



ARTHUR ANDERSEN

**The Football Association Limited
and subsidiary companies**

Accounts 31 December 1999
together with directors' and auditors' reports

Registered number: 77797



**THE FOOTBALL
ASSOCIATION**



Directors' report (continued)

The directors present their annual report on the affairs of the group, together with the accounts and auditors' report, for the year ended 31 December 1999.

Principal activity and business review

The principal activity of the company is to promote the game of Association Football.

The principal activities of the group are that of the company together with that of its principal subsidiary Wembley National Stadium Limited which is to organise sporting and other entertainment events at Wembley Stadium. Group turnover was £101.5 million and group profit on ordinary activities before taxation £1.1 million.

On 12 January 1999 the company acquired the entire share capital of Wembley National Stadium Limited. On 15 March 1999 Wembley National Stadium Limited acquired Wembley Stadium for a cash consideration of £106 million. The entire amount of this purchase price was funded by a grant receivable from Sport England.

Future developments

Whilst the company continues with its activity, Wembley National Stadium Limited will continue to organise events at the existing stadium until the scheduled demolition of the stadium. In November 2000 demolition is due to begin as is the construction of a new stadium which is due to be ready for opening in May 2003.

Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing those accounts, 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, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group 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 group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' report (continued)

Directors and their interests

The members of the Council of The Football Association, listed below, served as Directors of the Company during the year. Each of the Directors held non-beneficial ownership of one share in The Association.

G Thompson JP *Chairman, Sheffield and Hallamshire*, B J Adshead *Staffordshire*, W T Annable *Nottinghamshire*, J M Armitage *Division 1, Shildon FC*, M M Armstrong *Huntingdonshire*, P R Barnes *Division 7, Tottenham Hotspur FC*, R E Barston *Leicestershire and Rutland*, K W Bates *FA Premier League, Chelsea FC*, R D Bayley *Division 3, Leek Town FC*, M G Benson *Wiltshire*, R G Berridge *Bedfordshire*, M R Berry *English Schools*, D S Bone *Bedfordshire*, E J Bowler *The Football League, Crewe Alexandra FC*, K Boyer *North Riding*, A W Brett *Shropshire*, B W Bright *Kent*, E A Brown *Suffolk*, C D Bullen *Cambridgeshire*, A Burbidge *Cheshire*, R F Burden *FCIB MBCS FRSA Gloucestershire*, D G Champion *Cornwall*, J A Christopher, *Berks & Bucks*, P J Clayton *Middlesex*, J W Coad *ATII Cambridgeshire*, P Coates *Division 4, Stoke City FC*, K Compton *Derbyshire*, Lt Cdr P J W Danks *RN Royal Navy*, J E Davey *Sussex*, D B Dein *FA Premier League, Arsenal FC*, H D Ellis *FA Premier League, Aston Villa FC*, S T Farmer *JP Shropshire*, J E Fathers *Oxfordshire*, J B Fleming *Westmorland*, D S R Gillard *Division 10, Ashford Town FC*, W P Goss *MSc ARCS DIC Amateur Football Alliance*, F Hannah *CEng MIMechE ARTCS Manchester*, M B Game *Essex*, B W Hearn *The Football League, Leyton Orient FC*, P J Heard *The Football League, Colchester United FC*, Miss J Hemsley *Woman's Football Alliance*, D J Henson *Devon*, Sir David Hill-Wood *Bt Australia*, Gp Capt P W Hilton *RAF Royal Air Force*, A J Hobbs *Somerset*, R J Howlett *Norfolk*, P S Hough *Dorset*, F L J Hunter *Liverpool*, D J Insole *CBE Cambridge University*, R G Kibble *Hertfordshire*, R W Kiddell *JP ACII Norfolk*, P Kirby *New Zealand*, Major T C Knight *Army*, M R Leggett *Worcestershire*, D J Lewin *Lancashire*, Dr. J A Little *Cambridge University*, A D McMullen *MBE Bedfordshire*, K Marsden *Division 6, Gainsborough Trinity FC*, M Matthews *Sheffield & Hallamshire*, M H Matthews *Oxford University*, R E Maughan *Northumberland*, P Middleton *The Football League*, Sir Bert Millichip *West Bromwich Albion FC*, B W Moore *Division 8, Yeovil Town FC*, C B Muir *OBE Manchester*, T Myatt *Staffordshire*, S Nathan *London*, E M Parry *Wiltshire*, F D Pattison *Durham*, R J Perks *Hertfordshire*, E G Powell *Herefordshire*, M H Rawding *East Riding*, R Redmond *Bedfordshire*, D G Richards *FA Premier League, Sheffield Wednesday FC*, B A Richardson *FA Premier League, Coventry City FC*, P Rushton *Worcestershire*, J M Ryder *Cornwall*, C J Saunders *Independent Schools*, P Ridsdale *FA Premier League, Leeds United FC*, D R Sheepshanks *The Football League, Ipswich Town FC*, L F J Smith *Surrey*, G A J Snell *Essex*, W M Steward *ACIS Suffolk*, I H Stott *Division 2, Oldham Athletic FC*, A C Taylor *MBE West Riding*, C B Taylor *Division 5, Barnsley FC*, J C Thomas *Durham*, R Tinkler *Lincolnshire*, A C F Turvey *MCIM Division 9, Hayes FC*, B Walden *Northamptonshire*, E J Ward *Hampshire*, J J Waterall *Nottinghamshire*, N White *FSCA Liverpool FC*, C H Willcox *MBE JP Gloucestershire*, W Wilson *Cumberland*, J F Wiseman *Birmingham City FC*, R J Wood, *Birmingham*.

