

**Cross Cultures Project Association
(CCPA)**

Central Business Registration

No 26 45 13 37

Annual report 2008

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This document is an unofficial translation of the Danish original. In the event of any inconsistencies, the Danish version shall apply.

Association details

Association

Cross Cultures Project Association (CCPA)
Taarbæk Strandvej 86
DK-2930 Klampenborg
Central Business Registration No: 26 45 13 37
Registered in: Lyngby-Taarbæk

Internet: www.ccpa.dk

The Board

Søren Guldborg (Chairperson *)
Karen Espelund (Vice Chairperson *)
Agner Ahm
Finn Berggren
Jens Christensen
Niels Ersbøll
Goran Fazlinovic
Allan Hansen
Jørgen Hvidemose *)
Torben Jacobsen

*) Executive Committee

Director

Anders Levinsen

Auditors

Deloitte Statsautoriseret Revisionsaktieselskab

Statement by Management on the annual report

We have today presented the annual report of Cross Cultures Project Association (CCPA) for the financial year 1 January to 31 December 2008.

The annual report has been presented in accordance with the Danish Financial Statements Act. We consider the accounting policies appropriate for the annual report to provide a true and fair view of the Association's financial position and results.

Copenhagen, 24 April 2009

Director

Anders Levinsen

The Board

Søren Guldborg
Chairman

Karen Espelund
Vice-Chairman

Agner Ahm

Finn Berggren

Jens Christensen

Niels Ersbøll

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Allan Hansen

Jørgen Hvidemose

Torben Jacobsen

Independent auditor's report

To the Board of Cross Cultures Project Association (CCPA)

We have audited the annual report of Cross Cultures Project Association (CCPA) for the financial year 1 January to 31 December 2008, which comprises the statement by Management on the annual report, Management's review, accounting policies, income statement, balance sheet, internal income statements and notes. The annual report has been prepared in accordance with the Danish Financial Statements Act. Our audit does not include the budget figures of the annual report.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of an annual report in accordance with the Danish Financial Statements Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the annual report is free from material misstatement.

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

Furthermore, we conducted our audit in accordance with the Danish Ministry of Foreign Affairs' (UM) guideline for the audit of annual reports of subsidy-receiving associations (April 1996), the SIDA Audit Guide agreement according to contract dated 28 June 2005 as well as agreement between the Ministry of Foreign Affairs of Norway (in the following referred to as "UD") and The Football Association of Norway (in the following referred to as "NFF") of 23 and 26 June 2006.

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

Our audit has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Association's financial position at 31 December 2008 and its financial performance for the financial year 1 January to 31 December 2008 in accordance with the Danish Financial Statements Act, the guideline of the Danish Ministry of Foreign Affairs, the SIDA Audit Guide and concluded agreements.

Independent auditor's report

Emphasis of matter relating to the annual report

In the notes to the annual report, the Danish labour costs and overhead costs are allocated to projects according to an estimate of the costs' share of the total activity in CCPA. This estimate is made by Management, and we have not found any reason to question the allocation.

Copenhagen, 24 April 2009

Deloitte

Statsautoriseret Revisionsaktieselskab

Søren Jensen

State Authorised Public Accountant

Management's review

In 2008, CCPA's total activities comprised:

Football schools in the Balkans

Football schools in Caucasia and Moldova

Street sport and club building in Lebanon Street sport and community building in Lebanon

Regional instructor seminar – theme: "Things Talk"

In 2008, our **activities amounted to DKK 17,964k**. To this should be added local sponsorships in the respective countries at a total value of approx DKK 3-4,000k. These amounts are donated in kind in the form of transport as well as meals and refreshments for children, or as direct payment of hotel expenses in connection with various coach seminars.

In addition, CCPA received clothing and equipment for its volunteer coaches from Mercy Corps/Nike at a total value of approx DKK 1,000k.

CCPA's annual report only comprises the funding that CCPA has administered.

Performance for the year

The performance for 2008 resulted in a loss of DKK 1,880k, which is unsatisfactory.

The amount includes:

- a) Football school activities in the Balkans (a negative DKK 307k)
- b) Football school activities in Caucasia and Moldova (a negative DKK 1,862k)
- c) Street sport, club and community building in Lebanon (DKK 57k)
- d) Non-allocated income/expenses in CCPA, Taarbæk (DKK 232k) (i.e. "Things Talk", "The "Bridge")

As is evident from the above, the budget for the football school activities in Caucasia and Moldova is a major contributor to the loss for the year. The background is that UD, contrary to our expectations, chose not to support our football school activities in Caucasia and Moldova in 2008. UD cites inadequate project reporting in connection with previous football school funding to the Caucasus region and Moldova as their reason for the rejection. UD (the Caucasia department) did not want to conclude any new football school agreement with NFF before NFF had reported on previous project funding.

Unfortunately, the rejection and the notice of inadequate reporting did not reach CCPA until late January 2009. By then, it was too late for CCPA to take the necessary action as to the project application for 2008-2010.

