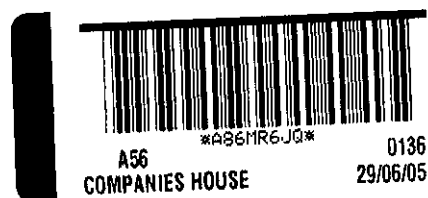


**Company Registration No. 00077797**

**The Football Association Limited**

**Report and financial statements**

**31 December 2004**



# **The Football Association Limited**

## **Report and financial statements 2004**

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# **The Football Association Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

### **Principal activities**

The principal activity of The Football Association Limited ("The Company" or "The FA") is to promote the game of Association Football ("the game").

The principal activities of the Group are that of The FA together with its subsidiaries. The principal continuing activity of Wembley National Stadium Limited ("WNSL") is to organise sporting and other entertainment events at Wembley Stadium and other sporting venues. This includes managing the Wembley construction project through to completion. The principal activity of National Football Centre Limited ("NFC") is to manage the development and operation of football related facilities. The principal activity of FA Learning Limited ("FAL") is the organisation and delivery of The FA's educational activities, principally in the fields of coaching, refereeing, medical and exercise science and child protection.

### **Business review**

Overall the Group's turnover has increased by £16,605,000 in 2004 to £206,145,000 (2003: £189,540,000 as restated – see Note 25), as can be seen from the graph, with the following key highlights:

- Broadcasting, sponsorship and other commercial income has increased by £10,920,000 to £176,945,000 overall. This was principally due to the sale of replica shirts resulting from the success of the England team and the feelgood factor associated with qualification for Euro 2004. This has more than offset the reduction in broadcasting income in the year (see further comments in "Other developments and future prospects" below);
- Gate receipts are down by £2,448,000 in 2004 to £13,399,000, due to fewer home fixtures for the England senior team (four in 2004 as compared with seven in 2003);
- Tournament income earned from Euro 2004 was £6,741,000 in 2004, this compares with tournament income earned from World Cup 2002 of £4,271,000; and
- Other income, which mainly relates to educational courses and grants, is also higher than previous years.

# **The Football Association Limited**

## **Directors' report**

### **Business review (continued)**

Overall the Group's total costs and payments to the game have decreased by £4,500,000 in 2004 to £175,811,000 (2003: £180,311,000 as restated – see Note 25), as can be seen from the graph, with the following key highlights:

- Other operating costs and costs of sales have been reduced by £1,263,000 to £82,150,000 across a number of operating departments;
- Tournament costs relating to Euro 2004 were £7,178,000 in 2004, this compares with tournament costs relating to World Cup 2002 of £5,953,000;
- The FA's distributions have increased significantly by £12,747,000 to £59,903,000, due to additional payments made to the Football Foundation in the year;
- Prize funds and TV monies mainly relate to payments to clubs competing in The FA Cup and have remained consistent over the three years; and
- Unlike the prior two years, there have been no exceptional charges in the year.

### **Other developments and future prospects**

#### *Income*

The FA's income stream is built mainly on the sale of TV broadcasting rights. On 1 August 2004 a new four-year contract started with the BBC and Sky for UK and Eire rights to broadcast various FA competitions (including The FA Cup and key England teams). The annual income from this contract is lower than the previous deal as a result of prevailing market conditions, the effect of which is partially seen in 2004, but fully impacts the year to 31 December 2005. The financial impact on the business has been considered since the deal was finalised in 2003.

The process for negotiating the sale of overseas TV broadcasting rights, for the same four-year period, to a number of partners is almost complete and most key territories are now secured. Overall, it is considered likely that the annual income from such deals will be similar to the previous single agency deal.

Sponsorship contracts with the five key partners continue until 31 July 2006. Negotiations for the subsequent term are due to start towards the end of 2005.

# **The Football Association Limited**

## **Directors' report**

### *Financial facilities*

In 2003, The FA retained a committed overdraft facility that remained largely unutilised throughout 2004 (an amount of £4,000,000 was drawn down for a matter of days in Spring 2004).

### *NFC*

During 2004, a process commenced to reconsider the strategy underpinning the development at Byrkley Park, the scope of activities to be offered and, therefore the appropriate provision of facilities on site. Based on all available information, the directors believe that it is appropriate to continue carrying the value of this site at a net realisable value of £4,250,000.

### *WNSL*

During the past 12 months, considerable progress has been made with the construction of the new Stadium. Much of the steel superstructure was erected, with the 1,700-ton iconic arch raised in June 2004 and celebrated publicly with a closing-out ceremony including Tony Blair, Sven Goran Eriksson and David Beckham. The next construction milestone is the construction of the roof which is expected during Summer 2005. The directors have been assured by the contractor, Multiplex, that the project will be completed on time, despite the knock-on effect of the steel dispute which occurred in the year.

The sales of both boxes and premium seats progressed steadily throughout the year. In total, 38% of combined box and premium seats inventory had been reserved by the year-end with over 29% of the inventory contracted.

After 27 months of the 40-month construction programme, just under two thirds of the total budget has been spent, with costs to 31 December 2004 totalling £470,000,000. This has been funded by drawing the full contribution from WNSL and The FA, £120,000,000 from Sport England, £14,000,000 from the London Development Agency ("LDA"), £6,000,000 from the Department of Culture Media and Sport ("DCMS") and £165,000,000 from the banks. There were no funding shortfalls at the year-end. In addition, the £445,000,000 design and construct contract has protection from a £100,000,000 support package, consisting of a £60,000,000 performance bond and a £40,000,000 retention bond.

### **Corporate governance**

During 2004, the Board initiated a review of the corporate structure within The FA. This is being led by an independent Chairman, Lord Burns, and is due to report its conclusions in Autumn 2005.

### *Audit Committee and Remuneration Committee*

The Audit and Remuneration Committees of The FA exist with specific terms of reference that deal with their authorities and duties.