On 4 January 1999, K St J Wiseman who was Chairman of the Council at the beginning of this year resigned. The following joined the Council of The Football Association during the year: B W Hearn on 4 January 2000, Dr J A Little 28 May, D S Bone, M B Game, P Ridsdale on 26 June, M G Benson and R J Howlett on 6 September.

Directors' report (continued)

At an Extraordinary General Meeting of the Company on 14 December 1999 resolutions were passed to alter the structure of the Company. These resolutions meant that all Council members other than G Thompson *Chairman*, W T Annable, B W Bright, D B Dein, D J Henson, R W Kiddell, F D Pattison, E G Powell, D G Richards, D R Sheepshanks, I H Stott resigned as directors

Year 2000

The year 2000 issue relating to date sensitive calculations, is one which affected all companies reliant on computer based technologies. During the course of the year the Group completed its review of its products, information technology and infrastructure to minimise the effects of the year 2000 date change on the Group's ability to continue to provide services to customers. As at 17 April 2000 the directors are not aware of any significant adverse consequences of the year 2000 date change on the Group's activities.

Charitable Donations

The Group made charitable donations of £9,555,000 (1998: £2,799,000) during the year, in addition to the distribution to charities of £596,000 (1998: £530,000) from the Charity Shield Match.

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.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

16 Lancaster Gate
London
W2 3LW

By order of the Board,



N I Coward
Company Secretary

17 April 2000



To the Shareholders of The Football Association Limited:

We have audited the accounts on pages 5 to 23 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 11.

Respective responsibilities of directors and auditors

As described on page 1 the Company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the Company and Group, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group at 31 December 1999 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Chartered Accountants and Registered Auditors

Abbots House
Abbey Street
Reading
RG1 3BD

17 April 2000

Consolidated profit and loss account

For the year ended 31 December 1999

	Notes	1999 £'000	1998 £'000
Turnover – existing operations	2	85,904	65,714
– acquisitions		15,569	-
		<hr/> 101,473	<hr/> 65,714
Cost of sales – existing operations		(44,090)	(43,726)
– acquisitions		(7,674)	-
		<hr/> (51,764)	<hr/> (43,726)
Gross profit		49,709	21,988
Operating expenses	3	(50,069)	(20,798)
		<hr/> (50,069)	<hr/> (20,798)
Operating (loss) profit – existing operations		(237)	1,190
– acquisitions		(123)	-
		<hr/> (360)	<hr/> 1,190
Interest receivable and similar income	6	1,301	1,213
		<hr/> 1,301	<hr/> 1,213
Profit on ordinary activities before surplus on sales of investments		941	2,403
Surplus on sales of investments		170	7
		<hr/> 1,111	<hr/> 2,410
Profit on ordinary activities before taxation	7	1,111	2,410
Taxation	8	(695)	(945)
		<hr/> (695)	<hr/> (945)
Profit for the financial year, being retained profit for the year	18	416	1,465
		<hr/> 416	<hr/> 1,465

The accompanying notes are an integral part of this consolidated profit and loss account.

Consolidated statement of total recognised gains and loss

For the year ended 31 December 1999

	Notes	1999 £'000	1998 £'000
Profit for the financial year	18	416	1,465
Opening equity shareholders' funds	18	7,418	5,953
		<hr/> 7,418	<hr/> 5,953
Closing equity shareholders' funds	18	7,834	7,418
		<hr/> 7,834	<hr/> 7,418

The accompanying notes are an integral part of this consolidated statement of total recognised gains and loss.