Management's review

The uncertainty related to Norway's contribution to the Caucasus region has naturally been the cause of great concern in CCPA and has since May 2008 been the subject of current discussions in Executive Committee and Board meetings as well as in internal correspondence between CCPA and NFF. However, as UD since its entry into the project in 2003 has always been among the football school project's greatest and most loyal donors, CCPA has acted in confidence to NFF when NFF has stated that it had not received any indications that UD would not accommodate our Caucasus application for 2008-2010 (most recently at the Board meeting of 8 December 2008).

Trusting NFF's information about the application process and expecting that the funding from UD would fall into place, CCPA has carried through the planned activities in 2008. However, the funding did not fall into place, and CCPA has accordingly realised an extraordinarily large loss that we have had to write off in the Association's equity.

The loss for 2008 has resulted in the unfortunate situation that CCPA today has used up its equity. The equity primarily consisted of UEFA funds with the agreement that it should serve as a buffer to help CCPA bridge the various project and funding periods. Ultimately, the equity/UEFA funds were earmarked for operating football schools in Europe. As a result, the equity has regrettably been used up, but it has not been misused.

The conclusion to this unfortunate situation is that we in future will have to ensure mutual communication between NFF and CCPA, that CCPA is included in the donor contract and the donor reporting to UD and that we in future cannot act on expected supplementary funding, and that we do therefore not act until the funding has been signed.

Changes to the donor structure

2008 has probably been the most difficult year to administer in the life of the Association.

The Nordic donor platform

In the beginning of the year, CCPA was faced with having to renegotiate/renew our funding with the Nordic countries. Denmark had already in 2005 announced that CCPA should not expect any support after 2007 for the football school activities in the Balkans and in Transcaucasia. In the autumn of 2007, SIDA and UD announced that they continued to have a positive attitude towards our football activities. However, SIDA and Norway implemented new donor strategies so as to operate in accordance with national country-specific strategies and budgets in future – meaning that we were to apply and report for each country – in contrast to previous years, where applications, funding and reports were regional. Also, SIDA announced that it, in accordance with its new country-specific strategy, no longer could support football activities in Armenia, Azerbaijan, Croatia and Montenegro. UD announced that they were now ready to enter into 3-year agreements, but that we had to expect protracted case processing.

Management's review

In addition, UD wanted, like SIDA, to discontinue the funding to Croatia and Montenegro. Finally, SIDA and UD have announced that they want to phase out the contribution during the project period 2008-2010, and that CCPA should not expect further contribution after the phase-out of the project funding.

Denmark's withdrawal from the project and the restructuring from regional to national funding has resulted in:

- a) the football school projects receiving considerably less financing from the Nordic countries than previously
- b) dissolution of the pan-Nordic donor platform
- c) CCPA's administrative handling of the funding for the Balkans and Caucasia becoming significantly more demanding and complex than in previous years. Previously we generally only had to refer to one administrative officer per donor organisation. Today, there is one administrative officer per country per donor organisation. Previously, we had a regional budget. Today, we have individual budgets per country. In practise, this implies that every time we set up regional activities (seminars, meetings, purchasing of materials, etc), the expenses will have to be broken down on the respective country budgets. And where we previously had an agreement with the Nordic governments to report in just one format, today we must report in accordance with the respective countries' administrative procedures – i.e. in 12 separate project, budget and financial reports.

So, the new procedures have placed heavy demands on CCPA's domestic administration, which has been further challenged by our former administrative coordinator accepting a high-ranking position in the private business sector for career reasons. Despite advertisement and repeated advertisement, we did not succeed in hiring an educated administrator for the office. We have therefore had to train a new employee in the administrative function at the same time as changing the administrative procedures, see the above, and have accordingly had to request extraordinary assistance from our accountant in connection with the closing of project and financial reports.

By the end of 2008, CCPA succeeded in taking on a new and well-educated (MSc, Business Administration and Auditing) administrative coordinator, leaving us less vulnerable in the administrative function.

The local donor structure

In accordance with our sustainability and phasing-out strategy, we had aimed at the objective of raising financing from football associations and ministries of sports in the Balkans of approx EUR 50,000 per country. During 2007, CCPA obtained a verbal commitment on national funding from various football associations and ministries of sports. However, the commitment was never turned into action. We have in other words not succeeded in raising the planned funds from the national football associations and ministries of sports.

Management's review

Please note, however, that all participating municipalities in the Balkans have contributed a grant of EUR 1,500 per school to cover hotel expenses in connection with regional seminars. Also, municipalities and local sponsors have covered local expenses for transport and meals and refreshments for the children.

In the Caucasus region, municipalities and local sponsors have, as in previous years, covered expenses for transport and meals and refreshment for children. In addition, the football associations in Moldova and Georgia as well as the Armenian Ministry of Sports have contributed to covering the local hotel expenses in connection with the coach seminars.