The Audit Committee comprises Board member R F Burden (Chairman) and two independent non Board members, A Newell and R Gossage. It considers matters relating to the financial controls, the reporting of results and the effectiveness and cost of the audit. It meets at least twice a year with management and the Group's auditors.

The Remuneration Committee comprises D B Dein, R F Burden, P J Heard and R W Kiddell. It is responsible for advising the Board on the pay and terms and conditions of the Chief Executive and members of senior management. In discharging its duties the Remuneration Committee takes independent advice where appropriate.

# **The Football Association Limited**

## **Directors' report**

### *Directors of the Company*

The Board of The FA contains 12 voting directors who are elected by stakeholders in the Company. In addition, the Chairman and Chief Executive are non-voting Board members. The Board meets on a monthly basis to review the performance of the Group and to determine long-term objectives and strategies and is supplied with management accounts and other relevant information.

The Chairman is elected on a four year cycle, the Chief Executive is appointed by the Board, and each of the voting directors are subject to re-election at least every three years. There is a clear division of responsibility between the roles of Chairman and Chief Executive.

The Board is empowered to appoint sub-committees, incorporating independent membership as it considers appropriate.

### *Going concern*

The directors have satisfied themselves that the Group has adequate resources to continue in operational existence for the foreseeable future, and for this reason the financial statements continue to be prepared on the going concern basis.

### *Wembley National Stadium Limited*

WNSL has its own Corporate Governance and Audit Committee ("CG&A"), Risk Committee and Remuneration Committee. The CG&A is chaired by D Ross. It comprises two further non-executive directors, being M Jeffries and C Sherling, together with the Chief Executive, M Cunnah and the Director of Finance, R Maslin. The duties of the CG&A, the Risk Committee and the Remuneration Committee are set out in the accounts of WNSL.

# The Football Association Limited

## Directors' report

### Statement of directors' responsibilities

United Kingdom Company Law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Directors and their interests

The persons listed below served as directors of the Company throughout the year, except as noted. Each of the directors held a non-beneficial ownership of one share in the Company.

G Thompson	Chairman	
M Palios	Chief Executive	Resigned 1 August 2004
B W Bright	Kent County FA	
R F Burden	Gloucestershire County FA	
R Coar	The FA Premier League, Blackburn Rovers FC	Resigned 10 July 2004
D B Dein	The FA Premier League, Arsenal FC	
P A Gartside	The FA Premier League, Bolton Wanderers FC	Appointed 10 July 2004
P J Heard	The Football League, Colchester United FC	
D J Henson	Devon County FA	
P S Hough	Dorset County FA	
R W Kiddell	FA Vice President	
R Lowe	The FA Premier League, Southampton FC	
M H Rawding	East Riding County FA	Appointed 10 July 2004
D G Richards	The FA Premier League	
D Sheepshanks	The Football League, Ipswich Town FC	
A C F Turvey	Divisional Representative, Hayes FC	Resigned 10 July 2004

On 31 January 2005 the new Chief Executive B Barwick was appointed to the Board.

On 14 February 2005 M H Rawding sadly passed away. The directors wish to express their sincere gratitude for his significant contribution to The FA.

# The Football Association Limited

## Directors' report

### Charitable donations

The Group made charitable donations of £35,417,000 (2003: £25,312,000) during the year. This includes donations to The Football Foundation of £30,375,000 (2002: £19,000,000) and notably the Community Shield donations breaking the £1,000,000 mark. The donations paid can be summarised into the following headings:

	2004 £'000	2003 £'000
Donations to football charities	34,275	24,300
Donations generated from the Community Shield	1,108	992
Other donations	34	20
	<hr/>	<hr/>
Total charitable donations	<u>35,417</u>	<u>25,312</u>

### Disabled employees

Applications for employment of disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

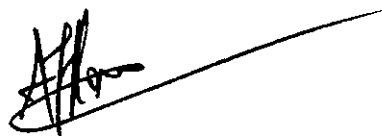
### Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and Company newsletters.

### Auditors

A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



A J Horne

Company secretary

6 April 2005

25 Soho Square

London W1D 4FA



## **Independent Auditors' Report to the members of The Football Association Limited**

We have audited the financial statements of The Football Association Limited for the year ended 31 December 2004 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

### **Basis of opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the Company's and the Group's affairs as at 31 December 2004 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London

8 April 2005

# The Football Association Limited

## Consolidated profit and loss account Year ended 31 December 2004

	Note	2004 £'000	Restated (see Note 25) 2003 £'000
<b>Turnover</b>	1, 2	206,145	189,540
Cost of sales		(66,196)	(58,315)
<b>Gross profit</b>		139,949	131,225
Operating expenses	3	(109,615)	(121,996)
<b>Operating profit</b>	6	30,334	9,229
Interest payable and similar charges	7	(346)	(1,962)
Interest receivable and similar income	8	3,683	1,648
<b>Profit on ordinary activities before taxation</b>		33,671	8,915
Taxation	9	(10,350)	(8,860)
<b>Retained profit on ordinary activities after taxation for the financial year</b>	21	23,321	55

All the above results are derived from continuing operations.

The Group had no recognised gains or losses in the current or preceding year other than the profit for that year.