Consolidated balance sheet

31 December 1999

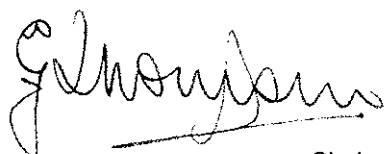
	Notes	1999 £'000	1998 £'000
Fixed assets			
Intangible assets	9	250	-
Tangible assets	10a	101,418	4,741
Fixed asset investments	12	3,282	3,137
		<u>104,950</u>	<u>7,878</u>
Current assets			
Stocks		231	88
Debtors	13	14,487	13,501
Cash at bank and in hand		15,989	12,640
		<u>30,707</u>	<u>26,229</u>
Creditors: Amounts falling due within one year	14	<u>(27,348)</u>	<u>(26,599)</u>
Net current assets (liabilities)		<u>3,359</u>	<u>(370)</u>
Total assets less current assets		108,309	7,508
Provisions for liabilities and charges	15	(7,629)	(90)
Deferred grants	16	(92,846)	-
Net assets		<u>7,834</u>	<u>7,418</u>
Capital and reserves			
Called up share capital	17	-	-
Profit and loss account	18	7,834	7,418
Equity shareholders' funds	18	<u>7,834</u>	<u>7,418</u>

The accompanying notes are an integral part of this consolidated balance sheet.

Company balance sheet
31 December 1999

	Notes	1999 £'000	1998 £'000
Fixed assets			
Tangible assets	10b	4,381	4,741
Investment in subsidiaries	11	796	-
Fixed asset investments	12	3,282	3,137
		<u>8,459</u>	<u>7,878</u>
Current assets			
Stocks		150	88
Debtors	13	11,498	13,501
Cash at bank and in hand		9,186	12,640
		<u>20,834</u>	<u>26,229</u>
Creditors: Amounts falling due within one year	14	<u>(21,388)</u>	<u>(26,599)</u>
Net current liabilities		<u>(554)</u>	<u>(370)</u>
Total assets plus current assets		<u>7,905</u>	<u>7,508</u>
Provisions for liabilities and charges	15	<u>(81)</u>	<u>(90)</u>
Net assets		<u>7,824</u>	<u>7,418</u>
Capital and reserves			
Called up share capital	17	-	-
Profit and loss account	18	<u>7,824</u>	<u>7,418</u>
Equity shareholders' funds	18	<u>7,824</u>	<u>7,418</u>

Signed on behalf of the Board of The Football Association Limited



G Thompson

Chairman

17 April 2000

The accompanying notes are an integral part of this company balance sheet.

Consolidated cash flow statement

For the year ended 31 December 1999

	Notes	1999 £'000	1998 £'000
Net cash inflow from operating activities	19	<u>7,230</u>	<u>6,290</u>
Returns on investments and servicing of finance			
Interest received		1,201	1,185
Dividends received		<u>77</u>	<u>56</u>
Net cash inflow from returns on investments and servicing of finance		<u>1,278</u>	<u>1,241</u>
Taxation			
Corporation tax paid		<u>(1,858)</u>	<u>(250)</u>
Capital expenditure and financial investment			
Payments to acquire investment assets		(475)	-
Payments to acquire tangible fixed assets		(7,033)	(436)
New loan advances		(110)	(167)
Receipts from sales of investment assets		492	19
Receipts from sales of tangible fixed assets		15	-
Loan repayments		<u>121</u>	<u>117</u>
Net cash outflow from investing activities		<u>(6,990)</u>	<u>(467)</u>
Acquisitions			
Payment to acquire Wembley Stadium and related assets		(106,000)	-
Receipt of Sport England grant in connection with purchase of Wembley Stadium		109,656	-
Net cash acquired with acquisition		<u>427</u>	<u>-</u>
Net cash inflow from acquisitions		<u>4,083</u>	<u>-</u>
Net cash inflow before use of liquid resources		<u>3,743</u>	<u>6,814</u>
Management of liquid resources			
Decrease (increase) in treasury deposits	19	3,474	(4,783)
Increase in restricted cash	19	<u>(1,200)</u>	<u>-</u>
Net cash inflow (outflow) from management of liquid resources		<u>2,274</u>	<u>(4,783)</u>
Increase in cash		<u>6,017</u>	<u>2,031</u>

The accompanying notes are an integral part of this consolidated cash flow statement.