Increased focus on CSR sponsorships

In accordance with our sustainability and phasing-out strategy, we also aim at boosting income from private funds and CSR partners.

The development in 2008 has in this respect been more profitable than planned. CCPA has benefited from entering into the following CSR agreements:

- a) UEFA has contributed an extraordinarily large amount totalling EUR 550k – more than double of what is specified in the contract.
- b) We have concluded a new agreement with the Rockwool Foundation of a total DKK 2,000k for development of football clubs and street sport in Lebanon.
- c) We have entered into a new contract on materials with Mercy Corps/Nike, who have delivered equipment to our volunteer leaders and coaches totalling DKK 1,000k. Please note that the equipment is donated in kind, and that CCPA pays for the transport from the warehouse in Antwerp, Belgium, to the destination country. This has been one reason for the increase in expenses for shipping and international transport that we have experienced in 2008.
- d) CCPA has concluded a new agreement with the Villum Kann Rasmussen Fonden for 2008-2012 totalling DKK 3,000k as a contribution to purchasing balls in the Balkans (DKK 600k a year).
- e) CCPA renewed its sponsorship agreement with Statoil and Socar in Azerbaijan on contributions to our football schools in Azerbaijan and Georgia, a total of USD 125k.
- f) CCPA continues its cooperation with Novo Nordisk of DKK 250k a year to commemorate "the World Diabetes Day" on 14 November up to and including 2010.

As the situation is today, the above agreements will be effective until 2010-2012, which must be considered satisfactory. In the upcoming year, CCPA will focus on enhancing our CSR work externally as well as internally, ie developing our concepts and the story we tell our partners.

Management's review

The Association's total 2008 activities in key ratios

In 2008, we organised football schools as well as follow-up activities in:

Bosnia-Herzegovina, Serbia, Montenegro, Macedonia, Croatia, Kosovo, Georgia, Armenia, Azerbaijan, Moldova, Lebanon and Iraq. In total, our activities comprised:

- ✚ 145 multi-ethnic football schools for 30,185 boys and girls from the age of 8-12 from 293 municipalities, 403 local football clubs and 393 elementary schools.
- ✚ 38 regional seminars/workshops for 2,896 volunteer instructors/leaders/coaches.
- ✚ Execution of 7 club seminars for a total of 306 participants in Lebanon.
- ✚ 239 parent workshops for 6,351 parents.
- ✚ Novo Nordisk Cup, 128 events for 12,015 boys and girls.
- ✚ 42 one-day fun football festivals for approx 5,000 boys and girls from the age of 7-12.
- ✚ 32 one-day festivals for approx 5,000 boys and girls.
- ✚ Production and distribution of 28,000 footballs, 3,300 coach bags, 40,000 t-shirts as well as other equipment to the participating football clubs, children and our many volunteer leaders and coaches.

A. Football schools in the Balkans

Football schools – key ratios:

We planned a total of 90 football schools for approx 18,000 children. We carried through 90 football schools for a total of 18,709 boys and girls!

Training activities:

2 regional instructor seminars (five days duration) for 184 participants.

4 regional leader seminars (two days duration) for 213 head masters and municipality representatives.

12 regional coach seminars for 1,207 participants.

1 regional instructor workshops – theme “Things Talk” for 12 participants.

3 female network seminars (one day duration) for 187 participants.

Football schools:

90 multi-ethnic football schools in Bosnia-Herzegovina, Croatia, Macedonia, Serbia & Montenegro and Kosovo for 12,688 boys and 6,018 girls from the age of 8-12 (we lack the details of three children) – a total of 18,709.

201 volunteer head masters.

1,101 volunteer coaches.

1,082 volunteer coach assistants and club leaders.

Management's review

Follow-up activities:

80 Novo Nordisk Cup for 5,397 boys and 3,241 girls, 8,638 in total.

35 "One-day football festivals" for approx 3,500 boys and girls.

173 parent workshops (three hours' duration) for 4,092 parents.

Working groups:

As part of our sustainability strategy, we have established a number of regional working groups, in which our instructors have met once or twice to prepare the season and to organise a number of local initiatives. In 2008, the working groups included:

Development of coach and leader manual and organising and formalising the coach education programme (4 persons).

Development of parent workshop (16 persons).

Development of football schools and "Things Talk" (12 persons).

Development of concepts and manual (6 persons).

Production and distribution of sports equipment and footballs:

As previously, we have produced our own sports equipment. Clothes for volunteer leaders and coaches were partly delivered by Mercy Cours/Nike, partly produced in China (bags and coats). Footballs in our own design were produced by and bought from Joyful Long in China.

In the Balkans, we have distributed ia:

15,750 footballs for local football clubs and schools that participated in the project.

1,800 bags including equipment for the volunteer coaches/leaders.

22,500 t-shirts, caps, drinking bottles and diplomas.

9,000 tops and marker vests.

1,800 manuals, etc.