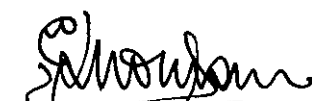
# The Football Association Limited

## Consolidated balance sheet As at 31 December 2004

	Note	2004 £'000	2003 £'000
<b>Fixed assets</b>			
Intangible assets	10	250	250
Tangible assets	11	396,003	275,724
		<u>396,253</u>	<u>275,974</u>
<b>Current assets</b>			
Stocks	13	291	117
Debtors due within one year	14	11,044	6,706
Debtors due after one year	14	142	370
Cash at bank and in hand		22,689	38,246
		<u>34,166</u>	<u>45,439</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(94,826)</u>	<u>(133,534)</u>
<b>Net current liabilities</b>		<u>(60,660)</u>	<u>(88,095)</u>
<b>Total assets less current liabilities</b>		<u>335,593</u>	<u>187,879</u>
<b>Creditors: amounts falling due after more than one year</b>	16	<u>(263,208)</u>	<u>(149,187)</u>
<b>Provisions for liabilities and charges</b>	18	<u>(27,420)</u>	<u>(17,048)</u>
<b>Net assets</b>		<u><u>44,965</u></u>	<u><u>21,644</u></u>
<b>Capital and reserves</b>			
Called up share capital	20	-	-
Profit and loss account	21	44,965	21,644
<b>Equity shareholders' funds</b>	21	<u><u>44,965</u></u>	<u><u>21,644</u></u>

These financial statements were approved by the Board of Directors on 6 April 2005.

Signed on behalf of the Board of Directors



G Thompson, Chairman



R Barwick, Director

# The Football Association Limited

## Company balance sheet As at 31 December 2004

	Note	2004 £'000	2003 £'000
<b>Fixed assets</b>			
Tangible assets	11	1,507	2,044
Investment in subsidiaries	12	1	1
		<u>1,508</u>	<u>2,045</u>
<b>Current assets</b>			
Stocks	13	172	117
Debtors due within one year	14	9,354	9,314
Debtors due after one year	14	152,970	153,186
Cash at bank and in hand		16,598	29,534
		<u>179,094</u>	<u>192,151</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(79,675)</u>	<u>(123,378)</u>
<b>Net current assets</b>		<u>99,419</u>	<u>68,773</u>
<b>Total assets less current liabilities</b>		100,927	70,818
<b>Creditors: amounts falling due after more than one year</b>	16	<u>(13,825)</u>	<u>(18,825)</u>
<b>Provisions for liabilities and charges</b>	18	<u>(12,397)</u>	<u>(11,137)</u>
<b>Net assets</b>		<u>74,705</u>	<u>40,856</u>
<b>Capital and reserves</b>			
Called up share capital	20	-	-
Profit and loss account	21	74,705	40,856
<b>Equity shareholders' funds</b>	21	<u>74,705</u>	<u>40,856</u>

These financial statements were approved by the Board of Directors on 6 April 2005.

Signed on behalf of the Board of Directors

  
G Thompson, Chairman

  
B Berwick, Director

# The Football Association Limited

## Consolidated cash flow statement Year ended 31 December 2004

	Note	2004 £'000	2003 £'000
<b>Net cash (outflow) / inflow from operating activities</b>	22(a)	<u>(18,552)</u>	<u>85,208</u>
<b>Returns on investments and servicing of finance</b>			
Interest paid		(9,411)	(2,360)
Interest received		1,911	1,222
Net dividends received		-	26
Loan arrangement and commitment fees		<u>(226)</u>	<u>(2,556)</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		<u>(7,726)</u>	<u>(3,668)</u>
<b>Taxation</b>			
Corporation tax received / (paid)		<u>2,030</u>	<u>(5,146)</u>
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(108,685)	(128,400)
New loan advances		-	(58)
Receipts from sales of investment assets		-	3,777
Receipts from sales of tangible fixed assets		<u>14</u>	<u>-</u>
<b>Net cash outflow from capital expenditure and financial investment</b>		<u>(108,671)</u>	<u>(124,681)</u>
<b>Net cash outflow before use of liquid resources and financing</b>		<u>(132,919)</u>	<u>(48,287)</u>
<b>Management of liquid resources</b>			
Decrease in treasury deposits		<u>-</u>	<u>-</u>
<b>Net cash inflow from management of liquid resources</b>		<u>-</u>	<u>-</u>
<b>Financing</b>			
Bank loan received		97,301	-
Bank loan paid		-	(50,000)
Other financing		<u>20,061</u>	<u>52,036</u>
<b>Net cash inflow from financing</b>		<u>117,362</u>	<u>2,036</u>
<b>Decrease in cash</b>	22(c)	<u><u>(15,557)</u></u>	<u><u>(46,251)</u></u>

# **The Football Association Limited**

## **Notes to the accounts**

### **Year ended 31 December 2004**

#### **1. Accounting policies**

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

##### **Basis of accounting**

The financial statements have been prepared under the historical cost basis in accordance with applicable United Kingdom accounting standards and Company law.

##### **Basis of consolidation**

The Group accounts consolidate the results of the Company and all its subsidiaries. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

No profit and loss account is presented for the Company, as permitted by Section 230 of the Companies Act 1985. Profit after tax for the year for the Company was £33,849,000 (2003: £13,071,000).

##### **Turnover**

Turnover comprises the value of sales (net of VAT, similar taxes and trade discounts) of goods and services in the normal course of business. Revenue derived from television contracts is recognised as turnover in proportion to the relative weighted values of the matches played during the year and covered under such contracts. Sponsorship and related revenues are recognised on a time basis over the life of the relevant contract. Matchday and related revenues are recognised when the relevant fixture takes place.

##### **Barter transactions**

Turnover and costs in respect of barter transactions for goods and services are recognised only where there is persuasive evidence of the value at which, if it had not been exchanged, the goods and services would have been sold for cash in a similar transaction.

##### **Taxation**

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

# **The Football Association Limited**

## **Notes to the accounts**

### **Year ended 31 December 2004**

#### **1. Accounting policies (continued)**

##### **Pension costs**

###### *Defined benefits scheme*

The expected costs of providing pensions and other post retirement benefits, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the schemes operated within the Group in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

###### *Defined contribution scheme*

Under the defined contribution scheme, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between the contributions payable during the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### **Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

##### **Grants and deferred income**

Grants received in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by matching with the relevant depreciation expense. Where a grant relates to an asset which is not depreciated, the grant remains in deferred income until the end of the asset's life or when the asset is sold.

