in exchange for those goods or services. The Confederation has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Confederation considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., non-cash consideration and consideration payable to the customer, if any). Depending on the terms of the contract, revenue is recognised when performance obligation is satisfied, which may be at the point in time or over time.

If the consideration in a contract includes a variable amount, the Confederation estimates the amount of consideration to which it will be entitiled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(i) Revenue recognition (cont'd.)

Revenue from contract with customers (cont'd.)

The Confederation's revenue from contracts with customers are further described below:

(i) Sale of Commercial Rights

Revenue from the sale of Commercial Rights (including media and sponsorship rights) from customers is recognised as described below. The Confederation has appointed Football Marketing Asia Limited ("FMA") as its sole and exclusive representative for the sale of commercial rights (excluding Middle East and North Africa ("MENA") and Japan regions), for period from 2021 to 2028.

In prior financial year, the sole and exclusive representative for the sale of commercial rights of the Confederation was to Sportfive Asia Pte. Ltd. ("Sportfive") for the period from 2013 to 2020. Sportfive was replaced with FMA to provide similar services from year 2021 onwards.

Broadcasting rights

Television broadcasting rights are granted primarily to television stations and other broadcasting institutions. These rights are granted to broadcast the television signal for a defined period in a particular territory. The performance obligation is defined as the right to access intellectual property. Revenue relating to television broadcasting rights is recognised over the contractual rights period.

Sponsorship rights

Sponsorship rights provide individual sponsors with access to intellectual property by enabling them to enter into a long-term strategic alliance with the Confederation which also include a set of predefined rights. The performance obligations under sponsorship rights includes an intangible right. The intangible right is attributed to the promise to benefit from a strategic association with the Confederation, its competitions and brand, resulting in a straight-line recognition of revenue over the contractual rights period.

Licensing rights

Licensing rights are granted to licensees of the Confederation for its competitions and to obtain the right to use the Confederation's marks and brand elements as a platform to brand its related products and services. As the licensee has access to intellectual property, the amount of revenue is recognised over the contractual rights period.

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2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(i) Revenue recognition (cont'd.)

Revenue from contract with customers (cont'd.)

The credit term is generally on 30 to 90 days.

Grants receivable from FIFA

Revenue from development and other grants receivable from FIFA is recognised on an accrual basis when the right to receive the grant is established.

Interest income

Interest income is recognised on accrual basis using effective interest method.

(j) Contract balances

(i) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Confederation performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. The contract asset recognised by the Confederation relates to unbilled receivables.

(ii) Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer. Refer to accounting policies of financial assets in Note 2.4(c).

(iii) Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Confederation transfers the related services. Contract liabiliites are recognised as revenue when the Confederation performs under the contract (i.e., transfers control of the related services to the customer). Contract liabilities recognised by the Confederation relates to deferred income.

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2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(k) Employee benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Confederation. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

As required by law, the Confederation makes contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the statement of comprehensive income as incurred.

(iii) Defined benefit plan

The Confederation operates a gratuity scheme for eligible employees who joined the Confederation prior to year 2005 under the Gratuity Plan. The Confederation provides for unfunded gratuity to eligible employees that are under permanent employment and confirmed in service. The Confederation sets aside provisions for gratuity based on the basic monthly salary of each eligible employee at the end of each financial year of service over the employees' period of employment.

(l) Foreign currencies

Transactions and balances

In preparing the financial statements of the Confederation, transactions in currencies other than the Confederation's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at exchange rates prevailing at the end of the reporting period. Non-monetary items denominated in foreign currencies, that are measured in terms of historical cost are translated using the exchange rates at the dates of the transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(l) Foreign currencies (cont'd.)

Transactions and balances (cont'd.)

Exchange differences arising on the settlement or translation of monetary items, are recognised in the statement of comprehensive income for the year.

The principal exchange rates used for each respective unit of foreign currency ruling at the reporting date are as follows:

	2021 USD	2020 USD
Ringgit Malaysia ("RM")	0.2380	0.2453
British Pound ("GBP")	1.3302	1.3377
Singapore Dollar ("SGD")	0.7323	0.7466
Swiss Franc ("CHF")	1.0879	1.1018
Euro Dollar ("EUR")	1.1334	1.1943
Australian Dollar ("AUD")	0.7132	0.7363
Bahraini Dinar ("BHD")	2.6365	2.6361

(m) Fair value measurement

The Confederation measures financial instruments at fair value at each reporting date. Fair values of financial instruments measured at amortised cost are disclosed in Note 17.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Confederation.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(m) Fair value measurement (cont'd.)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Confederation uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	-	Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2	-	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3	-	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Confederation determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Confederation has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(n) Leases