For further breakdown, please confer with our narrative report and the enclosed statistics.

Comments on the budget:

The project was accomplished. That is we have carried through the planned football schools without encountering any serious obstacles. We have, however, realised a minor loss of DKK 307k. The loss is covered by CCPA's equity. In the beginning of the year, we expected a loss of almost DKK 700k. So, we have performed more satisfactorily than expected for the year.

Management's review

Studying the figures of the internal income statement more closely, the following will show:

Income

- a) We received a smaller amount from Norway than expected in our budget in the beginning of the year. Please note in this respect that the expected funds from Norway included grants to football schools as well as income to so-called "sustainabilities". We have received the applied-for funding for the completion of the football schools as well as limited funds for the applied-for "sustainabilities". The "sustainabilities" have only been completed to the extent that we have received funding for this purpose.
- b) We have benefited from "double funding" from UEFA in 2008. The income is therefore much higher than expected.
- c) With respect to the funding from municipalities, the income statement shows that the grants are only half the size of what was expected. It is particularly noticeable that the funding in Serbia is considerably smaller than the funding in the rest of the Balkan countries. The basic principle of the budget establishes that the municipalities must pay a grant of EUR 1,500 per football school. These amounts are used to cover the hotel expenses in connection with seminars for volunteer leaders and coaches. Some municipalities have chosen to pay these amounts into our local accounts. These contributions have all been included in this annual report. In Serbia, on the other hand, the municipalities pay the hotel bills directly to the hotels when the coaches check out. That is, all the municipalities have paid their planned contribution. There are, however, a number of amounts that never reach our account, and are therefore not included in this annual report.
- d) With respect to local sponsorships, we have not received the funding that we expected. As explained in the above, we obtained a verbal commitment in 2007 from football associations and ministries to support our football schools in 2008. However, in some countries, there are now new governments and government officials, and they have not felt obligated by previous governments' commitments. In other countries, the amount just never reaches our account despite numerous meetings and promises along the way.

Expenses:

As can be seen in the income statement, we have generally spent a smaller amount than we expected. The reason is of course that we experienced major liquidity problems during the year (eg UD did not pay their Balkan contribution until October and November), and we have therefore attempted to save as much as possible. For one thing, the administration in Copenhagen has not activated a full-time equivalent of coordination and educational activities.

Management's review

Finally, please note that our local office in Bosnia received a claim from the tax authorities in 2008 concerning import of equipment in 2007 – a total of EUR 25k. In addition, we have been warned to expect a claim from the customs and tax authorities for 2006 and 2008. We do not yet know the size of the claim. We have in 2008 held many and long meetings with numerous customs authorities and ministries, just as Norway's ambassador in Bosnia has been of great assistance in the case. Unfortunately, the Bosnian authorities have stood firm. The EUR 25k can be seen in the accounts under payable costs.

B. Football schools in Caucasia

Football schools – key ratios:

We planned and carried through 48 football schools in Georgia, Armenia, Azerbaijan and Moldova for approx 9,216 boys and girls. All activities have been carried through as planned.

Educational activities:

As described, UD chose not to support our activities in 2008. Due to major liquidity problems, we decided to take considerable cost-cutting measures as to the budget. For one thing, we decided to compromise our regional principles, completing only our instructor seminars in Transcaucasia and Moldova in accordance with our regional principles.

1 regional instructor seminar (4-day duration) for 33 participants.

4 national leader seminars (3-day duration) for 92 participants.

9 national coach seminars (3-day duration) for 796 participants.

Football schools:

48 multi-ethnic football schools in Georgia, Armenia, Azerbaijan and Moldova for 6,336 boys and 2,880 girls, 9,216 in total.

92 volunteer head masters.

576 volunteer coaches.

468 volunteer coach assistants and club leaders.

Follow-up activities:

Novo Nordisk Cup, 48 events for 2,426 boys and 951 girls, 3,377 in total.

8 “One-day football festivals” for approx 1,485 boys and girls.

Management's review

Distribution of sports equipment:

8,400 footballs for the participating football clubs.

960 bags including equipment for the volunteer coaches/leaders.

12,000 t-shirts, UEFA caps, drinking bottles and diplomas.

4,800 tops and marker vests.

960 manuals, etc.

For further breakdown, please confer with our narrative report and the enclosed statistics.

Comments on the budget

As described above, we planned the season trusting that UD wanted to support our activities. We have carried through the planned football schools based on an expected supplementary grant - a grant that we never received, unfortunately. Results for Caucasia therefore show a loss of DKK 1,862k for 2008.