Grants made by The Football Association Limited ("The FA") in the normal course of business are reported in the profit and loss account in the year in which they become unconditionally payable.

##### **Investments**

Fixed asset investments are shown at cost less provision for impairment. Provisions are made for permanent reductions in value. Provisions for temporary fluctuations in value are not made. Income is included together with the related tax credit in the accounts for the year in which it is receivable.

##### **Intangible asset**

The Wembley National Stadium Limited ("WNSL") intangible asset is not amortised on the grounds of its expected durability. An impairment review is performed annually.

The directors consider that the Group's intangible asset has an indefinite life due to WNSL's proven and sustained ability to organise sporting and other entertainment events at Wembley Stadium and other sporting venues.

# The Football Association Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 1. Accounting policies (continued)

##### Tangible fixed assets

No depreciation is charged on land.

The land at Wembley Stadium is included in the accounts at the directors' opinion of the apportioned cost arising from the purchase of land and buildings from Wembley plc.

Assets in the course of construction relate to costs associated with the development at Byrkley Park and the construction of the new Wembley Stadium, including appropriate finance costs. They will be depreciated over their estimated useful lives from completion.

Tangible fixed assets are stated at cost, net of depreciation and any other provisions for impairment.

Depreciation is provided at rates calculated to write off the cost less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Long leasehold property	- The shorter of 50 years or over the life of the lease when remaining term is less than 50 years
Short leasehold property	- Over the life of the lease
Motor vehicles	- 4 years
Fixtures, fittings and equipment	- Between 3 – 10 years

##### Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

##### Borrowing costs

The arrangement fees for the committed funding have been offset against the loan and are being amortised over the period of the loan. Finance costs including amortisation of arrangement fees directly attributable to construction are capitalised as assets in the course of construction.

##### Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction (or where appropriate, at the rate of exchange in a related forward exchange contract).

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.



# The Football Association Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 2. Segmental information

Turnover, operating profit/(loss) and net assets by class of business as set out below. All activities arose in the United Kingdom.

	Promotion of Association Football		Stadium and event management		Group	
	Restated (see Note 25)		Restated (see Note 25)		Restated (see Note 25)	
	2004	2003	2004	2003	2004	2003
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	201,442	185,538	4,703	4,002	206,145	189,540
Operating profit/(loss)	33,804	17,114	(3,470)	(7,885)	30,334	9,229
Interest payable	(9)	(1,515)	(337)	(447)	(346)	(1,962)
Interest receivable	1,310	1,264	2,373	384	3,683	1,648
Profit / (loss) before tax	35,105	16,863	(1,434)	(7,948)	33,671	8,915
Net assets / (liabilities)	82,472	44,833	(37,507)	(23,189)	44,965	21,644

#### Barter transactions

The amount of barter transactions for goods and other services recognised in turnover is £1,932,859 (restated 2003: £1,521,272).

#### 3. Operating expenses

	Restated (see Note 25)	
	2004	2003
	£'000	£'000
The Football Foundation	30,375	19,000
The Football Stadium Improvement Fund	2,812	3,000
The Football League	5,530	6,490
County FA distributions	10,842	6,501
Professional Footballers Association	1,900	2,300
FA Youth Trust and FA National Sports Centre Trust	2,000	3,000
Other distributions	6,444	6,865
Distributions to the game	59,903	47,156
Employee costs	22,662	20,704
Stadia and event management	3,705	8,888
Exceptional items (see Note 6)	-	21,172
Other operating expenses	23,345	24,076
Total operating expenses	109,615	121,996

# The Football Association Limited

## Notes to the accounts Year ended 31 December 2004

### 4. Directors' emoluments

	2004 £'000	2003 £'000
Directors' emoluments	361	476
Directors' benefits in kind	23	12
Compensation for loss of office	705	-
Directors' pension payments	11	8
	<u>1,100</u>	<u>496</u>
	No.	No.
The number of directors to whom retirement benefits are accruing in respect of qualifying services in respect of defined benefit schemes	-	1
	<u>£'000</u>	<u>£'000</u>
<b>Details of highest paid director</b>		
Total emoluments and benefits in kind	243	351
Compensation for loss of office	705	-
	<u>948</u>	<u>351</u>
	<u>£'000</u>	<u>£'000</u>
The amount of the highest paid director's accrued pension in respect of the Company's defined benefit pension scheme is an annual amount on retirement of:	-	31

### 5. Employee information

	2004 No.	2003 No.
Average monthly number of persons employed by the Group during the year:		
Promotion of Association Football	254	261
Stadium and event management	45	33
	<u>299</u>	<u>294</u>
	<u>£'000</u>	<u>£'000</u>
Their aggregate remuneration comprised:		
Wages and salaries	22,911	19,067
Social security costs	2,156	1,857
Other pension costs	1,703	2,185
Total employee costs	<u>26,770</u>	<u>23,109</u>

The total employee costs of £26,770,000 have been analysed into cost of sales; £4,108,000 (2003: £2,405,000), and operating expenses £22,662,000 (2003: £20,704,000) (see Note 3).

# The Football Association Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 5. Employee information (continued)

##### Pension commitments

The Group provides pension arrangements to the majority of full time employees through a defined benefit scheme and the related costs are assessed in accordance with the advice of professionally qualified actuaries.

The most recent full actuarial valuation of the scheme was conducted on 1 January 2003. The pensions cost for the year of the Company's defined benefit scheme was £1,443,560 (2003: £2,016,484). In addition the Group contributed £259,501 (2003: £168,128) to personal pension plans of other employees. Of this £79,401 (2003: £9,843) related to the Company's defined contribution scheme

The Group currently accounts for pensions under SSAP 24. Under the transitional arrangements for FRS17, the Group is required to provide additional disclosures relating to its pension scheme. These are provided below.