Notes to accounts

For the year ended 31 December 1999

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

a) *Basis of accounting*

The accounts are prepared in accordance with the historical cost convention and in accordance with applicable accounting standards.

b) *Basis of consolidation*

The Group accounts consolidate the results of The Football Association Limited 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 Football Association Limited, as provided by S230 of the Companies Act 1985.

c) *Investments*

Fixed asset investments are shown at cost less amounts written off. 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.

d) *Intangible assets*

Intangible assets are amortised over their expected useful life in accordance with FRS 10.

e) *Tangible fixed assets*

No depreciation is charged on land. The Company's freehold property in Lancaster Gate, London, is not depreciated since the directors believe that the property is of special character and it is their policy to regularly maintain the building in its historical condition. For this reason the property's estimated useful life is such that any depreciation would be immaterial. Land at Wembley Stadium is included in the accounts at the directors' estimate of the cost arising from the purchase of those assets from Wembley plc.

Tangible fixed assets are stated at cost less depreciation. 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:

Stadium buildings	Over period to closure of existing stadium
Leasehold improvements	Life of lease
Plant and machinery	Between 3 - 6 years
Motor vehicles	4 years
Fixtures, fittings, tools and equipment	Between 3 - 10 years

Assets in the course of construction relate to costs associated with the construction of the new stadium.

Notes to accounts (continued)

1 Accounting policies (continued)

f) 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.

g) 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 and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective stocks.

h) 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.

i) 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 hours made available during the year.

j) Taxation

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

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) is calculated on the liability method. Deferred taxation is provided on the timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

k) Pension costs

It is the policy of the Company to fund pension liabilities, on the advice of external actuaries, by payments to independent trusts or to insurance companies. Payments made to the funds and charged in the accounts comprise the current and past service contributions. Independent actuarial valuations on a going concern basis are carried out every three years. The principal subsidiary company does not operate a pension scheme. Contributions are made to employees in respect of their personal pension arrangements.

Notes to accounts (continued)

1 Accounting policies (continued)

1) Grants and deferred income

Grants 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 assets concerned.

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

2 Segment information

Turnover, operating profit and net assets by class of business were as follows:

	Promotion of Association Football		Stadium and event management		Group	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Turnover	85,904	65,714	15,569	-	101,473	65,714
Operating (loss) profit	(237)	1,190	(123)	-	(360)	1,190
Interest (net)	1,042	1,213	259	-	1,301	1,213
Surplus on sales of investments	170	7	-	-	170	7
Profit before tax	975	2,410	136	-	1,111	2,410
Net assets	7,824	7,418	10	-	7,834	7,418

3 Operating expenses

	1999 £'000	1998 £'000
Payment to The Football Trust	5,000	1,500
Payment to The Football League	2,346	2,261
Other operating expenses and grants	42,723	17,037
	<u>50,069</u>	<u>20,798</u>

4 Directors' emoluments

No directors received any remuneration from the Company during the year other than the Chairman, who received the benefit of the use of a car.

Notes to accounts (continued)

5 Employee information

Details of employees are shown below:

	1999 Number	1998 Number
Average monthly number of persons employed by the Group during the year	251	164

	1999 £'000	1998 £'000
Their aggregate remuneration comprised:		
Wages and salaries	9,707	5,423
Social security costs	826	462
Other pension costs	827	660
Permanent health insurance	64	59
	11,424	6,604

6 Interest receivable and similar income

	1999 £'000	1998 £'000
Income from fixed asset investments listed in the UK	89	79
From bank deposits	1,212	1,134
	1,301	1,213

7 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging (crediting):

	1999 £'000	1998 £'000
Depreciation	17,375	283
Loss on sale of fixed assets	15	-
Auditors' remuneration - audit services	38	35
Hire of plant and machinery under operating leases	69	62
Other operating lease rentals	501	62
Grant income	(17,789)	-
World Cup 2006 bid costs (net of contributions from The FA Premier League and Sport England)	1,295	818

Notes to accounts (continued)

8. Taxation

	1999 £'000	1998 £'000
UK Corporation tax	694	988
Deferred taxation	(9)	(44)
Adjustment in respect of prior year	1	(15)
Tax attributable to Franked Investment Income	9	16
	<u>695</u>	<u>945</u>

The tax charge is disproportionately high as a result of the level of non-tax deductible expenditure.