Studying the figures of the internal income statement more closely, the following will show:

- a) The expected contribution from UD totalling DKK 2,300k did not fall into place.
- b) We have benefited from "double funding" from UEFA.
- c) It is a standing principle that municipalities and private sponsors cover expenses for transport and meals and refreshment for children. This has happened as planned for all schools, but the contributions have been donated in kind, ie that the funds have never reached our account.
- d) As in the Balkans, to charge a municipal contribution to expenses in connection with the leader and coach education programme. We have only experienced very limited success in this respect. On the other hand, our regional coordinator, in cooperation with the various country offices, succeeded in getting the football associations in Moldova and Georgia as well as the ministry of sports in Armenia to finance the hotel expenses in connection with the coach education programme. These bills have been paid directly to the hotels and have therefore not been included in this annual report.
- e) With respect to the budget line FA + ministries, we have recognised a private sponsorship from the national oil company in Azerbaijan, Socar, of a total of EUR 50k under this budget line. The reason is that Socar pays this sponsorship on behalf of the national football association.

Due to liquidity problems, we slammed on the breaks (**approx 30% savings compared to the planned budget**). Luckily, we managed to activate funds from the football associations in Moldova and Georgia as well as the ministry of sports in Armenia, so that we could carry through the local coach seminars as planned based on local funds.

Management's review

C. Street sport, club and community building in Lebanon

In 2008, CCPA entered into two sponsorship agreements.

1. We have concluded a CSR agreement with the Rockwool Foundation with a view to developing 50 sports clubs (for a broad audience) in accordance with CCPA's principles (DKK 2,000k)
2. We have concluded a one-year agreement with the Ministry of Foreign Affairs of Denmark and the embassy in Lebanon on the development of our street sport activities in Lebanon as well as maintenance and development of our volunteer network in Iraq.

Contrary to the Association's activities in the Balkans and in Caucasia, the above-mentioned Lebanon grants do not follow the financial year. We are therefore in the middle of a project period. As a result, we have accrued the budget of this annual report accordingly. Activities proceed as planned.

Educational activities:

1 regional club-building seminar for 17 leaders and instructors in Copenhagen, of which 10 persons came from Lebanon and 7 from Iraq.

2 OFFS coach seminars in Lebanon for 119 volunteer coaches.

8 club courses in Lebanon for 306 coaches, parents and municipality representatives from 32 "Popular Clubs" under establishment.

1 club course held in Iraq with participation of 12 persons from local clubs.

Football schools and street sport

7 multi-ethnic football schools in Lebanon for 1,760 girls and boys.

Various street sport sessions in Lebanon, including 118 sessions in a juvenile prison.

2 multi-ethnic/multi-sectarian sessions in Iraq for approx 500 children, of these 50 girls.

1 street sport festival in Iraq for 200 boys.

The future

The financial situation of the Association has put CCPA under great pressure. A total of 14.5 staff members in Denmark and abroad have accordingly been axed by year-end. Also, we have felt compelled to cease all activities in Croatia, Montenegro, Armenia and Moldova. They will only be continued if we succeed in obtaining the necessary funds.

Management's review

In the long run, we are concerned that the main office will be reduced by 1.5 staff members by the upcoming summer compared to 2008. From the summer of 2009, there will be 4.5 – 5 staff members in the office to run and develop our comprehensive project portfolio. Drastic staff cuts and restructurings in the organisation demand much attention from the main office, and the workload of the main office will not be reduced in future when we need to handle the restructurings in the organisation abroad, the increased project administration requirements from donors, the phase-out process in the “old countries” as well as communication work while at the same time developing our project portfolio for new countries/regions.

Luckily, however, we can benefit from the situation in other ways:

CCPA's financial situation has undoubtedly put pressure on our offices and staff members in the Balkans as well as in Caucasia and Moldova. They have at all times delivered what was requested by CCPA and our donors, but it is no secret that we have struggled with an enterprise culture of “we (abroad offices) deliver the operation, CCPS's main offices ensure the financing”. Though we have discussed our phasing-out and sustainability strategy and objectives for years, there is no longer any doubt that reality has required us to make ultimate demands of the various countries' own effort in raising funds for the national operations. Accordingly, our colleagues in Croatia have entered into separate CSR agreements with Novo Nordisk and Medialap, and together with the Croatian football association, they have submitted an application to the national lottery, which, if approved, will ensure their operation. In Serbia, we have reached an agreement with the Serbian football association that our coordinators in the various countries are to be transferred to the Serbian FA during the spring of 2009. Our office in Macedonia has also managed to conclude new agreements with local football clubs and the US embassy in Skopje. Speaking in metaphors, there will be mountains to climb in the future, but there is now no longer any doubt that our local offices have started the climb.

In addition, new areas/project opportunities are presenting themselves. First of all, the war between Georgia and Russia has sparked focus on domestic and international conflicts in the Russian border states. Based on our regional office and instructor network in Transcaucasia and Moldova, we believe that CCPA has a good chance of establishing our football school programme in these conflict zones. Furthermore, the Ministry of Foreign Affairs of Denmark has financed a large football school programme in Iraq. This programme is to build on the network of volunteers that we have established for the past four years. And without making any promises, the programme which started in January 2009 has got off to a flying start. If our local partners develop their programmes with the same drive and cadence as they have started, the programme will undoubtedly have a very promising future.