##### SSAP 24

A valuation was carried out by a qualified independent actuary at 1 January 2003 using the Projected Unit method.

The assumptions that have the most significant effect on the results of the valuation are those relating to the investment return, the rate of increase in pensionable earnings and the rate of increase of pensions in payment. For the current valuation the following financial assumptions have been adopted: investment return of 8.5%, increase in pensionable earnings of 7.5%, increase to pensions in payment of 4.5% and increase in dividends of 4.5%.

Using this approach, the value placed on the assets for this valuation was £14,952,000.

The deficit on the scheme of £1,731,000 at 1 January 2003 is anticipated to be funded over a period of 5 years from the date of valuation if the Company maintains its existing contribution rate of 19.5% of pensionable salaries.

##### FRS 17

The figures below have been based on the full actuarial valuation as at 1 January 2003, updated to 31 December 2004.

The liabilities of the scheme at 31 December 2004 were calculated on the following bases as required under FRS17:

Assumptions at 31 December 2004 (Expected long-term rates of return)	2004 % pa	2003 % pa	2002 % pa
Discount rate	5.3	5.4	5.5
Expected return on equity	6.5	6.8	6.5
Expected return on bonds	4.75	5	4.75
Expected return on cash	4.75	3.75	4
Rate of increase in pensionable salaries	4.25	4.25	4
Rate of increase of pensions in payment	3.75	3.75	3.5
Inflation assumption	2.75	2.75	2.5

# The Football Association Limited

## Notes to the accounts Year ended 31 December 2004

### 5. Employee information (continued)

#### Pension commitments (continued)

The balance sheet position for the Group's defined benefit scheme as calculated under FRS 17 at 31 December 2004, 2003 and 2002 was as follows:

	Value at 31 December 2004 £'000	Value at 31 December 2003 £'000	Value at 31 December 2002 £'000
Broken down as:			
- Equity investments	17,660	15,273	11,035
- Bond investments	5,517	5,731	5,222
- Cash	1,709	605	1,196
Fair value of assets	24,886	21,609	17,453
Present value of scheme liabilities	(32,299)	(27,183)	(22,169)
Deficit in the scheme	(7,413)	(5,574)	(4,716)
Related deferred tax asset	2,224	1,672	1,415
Net pension liability	(5,189)	(3,902)	(3,301)

Had the Group adopted FRS 17 early, net assets and profit and loss reserves would have been stated as follows:

	2004 £'000	2003 £'000
<b>Net assets</b>		
Net assets excluding pension liability	44,965	21,644
Pension liability	(5,189)	(3,902)
Net assets including pension liability	39,776	17,742
<b>Profit and loss reserve</b>		
Profit and loss reserve excluding pension liability	44,965	21,644
Pension liability	(5,189)	(3,902)
Profit and loss reserve including pension liability	39,776	17,742

# The Football Association Limited

## Notes to the accounts Year ended 31 December 2004

### 5. Employee information (continued)

#### Pension commitments (continued)

The following amounts would have been recognised in the performance statements in the year to 31 December 2004 under the requirements of FRS 17:

	2004 £'000	2003 £'000
<b>Operating profit</b>		
Current service cost	(1,953)	(2,053)
Past service cost	-	-
Total included within operating profit	<u>(1,953)</u>	<u>(2,053)</u>
<b>Other finance costs</b>		
Expected return on scheme assets	1,387	1,059
Interest on scheme liabilities	(1,501)	(1,264)
Net finance return	<u>(114)</u>	<u>(205)</u>
<b>Statement of total recognised gains and losses</b>		
Actual return less expected return on scheme assets	650	1,487
Experience losses on scheme liabilities	(557)	(237)
Effects of changes in assumptions underlying the present value of scheme liabilities	(1,421)	(1,724)
Actuarial loss recognised	<u>(1,328)</u>	<u>(474)</u>

The movements in the scheme deficit during the year were as follows:

	2004 £'000	2003 £'000
Deficit in scheme at beginning of year	(5,574)	(4,716)
Current service cost	(1,953)	(2,053)
Contributions	1,556	1,874
Past service cost	-	-
Other finance costs	(114)	(205)
Actuarial loss	(1,328)	(474)
Deficit in scheme at the end of the year	<u>(7,413)</u>	<u>(5,574)</u>

# The Football Association Limited

## Notes to the accounts Year ended 31 December 2004

### 5. Employee information (continued)

#### Pension commitments (continued)

#### History of experience gains and losses:

	31 December 2004	31 December 2003	31 December 2002
<b>Difference between the expected and actual return on scheme assets:</b>			
Amount (£'000)	650	1,487	(3,949)
Percentage of scheme assets	2.6%	6.9%	22.6%
<b>Experience gains and losses on scheme liabilities:</b>			
Amount (£'000)	(557)	(237)	223
Percentage of the present value of scheme liabilities	1.7%	0.9%	1.0%
<b>Total actuarial loss in the statement of total recognised gains and losses:</b>			
Amount (£'000)	(1,328)	(474)	(4,941)
Percentage of the present value of scheme liabilities	4.1%	1.7%	22.3%

From 1 January 2003 new employees have not been able to enter the defined benefit pension scheme. They have instead joined a new money purchase pension scheme. The Group made contributions of £79,401 (2003: £9,843). As at 31 December 2004 £14,896 (2003: £2,822) was owed by the Group to the pension scheme, representing the normal level of monthly employer contributions.

### 6. Operating profit

The operating profit is after charging/(crediting):

	2004 £'000	2003 £'000
Depreciation – owned assets	1,220	1,383
Profit on sale of fixed assets	(14)	-
Auditors' remuneration		
- Group audit fee (including £86,000 (2003: £124,000) relating to the Company)	130	169
- Other services	495	978
Hire of plant and machinery under operating leases	47	29
Other operating lease rentals	2,554	2,841
Exceptional items	-	22,672

In the year ended 31 December 2003, operating expenses included the following exceptional costs:

- An impairment to the Byrkley Park development of £17,672,000;
- Additional contractual costs of £2,250,000 incurred in relation to the Byrkley Park development; and
- Settlement of certain third party service providers of £1,250,000 in operating expenses and £1,500,000 in cost of sales.