9 Intangible fixed assets

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

Intangible assets are not subject to an annual amortisation charge on the grounds of their expected durability and special nature, in accordance with Financial Reporting Standard 10.

Notes to accounts (continued)

10 Tangible fixed assets

a) Group

	Land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Assets in the course of construction £'000	Total £'000
Cost						
At beginning of year	3,758	-	113	2,695	-	6,566
Additions	103,019	3,022	118	550	6,126	112,835
Acquisition of subsidiary undertaking	-	-	-	54	1,209	1,263
Disposals	-	-	(62)	-	-	(62)
At end of year	<u>106,777</u>	<u>3,022</u>	<u>169</u>	<u>3,299</u>	<u>7,335</u>	<u>120,602</u>
Depreciation						
At beginning of year	158	-	62	1,605	-	1,825
Acquisition of subsidiary undertakings	-	-	-	16	-	16
Charge	16,046	529	43	757	-	17,375
Disposals	-	-	(32)	-	-	(32)
At end of year	<u>16,204</u>	<u>529</u>	<u>73</u>	<u>2,378</u>	<u>-</u>	<u>19,184</u>
Net book value						
At end of year	<u>90,573</u>	<u>2,493</u>	<u>96</u>	<u>921</u>	<u>7,335</u>	<u>101,418</u>
At beginning of year	<u>3,600</u>	<u>-</u>	<u>51</u>	<u>1,090</u>	<u>-</u>	<u>4,741</u>

Included within additions in the year are fixed assets acquired as part of the acquisition of Wembley Stadium (note 11).

Included within land and buildings is freehold land which has been valued on the acquisition of Wembley Stadium at £73 million. This valuation has been determined taking account of the special purpose and nature of the land at Wembley Stadium.

In addition, included within land and buildings is the freehold land of the Lancaster Gate property at a historical cost of £2,558,000 (note 10b).

Notes to accounts (continued)

10 Tangible fixed assets (continued)

b) Company

	Land and buildings £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At beginning of year	3,758	2,695	113	6,566
Additions	-	317	-	317
Disposals	-	-	(62)	(62)
At end of year	<u>3,758</u>	<u>3,012</u>	<u>51</u>	<u>6,821</u>
Depreciation				
At beginning of year	158	1,605	62	1,825
Charge for year	(69)	695	21	647
Disposals	-	-	(32)	(32)
At end of year	<u>89</u>	<u>2,300</u>	<u>51</u>	<u>2,440</u>
Net book value				
At end of year	<u>3,669</u>	<u>712</u>	<u>-</u>	<u>4,381</u>
At beginning of year	<u>3,600</u>	<u>1,090</u>	<u>51</u>	<u>4,741</u>

Included within the land and buildings caption is a leasehold property held on a long-term lease with a net book value of £1,111,000 (1998: £1,042,000). The freehold property at Lancaster Gate was valued on 30 September 1996 by Wilks Head & Eve in accordance with the Royal Institution of Chartered Surveyors Appraisal & Valuation Manual on the basis of Existing Use Value at £5 million. The valuation includes the freehold land included in the land and buildings caption of a historical cost of £2,558,000 and items of building improvements which are not readily quantifiable included in the office machinery, furniture and equipment caption. The Directors of the Company have chosen not to reflect this valuation in the books of the Company.

The depreciation charge for the year is net of an adjustment resulting in a change in accounting method from depreciating on a reducing balance basis to a straight-line basis. The directors do not consider the impact of this change to be material.

Notes to accounts (continued)

11 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	Country of incorporation
The English National Stadium Property Company Limited	England and Wales
Wembley National Stadium Limited	England and Wales

On 12 January 1999, the Company acquired the entire ordinary share capital of Wembley National Stadium Limited. At that date the net assets of Wembley National Stadium Limited comprised: £1,247,000 of tangible fixed assets, £93,000 of debtors, £427,000 of cash, £788,000 of creditors and £979,000 of deferred grant. The directors consider that the book value of the assets and liabilities acquired approximates to their fair value.

On 15 March 1999 Wembley National Stadium Limited purchased the business and the freehold land and buildings comprising Wembley Stadium and the immediate surrounds for £106m. The purchase consideration was funded by the award of a grant to Wembley National Stadium Limited by Sport England. The grant awarded is contingent on Wembley National Stadium Limited obtaining local authority planning permission to redevelop the Wembley site. The grant becomes repayable on demand if local authority planning permission is not obtained by April 2000. In the opinion of the Directors planning permission will be obtained to the satisfaction of Sport England (see note 22).