Therefore, in other words: Though 2008 has seen many challenges, the obstacles failed to prevent us from seeing the fields, opportunities and results in the horizon.

Accounting policies

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class A. Furthermore, the rules for reporting class B enterprises on management's review have also been applied.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Association, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Association has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Association, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year. Value adjustments of financial assets and liabilities are recorded in the income statement as financial income or financial expenses.

Balance sheet

Income

Funding and donations are recognised in the income statement when final approval of the grant has been received for the financial year in line with the project's stage of completion.

Income is allocated according to the projects for which the contribution has been granted.

Expenses

Expenses are recognised in the income statement as incurred and under the projects to which the costs are attributable.

Joint expenses are distributed on the various areas according to the number of arranged football schools and Management's estimate. Within specific areas, expenses are distributed on the various contributions according to the individual contribution's share of the total contributions to the area.

Accounting policies

Property, plant and equipment

Property, plant and equipment in Denmark are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price and costs directly attributable to the acquisition until the time when the asset is ready to be put into operation.

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5 years
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Assets costing less than the tax base limit of small assets are recognised as costs in the income statement at the time of acquisition.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale.

Property, plant and equipment abroad are recognised as costs in the income statement at the time of acquisition.

Receivables

Receivables are measured at amortised cost usually equalling nominal value less provisions for bad debts.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying a pre-determined rate. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange rate differences that arise between the rate at the transaction date and the one in effect at the payment date, or the balance sheet date, are recognised in the income statement under financial income or financial expenses.

Income statement for 2008

		2008	2007
Income	Note	DKK	DKK'000
Funding and donations		16,083,735	15,643
		16,083,735	15,643
Expenses			
Wages and salaries etc.		(5,975,974)	(5,732)
Office expenses		(1,324,993)	(1,276)
Seminars		(2,373,512)	(1,998)
Materials		(5,016,578)	(4,383)
Transport		(2,913,793)	(2,218)
Equipment		(95,852)	(145)
Street events		0	(108)
Professional assistance		(363,930)	(302)
Financial expenses	2	149,099	(2)
Amortisation/depreciation		(48,610)	(48)
		(17,964,143)	(16,212)
Loss for the year	1	(1,880,408)	(569)
Proposed distribution of loss			
The Board proposes the loss for the year distributed as follows:			
Transferred to equity		(1,880,408)	(569)

Balance sheet at 31 December 2008

	Note	2008 DKK	2007 DKK
<u>Assets</u>			
Property, plant and equipment	3	12,500	61
Receivables, etc	4	555,853	20
Cash	5	1,294,355	2,471
Total assets		1,862,708	2,552
<u>Equity and liabilities</u>			
Retained earnings		1,956,441	2,526
Loss for the year		(1,880,408)	(569)
Equity	6	76,033	1,957
Prepaid income		890,000	67
Holiday pay obligation		354,629	269
Payable costs, etc		542,046	259
Liabilities other than provisions		1,786,675	595
Total equity and liabilities		1,862,708	2,552

Cross Cultures Project Association (CCPA)

Notes

1. Specified income statement

	The Balkans	Caucasia	Lebanon	CCPA, adm.	Total
Income	DKK	DKK	DKK	DKK	DKK
Funding and donations	10,297,295	3,415,801	2,122,232	248,406	16,083,735
Expenses					
Wages and salaries etc.	1,970,868	928,676	343,740	85,656	3,328,941
Office expenses	603,073	180,215	87,223	454,482	1,324,993
Seminars	1,532,631	501,467	264,714	74,701	2,373,512
Materials	3,049,654	1,493,104	498,872	(25,052)	5,016,578
Transport	1,568,100	840,359	398,338	106,996	2,913,793
Equipment	27,362	18,164	28,455	21,873	95,852
Street events	0	0	0	0	0
Professional assistance	43,314	17,693	9,000	293,923	363,930
Financial expenses	71,608	89,771	(276,115)	14,247	(100,489)
Project management and transport, Denmark	1,063,416	970,939	562,678	50,000	2,647,033
Administration, Denmark (7 %)	673,856	237,542	148,556	(1,059,954)	0
	10,603,881	5,277,928	2,065,460	16,874	17,964,143
Profit/loss for the year	(306,586)	(1,862,127)	56,772	231,532	(1,880,408)
Proposed distribution of profit/loss					
The Board proposes the profit/loss for the year distributed as follows:					
Transferred to equity	(306,586)	(1,862,127)	56,772	231,532	(1,880,408)