# The Football Association Limited

## Notes to the accounts Year ended 31 December 2004

### 7. Interest payable and similar charges

	2004 £'000	2003 £'000
Bank interest payable	(11,355)	(4,906)
Less interest capitalised (see Note 11)	11,009	3,829
	<u>(346)</u>	<u>(1,077)</u>
Other interest payable	-	(885)
	<u>(346)</u>	<u>(1,962)</u>

### 8. Interest receivable and similar income

	2004 £'000	2003 £'000
Income from fixed asset investments listed in the UK	-	26
Interest receivable	1,831	1,623
Fees refunded on syndication	1,852	-
Loss on sale of fixed asset investments	-	(1)
	<u>3,683</u>	<u>1,648</u>

### 9. Taxation

	2004 £'000	2003 £'000
UK corporation tax at 30% (2003: 30%)	(1,048)	(4,444)
Adjustment in respect of prior years	(263)	1,146
	<u>(1,311)</u>	<u>(3,298)</u>
Deferred taxation (see Note 18)	(9,039)	(5,562)
	<u>(10,350)</u>	<u>(8,860)</u>

# The Football Association Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 9. Taxation (continued)

The tax assessed for the period is higher than that resulting from applying the standard rate of UK corporation tax at 30% (2003: 30%).

The differences are explained below:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	33,671	8,915
Tax at 30% thereon:	(10,102)	(2,675)
Effects of:		
Expenses not deductible for tax purposes	(406)	(1,097)
Impairment of Byrkley Park development	-	(5,302)
Capital allowances in excess of depreciation	5,727	3,296
Movement in short term timing differences	141	83
Other permanent differences	-	7
Unutilised tax losses	(60)	-
Capitalised finance costs	3,652	1,244
Adjustment in respect of prior years	(263)	1,146
Current tax charge for the year	(1,311)	(3,298)

#### 10. Intangible fixed assets

	Intellectual property £'000
Cost and net book value At 1 January 2004 and 31 December 2004	250

Intangible assets represent the cost attributed to intellectual property on the acquisition of Wembley Stadium.



# The Football Association Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 11. Tangible fixed assets

Group	Land and buildings £'000	Assets in the course of construction £'000	Leasehold improvements £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost:</b>						
At 1 January 2004	70,000	224,041	2,561	27	5,105	301,734
Additions	-	121,001	-	25	473	121,499
Disposals	-	-	-	(27)	-	(27)
At 31 December 2004	70,000	345,042	2,561	25	5,578	423,206
<b>Accumulated depreciation:</b>						
At 1 January 2004	3,000	17,674	1,608	27	3,701	26,010
Charge for the year	-	-	512	6	702	1,220
Disposals	-	-	-	(27)	-	(27)
At 31 December 2004	3,000	17,674	2,120	6	4,403	27,203
<b>Net book value:</b>						
At 31 December 2004	67,000	327,368	441	19	1,175	396,003
At 31 December 2003	67,000	206,367	953	-	1,404	275,724

#### Group

Land and buildings includes land, which is valued at the directors' opinion of the apportioned cost of £64,500,000 arising from the purchase of land and buildings from Wembley plc.

Assets in the course of construction include development costs for the new Wembley stadium and the Byrkley Park. During the year, finance costs of £11,009,000 (2003: £3,829,000) have been capitalised into the cost of assets in the course of construction at Wembley. The total amount of finance costs included within assets in the course of construction at the year end is £15,496,000 (2003: £4,488,000). Directly attributable staff costs of £235,000 (2003: £225,000) have been capitalised as assets in the course of construction.

The Byrkley Park development is being carried at its expected net realisable value of £4,250,000, having written down its value by £17,674,000 in 2003.

# The Football Association Limited

## Notes to the accounts Year ended 31 December 2004

### 11. Tangible fixed assets (continued)

Company	Assets in the course of construction £'000	Leasehold improvements £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost:</b>					
At 1 January 2004	-	2,561	27	4,640	7,228
Additions	154	-	25	372	551
Disposals	-	-	(27)	-	(27)
At 31 December 2004	154	2,561	25	5,012	7,752
<b>Accumulated depreciation:</b>					
At 1 January 2004	-	1,607	27	3,550	5,184
Charge for the year	-	512	6	570	1,088
Disposals	-	-	(27)	-	(27)
At 31 December 2004	-	2,119	6	4,120	6,245
<b>Net book value:</b>					
At 31 December 2004	154	442	19	892	1,507
At 31 December 2003	-	954	-	1,090	2,044

### 12. Investments – shares in Group companies

Details of subsidiary companies, in each of which 100% of the nominal value of £1 ordinary shares is held, are as follows:

Name	Activity
The English National Stadium Property Company Limited	Property investment company
Wembley National Stadium Limited ("WNSL")	Event management and stadium construction
National Football Centre Limited	Property development and operating company
FA Learning Limited	Educational activities company

### 13. Stocks

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Finished goods	291	117	172	117

# The Football Association Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 14. Debtors

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
<b>Amount falling due within one year</b>				
Trade debtors	2,549	1,017	1,992	742
Amounts owed from subsidiary undertakings	-	-	1,105	-
VAT receivable	2,076	923	-	-
UK corporation tax receivable	-	342	-	-
Other debtors	2,368	253	1,147	167
Prepayments and accrued income	4,051	4,171	5,110	8,405
	<u>11,044</u>	<u>6,706</u>	<u>9,354</u>	<u>9,314</u>
<b>Amount falling due after one year</b>				
Loans to clubs	129	355	129	355
Sundry loans	13	15	13	15
Loans to subsidiary companies	-	-	152,828	152,816
	<u>142</u>	<u>370</u>	<u>152,970</u>	<u>153,186</u>
<b>Total debtors</b>	<u><u>11,186</u></u>	<u><u>7,076</u></u>	<u><u>162,324</u></u>	<u><u>162,500</u></u>

A loan of £146,828,000 (2003: £147,429,000) to WNSL, included in loans to subsidiary companies above, is repayable only after certain obligations under the Wembley financing arrangements have been discharged. On an ongoing basis at least £100,000,000 of the loan is not repayable for a minimum period of 50 years from the date of practical completion, unless specific permission from the Secretary of State is given otherwise.