The Confederation assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

(i) Short-term leases and leases of low-value assets

The Confederation applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Confederation also applies the lease of low-value assets recognition exemption to leases of office and computer equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3. Revenue

	2021 USD	2020 USD
Types of revenue		
Broadcasting rights	122,403,478	116,483,380
Sponsorship fees	37,425,000	27,189,611
License fees	1,333	1,097,080
Promotional fees	-	1,500,000
FIFA Development Programme	12,000,000	14,000,000
Levies	27,887	42,280
Subscriptions	23,500	23,500
	171,881,198	160,335,851
Timing of revenue recognition		
Services transferred at a point in time	27,887	42,280
Services transferred over time	171,853,311	160,293,571
	171,881,198	160,335,851

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4. Other income

	2021 USD	2020 USD
Fines	164,588	1,089,916
Interest on fixed deposits	515,539	2,583,551
Unrealised foreign exchange gain	724,273	217,512
Others	31,671	1,179
	1,436,071	3,892,158

5. Competition expenses

	2021 USD	2020 USD
AFC Champions League	33,902,707	32,570,480
AFC Cup	8,955,072	2,777,658
AFC Asian Cup	473,643	-
AFC Asian Cup - Qualifiers Round	-	21,027
AFC U23 Asian Cup	5,182,728	5,756,312
AFC U20 Asian Cup/U19 Championship	(57,272)	(440,192)
AFC U17 Asian Cup/U16 Championship	(20,997)	(441,595)
AFC Solidarity Cup	-	6,604
AFC Futsal Asian Cup	72,653	(113,256)
AFC Futsal Club Championship	-	(36,265)
AFC U20 Futsal Championship	-	(20,093)
FIFA World Cup - Final	24,000,000	-
FIFA World Cup Asian Qualifying Round	1,484,121	-
Women's Olympic - Qualifiers	-	22,454
AFC Women's Asian Cup - Qualifiers	4,079,226	-
AFC Women's Club Championship	657,864	-
AFC U20 Women's Asian Cup/U19 Championship	(46,488)	(117,208)
AFC U17 Women's Asian Cup/U16 Championship	490	(96,609)
AFC Women's Futsal Championship	-	24,130
AFC Beach Soccer	-	(65,055)
	78,683,747	39,848,392

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6. Administration expenses

	2021 USD	2020 USD
Salaries and benefits	14,239,753	14,209,793
Members allowance and expenses	3,033,769	2,450,050
Travelling and subsistence	3,166,494	3,139,172
Audit fees	40,866	31,429
Legal and professional fees	587,097	1,426,740
Promotional expenses	91,274	59,664
Supplies and utilities	227,674	292,170
Building maintenance	438,495	512,873
Depreciation of property, plant and equipment	1,021,572	1,032,355
Special projects	2,166,438	2,856,431
Inventory apparels	356,871	-
Realised foreign exchange loss	114,503	152,175
Net (reversal of)/allowance for expected credit losses	(399,700)	1,146,094
Agency fees (Note a)	6,705,000	-
Other administration expenses	1,389,160	721,237
	33,179,266	28,030,183

(a) Relates to agency fees arising from the reconciliation agreement with Sportfive.

7. Member Association and Regional Association development, education and financial assistance expenses

	2021 USD	2020 USD
AFC Financial Assistance Programme	16,724,550	18,314,059
Referees	700,897	678,398
Coaches	31,245	39,841
Competition Support Services/Research and Creative	224,484	149,625
Member Association and Regional Association development	2,043,176	1,838,738
Grassroot football development	33,916	13,927
Sports Medicine	31,302	222,118
Futsal development	1,888	(47,313)
Women football development	39,156	22,715
President's Initiatives	(66,509)	7,865,983
Integrity	438,534	459,852
Stadium and security	64,202	88,392
	20,266,841	29,646,335

8. Taxation

The Confederation is exempted from taxation in Malaysia (its principal place of business) in accordance with the Income Tax (Exemption) (No.58) Order 1992.