Notes

	2008
	DKK
	<hr/>
2. Financial expenses	
Translations losses, etc	(194,594)
Fees	54,298
	<hr/>
	(140,296)
Interest, net	(8,803)
	<hr/>
	(149,099)
	<hr/>
3. Property, plant and equipment	
Cost at 1 January 2008	243,050
Additions	-
	<hr/>
Cost at 31 December 2008	243,050
	<hr/>
Depreciation and impairment losses at 1 January 2008	181,940
Depreciation for the year	48,610
	<hr/>
Depreciation and impairment losses at 31 December 2008	230,550
	<hr/>
Carrying amount at 31 December 2008	12,500
	<hr/>

4. Receivables

	Currency	Number	Market price	DKK
				<hr/>
Outstanding account, Georgia	EUR	164.95	745.06	1,229
Prepayments	DKK			7,314
Receivables, Norway & Caucasia	DKK			65,243
Receivables, UEFA	EUR	50,000	745.06	372,500
Other receivables	DKK			109,567
				<hr/>
				555,853
				<hr/>

Notes

5. Cash

	Currency	Number	Exchange rate	DKK
Croatia	EUR	89.52	745.06	667
Bosnia	EUR	355.94	745.06	2,652
Serbia	EUR	383.73	745.06	2,859
Macedonia	EUR	31.27	745.06	233
Georgia	EUR	3,504.68	745.06	26,112
Lebanon	USD	10,342.67	507.53	54,660
Cash at hand, foreign countries				87,183
Croatia, EUR	EUR	0.81	745.06	6
Croatia, local currency	HRK	4.92	101.58	5
Bosnia, EUR	EUR	0	745.06	8
Bosnia, local currency	BAM	0	381.79	329
Serbia, EUR	EUR	4,115.37	745.06	30,662
Serbia, local currency	CSD	0	9.31	0
Macedonia, EUR	EUR	895.36	745.06	6,671
Macedonia, EUR	EUR	2,398.06	745.06	17,867
Kosovo				125
Georgia, EUR	EUR	3,219.20	745.06	23,985
Georgia, local currency	GEL	50.38	317.60	160
Cash at hand, foreign countries				79,818
Danske Bank	3511 3511896169			858,874
Danske Bank	3511 3517214477			0
Danske Bank	3511 3517214515			30,728
Danske Bank	3511 3517214493			102,925
Danske Bank	3511 3517214485			10,232
Danske Bank	3511 3517240761			113,929
Danske Bank	3511 3517181781			7,643
Danske Bank	3511 3517392332			361
Danske Bank	3511 3517560383			1,506
Danske Bank	3511 3517214507			577
Danske Bank	MasterCard, CEO			579
Cash at hand, Denmark				1,127,354
Total				1,294,355

Notes

6. Equity

	Other reserves				Retained	Total
	The Bal-	Caucasia	Lebanon	Moldova	earnings	
	kans				CCPA	
Balance in the beginning of 2007	104,515	129,942	53,580	-	2,237,927	2,525,963
Loss for 2007	(13,775)	(149,614)	(3,450)	(129,696)	(272,987)	(569,522)
Estimated additional expenses, the Balkans	(100,000)	-	-	-	100,000	-
Balance in the beginning of 2008	(9,260)	(19,672)	50,130	(129,696)	2,064,940	1,956,441
Profit/loss for 2008	(306,586)	(1,862,127)	56,772	0	231,532	(1,880,408)
Balance at year-end 2008	(315,846)	(1,881,799)	106,902	(129,696)	2,296,472	76,033

Internal income statement, the Balkans 2008

	Realised in total DKK	Total Budget DKK	Total Deviation DKK	Croatia Realised DKK	Bosnia Realised DKK	Serbia Realised DKK	Macedonia Realised DKK	Kosovo Realised DKK	Montenegro Realised DKK
Income									
Sida	2,048,000	2,075,000	27,000	0	560,000	496,000	496,000	496,000	0
Norway	3,438,510	5,328,966	1,890,456	0	1,049,573	1,169,810	1,219,127	0	0
Novo Nordisk	170,000	170,000	0	20,000	70,000	20,000	20,000	20,000	20,000
VKR	600,000	600,000	0	128,572	128,572	128,571	128,571	85,714	0
UEFA	3,370,000	1,000,000	-2,370,000	1,615,000	425,000	450,000	300,000	80,000	500,000
Municipalities	670,785	1,282,125	611,340	235,890	228,165	11,037	195,693	0	0
Local sponsorship	0	1,413,000	1,413,000	0	0	0	0	0	0
Total	10,297,295	11,869,091	1,571,796	1,999,462	2,461,310	2,275,418	2,359,391	681,714	520,000
Expenses									
Wages, salaries etc.	1,970,868	2,269,800	298,932	438,492	485,904	510,686	422,524	31,290	81,972
Office expenses	603,073	792,000	188,927	145,821	135,009	123,718	174,951	18,387	5,186
Seminars	1,532,631	1,834,200	301,569	477,779	438,455	159,597	319,826	44,673	92,300
Materials	3,049,654	3,390,875	341,221	607,428	690,657	630,201	688,246	215,396	217,726
Transport	1,568,100	2,147,800	579,700	356,253	274,696	396,010	328,654	113,599	98,887
Equipment	27,362	0	-27,362	1,738	17,138	4,852	2,813	0	821
Street events, etc	0	624,500	624,500	0	0	0	0	0	0
Professional assistance	43,314	0	-43,314	10,274	12,684	13,802	6,445	109	0
Financial expenses	71,608	0	-71,608	20,107	3,631	32,040	12,435	120	3,275
Project management and transport, DK	1,063,416	1,706,250	642,834	89,400	252,739	252,739	252,739	215,799	0
Administration, Denmark	673,856	787,411	113,555	123,450	156,320	158,507	151,459	47,720	36,400
Sustainabilities (in kind)	0	751,000	751,000	0	0	0	0	0	0
Total	10,603,881	14,303,836	3,699,955	2,270,743	2,467,234	2,282,150	2,360,093	687,094	536,567
Loss for the year	-306,586	-2,434,745	-2,128,159	-271,281	-5,924	-6,732	-702	-5,380	-16,567