#### 15. Creditors: amounts falling due within one year

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Trade creditors	4,520	7,935	4,144	7,353
Other creditors				
- UK corporation tax payable	6,463	3,631	6,463	3,630
- Social security and other taxes	2,352	5,488	2,069	5,218
- Other	2,199	7,669	2,066	7,669
Accruals and deferred income	79,292	108,811	64,933	99,508
	<u>94,826</u>	<u>133,534</u>	<u>79,675</u>	<u>123,378</u>

# The Football Association Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 16. Creditors: amounts falling due after more than one year

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Bank loan	150,330	51,918	-	-
Accruals and deferred income	13,742	18,825	13,825	18,825
Deferred grants	99,136	78,444	-	-
	<u>263,208</u>	<u>149,187</u>	<u>13,825</u>	<u>18,825</u>

The Group bank loan is repayable in instalments over a 13 year period once the new stadium is operational. Each annual repayment by WNSL will include a mandatory amount, together with a targeted amount based on performance. The bank loan is stated net of unamortised arrangement fees of £14,117,393 (2003:£15,289,000).

	2004	2003
Less than 1 year	0%	0%
1-2 years	14.40%	0%
2-5 years	8.62%	19.62%
More than 5 years	76.98%	80.38%

Deferred grants include grants received from Sport England, The Department of Culture Media and Sport ("DCMS") and The London Development Agency ("LDA"). The Sport England grant was made under the terms of Agreements dated 11 November 1997 and 15 May 1998. £11,194,075 of the grant funding relates to assets in the course of construction. This will be amortised over the life of the building, once it becomes operational, leaving a balance of £67,250,000, which represents grants in respect of land of £64,500,000, long leasehold property of £2,500,000 and £250,000 for business intellectual property rights.

The DCMS grant relates to the S106 payments to improve infrastructure of the surrounding area. The LDA grant relates to infrastructure work, which includes certain elements of costs relating to concrete, steel framework and concourses.

#### 17. Financial instruments

The Group has a policy to hedge significant interest rate risk. WNSL has entered into an interest rate swap for £426,400,000 the full amount of its Senior Facility. The swap has been profiled on the mandatory repayment schedule and has been fixed at a swap rate of 7.765%p.a., which includes the margin. The rate is fixed for the term of the loan.

At 31 December 2004, WNSL has undrawn committed borrowings of £261,892,000 under the Senior Loan facility and £6,750,000 under the Subordinated Senior Loan facility. These facilities, together with the amounts already withdrawn, expire as follows:

	2004	2003
	£'000	£'000
In more than two years	<u>433,150</u>	<u>433,150</u>

The Group also has committed funds of £12,936,000 from The DCMS and £7,372,000 from The LDA.

# The Football Association Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 18. Provisions for liabilities and charges

Group	Deferred tax (see Note 19) £'000	Football development support £'000	Commercial and other £'000	Total £'000
At 1 January 2004	5,646	8,449	2,953	17,048
Utilised in the year	-	(3,660)	(1,926)	(5,586)
Released in the year	-	-	(240)	(240)
Charged in the year	9,039	7,159	-	16,198
At 31 December 2004	<u>14,685</u>	<u>11,948</u>	<u>787</u>	<u>27,420</u>

Company	Deferred tax (see note 19) £'000	Football development support £'000	Commercial and other £'000	Total £'000
At 1 January 2004	(265)	8,449	2,953	11,137
Utilised in the year	-	(3,660)	(1,926)	(5,586)
Released in the year	(73)	-	(240)	(313)
Charged in the year	-	7,159	-	7,159
At 31 December 2004	<u>(338)</u>	<u>11,948</u>	<u>787</u>	<u>12,397</u>

#### Football development support provision

Provision for commitments by The FA towards certain development projects in the English game during the period 2004 to 2006.

#### Other provisions

Provisions by The FA in relation to the settlement of commercial matters and arising in the normal course of business of The FA, which are expected to be utilised during the period to 31 December 2005.

# The Football Association Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 19. Deferred tax

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
This comprises fully provided deferred taxation attributable to:				
Capital allowances	9,904	4,440	(223)	(229)
Other timing differences	(115)	(38)	(115)	(36)
Capitalised finance costs	4,896	1,244	-	-
Deferred tax liability/(asset)	<u>14,685</u>	<u>5,646</u>	<u>(338)</u>	<u>(265)</u>

The amount of unprovided deferred tax in the financial statements:

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Rollover relief on disposal of property	292	292	292	292
Other timing differences	-	-	-	-
Unprovided deferred tax liability	<u>292</u>	<u>292</u>	<u>292</u>	<u>292</u>

#### Group

A deferred tax liability has been provided for accelerated capital allowances in line with FRS 19. This liability relates to capital allowances claimed on assets in the course of construction which will not be depreciated until the stadium is complete.

A deferred tax liability has been provided for capitalised finance costs in line with FRS 19. This liability relates to a deduction taken for finance costs which will be released to the profit and loss accounts in future periods.

#### Group and Company

There is an unrecognised deferred tax liability of £292,000 (2002: £292,000). The unrecognised deferred tax liability for the current year relates to rollover relief on the disposal of property. This tax will become payable if the suitable replacement assets are not identified or if those replacement assets are sold and further rollover relief is not obtained. The deferred tax asset relating to other timing differences has not been provided for on the basis that there is insufficient certainty that suitable profits, for tax purposes, will be available in the future.