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9. Property, plant and equipment

	Freehold land USD	Long term leasehold land USD	Building USD	Furniture and fittings USD	Office and sports equipment USD	Computer equipment USD	Motor vehicles USD	Renovations USD	Football turf USD	Capital work in progress USD	Total USD
Cost:											
At 1 January 2020	2,109,356	26,316	17,897,517	1,438,533	2,618,993	2,024,127	105,548	779,996	263,661	-	27,264,047
Additions	-	-	101,985	9,120	31,072	70,522	-	32,080	-	-	244,779
Disposal	-	-	-	-	(5,734)	-	-	-	-	-	(5,734)
At 31 December 2020	2,109,356	26,316	17,999,502	1,447,653	2,644,331	2,094,649	105,548	812,076	263,661	-	27,503,092
Additions	-	-	2,042	8,316	10,754	67,332	-	30,342	-	629,715	748,501
Disposal	-	-	(9,210)	-	-	-	-	-	-	-	(9,210)
Reclassification	-	-	514,282	-	-	-	-	-	-	(514,282)	-
At 31 December 2021	2,109,356	26,316	18,506,616	1,455,969	2,655,085	2,161,981	105,548	842,418	263,661	115,433	28,242,383

9. Property, plant and equipment (cont'd.)

	Freehold land USD	Long term leasehold land USD	Building USD	Furniture and fittings USD	Office and sports equipment USD	Computer equipment USD	Motor vehicles USD	Renovations USD	Football turf USD	Capital work in Progress USD	Total USD
Depreciation:											
At 1 January 2020	-	6,604	2,175,163	1,351,845	1,591,968	1,750,031	10,554	531,994	67,105	-	7,485,264
Charge for the year	-	285	369,654	25,225	319,490	186,059	21,110	77,574	32,958	-	1,032,355
Disposal	-	-	-	-	(5,591)	-	-	-	-	-	(5,591)
At 31 December 2020	-	6,889	2,544,817	1,377,070	1,905,867	1,936,090	31,664	609,568	100,063	-	8,512,028
Charge for the year	-	285	439,530	24,533	321,482	103,667	21,110	78,007	32,958	-	1,021,572
Disposal	-	-	(9,210)	-	-	-	-	-	-	-	(9,210)
At 31 December 2021	-	7,174	2,975,137	1,401,603	2,227,349	2,039,757	52,774	687,575	133,021	-	9,524,390
Net book value:											
At 31 December 2021	2,109,356	19,142	15,531,479	54,366	427,736	122,224	52,774	154,843	130,640	115,433	18,717,993
At 31 December 2020	2,109,356	19,427	15,454,685	70,583	738,464	158,559	73,884	202,508	163,598	-	18,991,064

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10. Receivables

	2021 USD	2020 USD
Non-current		
Trade receivables	7,594,610	7,594,610
Less: Allowance for expected credit losses	(746,394)	(746,394)
Trade receivables, net	6,848,216	6,848,216
Current		
Trade receivables	120,092,628	61,583,233
Less: Allowance for expected credit losses	(2,852,969)	(3,252,669)
Trade receivables, net	117,239,659	58,330,564
Contract assets		
Unbilled trade receivables	21,605,167	-
Other receivables and deposits	851,441	9,634,102
Prepayments	2,322,858	563,426
Total current trade and other receivables	142,019,125	68,528,092
Total trade and other receivables	148,867,341	75,376,308
Less: Prepayments	(2,322,858)	(563,426)
Less: Unbilled trade receivables	(21,605,167)	-
Add: Cash, deposits and bank balances (Note 11)	157,396,074	172,750,804
Financial assets carried at amortised cost	282,335,390	247,563,686

Receivables are non-interest bearing and are generally on 30 to 90 days (2020: 30 to 90 days) terms.

Non-current trade receivable represents trade receivable from a sanctioned country.

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10. Receivables (cont'd.)

Ageing analysis of trade receivables

The ageing analysis of the Confederation's trade receivables is as follows:

	2021 USD	2020 USD
Neither past due nor impaired	55,803,934	65,122,928
1 to 30 days past due not impaired	258,561	12,500
31 to 60 days past due not impaired	22,262,707	792
61 to 90 days past due not impaired	1,300,000	-
More than 90 days past due not impaired	44,462,673	42,560
	124,087,875	65,178,780
Impaired	3,599,363	3,999,063
	127,687,238	69,177,843

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Confederation. None of these unsecured debts that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Confederation has trade receivables amounting to USD68,283,941 (2020: USD55,852) that are past due at the end of the reporting period but not impaired. The management is of the view that these unsecured debts are recoverable based on past payment history.