Internal income statement, Caucasia 2008

	Total Realised kr.	Total Budget kr.	Total Deviation kr.	Georgia Realised kr.	Armenia Realised kr.	Azerbaijan Realised kr.	Moldova Realised kr.
Income							
Sida	797,951	800,000	2,049	797,951	0	0	0
Norway	0	2,300,000	2,300,000	0	0	0	0
Novo Nordisk	80,000	62,500	-17,500	20,000	20,000	20,000	20,000
Statoil	558,750	558,750	0	186,250	0	372,500	0
UEFA	1,472,500	898,000	-574,500	360,167	560,167	362,166	190,000
Municipalities	22,350	536,400	514,050	22,350	0	0	0
Local sponsorship	0	689,400	689,400	0	0	0	0
FA & Ministry of Y&S	484,250	596,000	111,750	111,750	0	372,500	0
I alt	3,415,801	6,441,050	3,025,249	1,498,468	580,167	1,127,166	210,000
Expenses							
Wages, salaries etc.	928,676	938,702	10,026	463,055	197,820	139,725	128,077
Office expenses	180,215	405,840	225,625	64,310	58,020	46,702	11,183
Seminars	501,467	1,586,450	1,084,983	141,709	17,369	225,842	116,546
Materials	1,493,104	1,854,000	360,896	367,411	372,260	384,431	369,001
Transport	840,359	1,637,200	796,841	364,271	230,559	122,573	122,956
Equipment	18,164	0	-18,164	7,191	10,806	0	166
Street events etc.	0	144,000	144,000	0	0	0	0
Professional assistance	17,693	0	-17,693	16,780	0	745	168
Financial expenses	89,771	0	-89,771	82,572	2,688	2,529	1,982
Project management and transport, DK	970,939	967,500	-3,439	352,739	164,400	289,400	164,400
Administration, Denmark	237,542	527,358	289,816	103,328	40,612	78,902	14,700
	5,277,928	8,061,050	2,783,122	1,963,367	1,094,534	1,290,849	929,178
Profit/loss for the year	-1,862,127	-1,620,000	242,127	-464,898	-514,367	-163,683	-719,178

Internal income statement, Lebanon 2008

	Lebanon Rockwool DKK	Lebanon Rockwool budget DKK	Lebanon Rockwool deviation DKK	Lebanon UM ¹ DKK	Lebanon UM budget DKK	Lebanon UM devia- tion DKK	Lebanon total DKK
Income							
Funding and donations, gross	1,297,980	1,428,571	130,591	824,252	732,667	-91,585	2,122,232
	1,297,980	1,428,571	130,591	824,252	732,667	-91,585	2,122,232
Expenses							
Wages, salaries etc.	230,306	247,500	17,194	113,434	53,200	-60,234	343,740
Office expenses	58,439	60,343	1,904	28,784	26,107	-2,677	87,223
Seminars	177,358	234,107	56,749	87,356	112,000	24,644	264,714
Materials	334,244	308,036	-26,208	164,628	126,333	-38,294	498,872
Transport	266,887	108,571	-158,315	131,452	125,333	-6,118	398,338
Equipment	19,065	10,411	-8,654	9,390	0	-9,390	28,455
Street events	0	0	0	0	0	0	0
Professional assistance	6,030	0	-6,030	2,970	0	-2,970	9,000
Financial expenses	-184,997	0	184,997	-91,118	0	91,118	-276,115
Com. Dev. + Football festivals	0	61,250	61,250	0	0	0	0
Project management and transport, DK	376,994	308,571	-68,423	185,684	179,333	-6,350	562,678
Administration, Denmark	90,859	93,715	2,856	57,698	43,561	-14,136	148,556
	1,375,184	1,432,504	57,320	690,276	665,868	-24,408	2,065,460
Profit/loss for the year	-77,204	-3,933	73,271	133,976	66,799	-67,177	56,772

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¹ Ministry of Foreign Affairs of Denmark