#### 20. Called up share capital

The Company has an authorised share capital of £101 (2003: £101) represented by 2000 (2003: 2000) ordinary equity shares of 5p each and one Special Rights Preference share of £1 (2003: £1).

At 31 December 2004, 1,614 ordinary shares (2003: 1,614) had been issued and allotted but nil paid.

The shares do not entitle the owner to any dividend or bonus in the Company. The Special Share is held jointly by The FA Premier League Limited and The Football League Limited.

# The Football Association Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 21. Combined statement of movements in shareholders' funds and statement of movements on reserves

<b>Group</b>	<b>Profit and loss account £'000</b>	<b>Equity shareholders' funds £'000</b>
At 1 January 2004	21,644	21,644
Retained profit for the year	23,321	23,321
At 31 December 2004	<u>44,965</u>	<u>44,965</u>
<b>Company</b>		
At 1 January 2004	40,856	40,856
Retained profit for the year	33,849	33,849
At 31 December 2004	<u>74,705</u>	<u>74,705</u>

#### 22. Notes to the cash flow statement

##### (a) Reconciliation of operating loss to net cash inflow from operating activities

	<b>2004 £'000</b>	<b>2003 £'000</b>
Operating profit	30,334	9,229
Depreciation charges	1,220	1,383
Increase in stocks	(174)	(59)
(Increase)/decrease in debtors	(1,149)	22,375
(Decrease)/increase in creditors	(50,101)	36,898
Increase/(decrease) in provisions	1,332	(2,294)
(Profit)/loss on disposal of tangible fixed assets	(14)	2
Impairment in value of freehold property	-	17,674
Net cash (outflow)/inflow from operating activities	<u>(18,552)</u>	<u>85,208</u>

# The Football Association Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 22. Notes to the cash flow statement (continued)

##### (b) Analysis of net funds

	At 1 January 2004 £'000	Cash flow £'000	At 31 December 2004 £'000
Cash at bank and in hand	38,246	(15,557)	22,689
Debt due after one year	(51,918)	(98,412)	(150,330)
<b>Net Funds</b>	<b>(13,672)</b>	<b>(113,969)</b>	<b>(127,641)</b>

##### (c) Reconciliation of net cash flow to movement in net funds

	2004 £'000	2003 £'000
Decrease in cash in the year	(15,557)	(46,251)
Cash inflow from increase in debt financing	(98,412)	(1,918)
	(113,969)	(48,169)
Net funds brought forward after reclassification	(13,672)	34,497
Net funds carried forward	(127,641)	(13,672)

#### 23. Guarantees and other financial commitments

##### (a) Capital commitments

###### Commitment fees on borrowing

The Group is committed to a fee of 0.5% p.a. of the amount of the undrawn committed borrowings.

###### Contract for Wembley Stadium construction

At 31 December 2004 the amount committed to Multiplex (UK) Constructions Limited for the construction of the new Wembley Stadium was £453,899,000. At the year end £251,187,000 of the contract sum had been paid.

###### Byrkley Park Development

On 22 January 2003 The FA provided Shepherd Construction Limited with a Parent Company Guarantee of £8,000,000 in respect of the contract for the above project. As at 31 December 2004 the remaining commitment in respect of this contract is £326,000, which has been provided for in these accounts.

##### (b) Lease commitments

The Group has entered into non-cancellable operating leases in respect of plant and machinery. In addition the Group leases certain land and buildings on operating leases. The rents payable under these leases are subject to renegotiations at various intervals specified in the leases.



# The Football Association Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 23. Guarantees and other financial commitments (continued)

The minimum annual rentals under the foregoing leases are as follows:

	Group			
	2004		2003	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
- within one year	252	35	57	109
- between two and five years	-	378	-	597
- after five years	2,206	-	2,150	-
	<u>2,458</u>	<u>413</u>	<u>2,207</u>	<u>706</u>

	Company			
	2004		2003	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
- within one year	49	27	57	109
- between two and five years	-	348	-	597
- after five years	2,150	-	2,150	-
	<u>2,199</u>	<u>375</u>	<u>2,207</u>	<u>706</u>

#### 24. Related party transactions

By the Company's nature, and in accordance with its rules, The FA enters into a number of transactions in the normal course of business with County and other Affiliated Associations, The Football Association Premier League Limited, The Football League Limited, other competitions and football clubs, of which certain members of the Board are directors.

The FA made a donation of £2,000,000 to the FA National Sports Centre Trust. The FA National Sports Centre Trust is a charity which includes FA directors among its trustees.

# The Football Association Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 25. Prior year reclassification

The FA set up a new chart of accounts from 1 January 2004 that better reflects the various business activities of the organisation. As a consequence of this review some costs have been re-classified between cost of sales and operating expenses.

Certain income lines, previously netted off within operating expenses, are now shown gross. The table below summarises these changes in the classification:

	From 2003 financial statements £'000	Adjustments to comparative due to new chart of accounts £'000	Adjustments to comparative due to grossing up income £'000	Comparative under new chart of accounts £'000
Turnover	186,051	-	3,489	189,540
Cost of sales	(67,032)	9,949	(1,232)	(58,315)
Operating expenses	(109,790)	(9,949)	(2,257)	(121,996)
Operating profit	9,229	-	-	9,229

These disclosures do not effect the previously presented profit in the year, or retained profits.

#### 26. Contingent asset

A Trust Fund has been set up with the Law Debenture Trust Corporation Plc to receive upfront payments from box and premium seat sales on behalf of purchasers. Under the terms of the purchase agreement, these monies will become payable to WNSL on operational completion. The amount held in the Trust Fund as at 31 December 2004 is £12,823,000 (2003: £2,362,000).