Movement in allowance account:

	2021 USD	2020 USD
At 1 January	3,999,063	2,852,969
Allowance for the year (Note 6)	-	1,146,094
Reversal for the year (Note 6)	(399,700)	-
At 31 December	3,599,363	3,999,063

Trade receivables are individually determined to be impaired at the reporting date and relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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11. Fixed deposits with licensed banks and cash and bank balances

	2021 USD	2020 USD
Fixed deposits with licensed banks in Malaysia:		
- in United States Dollar accounts	140,933,000	153,391,621
Cash and bank balances	16,463,074	19,359,183
	157,396,074	172,750,804
Less: Fixed deposits with maturities more than 90 days	(70,750,000)	(56,750,000)
Total cash and cash equivalents	86,646,074	116,000,804

Included in cash and bank balances is money held in trust of USD1,136,527 (2020: USD 271,277) for the AFC Dream Asia Foundation.

The range of interest rates effective during the year and average maturities of deposits as at the end of the financial year were as follows:

	USD	
	2021	2020
Interest rates (% per annum)	0.05% - 1.85%	0.05% - 2.62%
Maturity (days)	1 - 125 days	1 - 95 days

12. Deferred income

	2021 USD	2020 USD
Non-current		
Sign-on fee received from commercial partner	142,500,000	155,000,000
Current		
Sign-on fee received from commercial partner	6,250,000	-
Deferred income - sale of commercial rights	104,067,220	44,895,732
	110,317,220	44,895,732
	252,817,220	199,895,732

Deferred income relates to advances received from customers with regard to the sale of commercial rights in relation to broadcasting, sponsorships and licenses during the period from year 2021 to 2028 (inclusive).

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13. Payables

	2021 USD	2020 USD
Non-current		
Provision for gratuity	448,538	459,954
Current		
Other payables		
- AFC Dream Asia Foundation	1,136,527	271,277
- Others	27,086,200	28,526,284
Accruals		
- Tournaments	5,069,271	16,969,417
- Service fee payable	18,300,286	-
- Accrued commission	7,073,000	-
- Others	5,979,794	5,743,075
	64,645,078	51,510,053
Total payables	65,093,616	51,970,007
Add: Amount due to FIFA (Note 14)	3,675,344	746,305
Less: Provision for gratuity	(448,538)	(459,954)
Total financial liabilities carried at amortised cost	68,320,422	52,256,358

Included in other payables is amount due to members' association amounting to USD2,147,705 (2020: USD2,220,813) and amount due to FIFA Regional Federations amounting to USD11,360,881 (2020: USD7,761,239).

14. Amount due to FIFA

	2021 USD	2020 USD
Non-current		
Loan from FIFA	2,000,000	-
Current		
Loan from FIFA	1,000,000	-
Amount due to FIFA	675,344	746,305
	1,675,344	746,305

During the financial year 2021, the Confederation has received USD4,000,000 loan from FIFA and subsequently made a repayment of USD1,000,000. The loan from FIFA is unsecured, interest free and repayable within 3 years ending in 2024.

The current amount due to FIFA is unsecured, interest free and has no fixed terms of repayment.

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15. Financial risk management

(a) Financial risk management objectives and policies

The Confederation is exposed to foreign currency risk and credit risk arising from its operations. The Confederation's financial risk management objectives and policies seek to ensure that adequate financial resources are available for the development of the Confederation's business whilst managing the above-mentioned risks. The Confederation's overall risk management approach is to minimise the effect of such volatility on its financial performance and it is the Confederation's policy not to engage in speculative transactions.

There has been no change in the nature of the risks which the Confederation is exposed to, nor the objectives, policies and processes to manage those risks compared to the previous year.

(b) Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Confederation is exposed to transactional currency risk primarily through receipts and expenditure that are denominated in a currency of the operations to which they relate. The currencies giving rise to this risk are primarily Ringgit Malaysia ("RM"), Euro Dollar ("EUR") and Swiss Franc ("CHF"). Foreign exchange exposures in transactional currencies other than the functional currency of the Confederation are kept to an acceptable level.

The net unhedged financial assets and financial liabilities of the Confederation that are not denominated in United States Dollar are as follows:

	Ringgit Malaysia USD	Euro Dollar USD	Swiss Franc USD	Total USD
At 31 December 2021				
Cash and bank balances	704,157	137,680	2,953	844,790
Payables	(751,835)	(5,891,207)	(4,569)	(6,647,611)
Amount owing to FIFA	-	-	(12,879)	(12,879)
Total net financial liabilities	(47,678)	(5,753,527)	(14,495)	(5,815,700)

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15. Financial risk management (cont'd.)

(b) Foreign currency risk (cont'd.)

	Ringgit Malaysia USD	Euro Dollar USD	Swiss Franc USD	Total USD
At 31 December 2020				
Cash and bank balances	526,643	45,863	1,357	573,863
Trade receivables	-	31,818	-	31,818
Payables	(374,468)	(1,591,215)	-	(1,965,683)
Amount owing to FIFA	-	-	(85,382)	(85,382)
Total net financial liabilities	152,175	(1,513,534)	(84,025)	(1,445,384)

The following table demonstrates the sensitivity of the Confederation's surplus of income over expenditure before tax (due to the changes in the fair value of monetary assets and liabilities) to a reasonably possible change in the RM, EUR and CHF exchange rates against the USD, with all other variables held constant. The Confederation's exposure to foreign currency changes for all other currencies is not material.

		Effect on deficit or surplus Increase/(decrease) 2021 USD	2020 USD
RM/USD	- strengthened 3% (2020: 2%)	(1,430)	(3,044)
	- weakened 3% (2020: 2%)	1,430	3,044
EUR/USD	- strengthened 5% (2020: 8%)	(287,676)	(121,083)
	- weakened 5% (2020: 8%)	287,676	121,083
CHF/USD	- strengthened 1% (2020: 10%)	(145)	(8,403)
	- weakened 1% (2020: 10%)	145	8,403

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15. Financial risk management (cont'd.)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Confederation is exposed to credit risk primarily on trade and other receivables. The Confederation manages its exposure to its credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including deposits, cash and bank balances), the Confederation minimises credit risk by dealing exclusively with reputable financial institutions or companies with high credit ratings and no history of default.

As at the end of the reporting period, the Confederation has high concentration risk with respect to 10 trade receivables (2020: 5 trade receivable) which accounted for 87.4% (2020: 99.6%) of the total trade receivables outstanding as at the reporting date.

Information regarding financial assets that neither past due nor impaired is disclosed in Note 10.

(d) Liquidity risk

Liquidity risk is the risk that the Confederation will encounter difficulty in meeting financial obligations due to shortage of funds. The Confederation actively manages its cash flows and the availability of funding so as to ensure that all expenditure and funding needs are met.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Confederation's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year USD	Within two to three years USD	Total USD
2021			
Other payables	28,222,727	-	28,222,727
Accruals			
- Tournaments	5,069,271	-	5,069,271
- Service fee payable	18,300,286	-	18,300,286
- Accrued commission	7,073,000	-	7,073,000
- Others	5,979,794	-	5,979,794
Amount due to FIFA	1,675,344	2,000,000	3,675,344
Total undiscounted financial liabilities	66,320,422	2,000,000	68,320,422

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15. Financial risk management (cont'd.)

(d) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	On demand or within one year USD
2020	
Other payables	28,797,561
Accruals	
- Tournaments	16,969,417
- Others	5,743,075
Amount due to FIFA	746,305
Total undiscounted financial liabilities	52,256,358

16. Related party disclosures

Other than stated elsewhere in the financial statements, other related party is in relation to the compensation of Executive Committee Members of the Confederation:

	2021 USD	2020 USD
Executive Committee Members Allowances	2,003,295	2,000,000

The amounts disclosed above have been recognised as an expense during the reporting period related to Executive Committee Members.

The Executive Committee members do not receive pension entitlements from the Confederation.

17. Fair value

The Confederation assessed that receivables, short-term deposits, cash and bank balances, payables and amount due to FIFA approximate their carrying amounts largely due to the short-term maturities of these instruments.

The carrying amount of the Confederation's long-term amount due to FIFA is reasonable approximation of fair value due to the insignificant impact of discounting.

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18. Contract balances

	2021 USD	2020 USD
Contract assets - unbilled revenue	21,605,167	-
Contract liabilities - deferred income	252,817,220	199,895,732

Contract assets are initially recognised as unbilled revenue and will be reclassed to trade receivables upon invoice issued based on billing schedule as stipulated in the contract. Contract liabilities represent amounts received in advance for performance obligations that are yet to be satisfied.

The remaining performance obligations (unsatisfied or partially satisfied) as at 31 December 2021 are as follows:

	2021 USD	2020 USD
Within one year	166,862,190	136,184,482
More than one year	316,189,930	291,440,518
	483,052,120	427,625,000

19. Capital management

The primary objective of the Confederation's capital management is to ensure that it maintains a strong and healthy cash position in order to manage and run football activities in Asia.

To maintain or adjust the capital structure, the Confederation earns revenue from sale of Commercial Rights with the cooperation from FMA (Sportfive in previous financial year) and sponsorships from FIFA for its annual football activities. No changes were made to the objectives, policies or processes during the years ended 31 December 2020 and 31 December 2021.


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