The directors have assessed the fair values of the assets acquired on the purchase of the business and freehold land and buildings comprising Wembley Stadium and the immediate surrounds. In the opinion of the directors the fair value of the assets and liabilities acquired approximates to the purchase consideration. A summary of the assets acquired, together with attributable fair values is detailed below:

	1999 £'000
Land	73,000
Buildings	30,000
Fixtures, fittings and other sundry assets	3,000
Fair value attributed to assets acquired, being purchase consideration	<u>106,000</u>

Notes to accounts (continued)

12 Fixed asset investments

Listed investments

	Group and Company	
	1999	1998
	£'000	£'000
<i>(a) Government stocks, at cost</i>		
£300,000 2.5% (1998: £430,000) Treasury Index Linked Stock 2003	317	455
£486,000 9% Treasury Loan 2008	502	502
	<hr/> 819	<hr/> 957
<i>(b) Equity investments, at cost</i>	1,966	1,672
	<hr/> 2,785	<hr/> 2,629
Total listed investments		
Other investments		
<i>(c) Loans</i>		
Loans to clubs	450	443
Sundry loans	47	65
	<hr/> 497	<hr/> 508
Total investments	<hr/> 3,282	<hr/> 3,137

The market value of these investments at 31 December 1999 was £6,258,000 (1998: £5,122,000)

All loans are secured by fixed charges.

Notes to accounts (continued)

13 Debtors

Amounts falling due within one year:

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Trade debtors	6,184	5,389	4,675	5,389
VAT receivable	447	1,305	447	1,305
UK corporation tax receivable	637	-	-	-
Other debtors	1,262	637	1,153	637
Prepayments and accrued income	5,957	6,170	5,223	6,170
	<u>14,487</u>	<u>13,501</u>	<u>11,498</u>	<u>13,501</u>

14 Creditors: Amounts falling due within one year

	Group		Company	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Bank overdraft	222	616	222	616
Trade creditors	6,379	3,958	4,439	3,958
Other creditors				
- UK corporation tax payable	3,285	1,128	3,283	1,128
- Social security and PAYE	770	222	525	222
- Other	1,002	1,266	1,002	1,266
Accruals and deferred income	15,690	19,409	11,917	19,409
	<u>27,348</u>	<u>26,599</u>	<u>21,388</u>	<u>26,599</u>

Notes to accounts (continued)

15 Provisions for liabilities and charges

	Group		Company	
This comprises fully provided deferred taxation attributable to:	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Excess of tax allowances over book depreciation of fixed assets	64	133	64	133
Other timing differences	17	(43)	17	(43)
	<u>81</u>	<u>90</u>	<u>81</u>	<u>90</u>
Movement on deferred taxation:				
At beginning of year	90	133	90	133
(Credited)charged to profit and loss in respect of:				
- capital allowances	(69)	-	(69)	-
- other timing differences	60	(43)	60	(43)
At end of year	<u>81</u>	<u>90</u>	<u>81</u>	<u>90</u>
Other provisions	7,548	-	-	-
	<u>7,629</u>	<u>90</u>	<u>81</u>	<u>90</u>

Other provisions represent expected costs arising from the closure of the existing stadium in respect of redundancy and the settling of obligations in respect of current contracts with suppliers.

16 Deferred grants

Deferred grants relates to grants received from Sport England under the terms of agreements dated 11 November 1997 and 15 May 1998.

Movement on deferred grants is detailed below: -

	Group	
	1999 £'000	1998 £'000
At beginning of year	-	-
Grants acquired on acquisition of subsidiary	979	-
Grants awarded in the year	109,656	-
Grants released in the year	(17,789)	-
At end of year	<u>92,846</u>	<u>-</u>

Notes to accounts (continued)

17 Called-up share capital

The Company has an authorised share capital of £101 represented by 2,000 ordinary equity shares of 5p each and one Special Rights Preference share of £1. At 31 December 1999 1,614 ordinary shares (1998: 1,614) had been issued, nil paid.

18 Movement on reserves

Group

	Profit and loss account £'000	Equity shareholders funds £'000
At 1 January 1999	7,418	7,418
Retained profit for the year	416	416
At 31 December 1999	<u>7,834</u>	<u>7,834</u>

Company

	Profit and loss account £'000	Equity shareholders funds £'000
At 1 January 1999	7,418	7,418
Retained profit for the year	406	406
At 31 December 1999	<u>7,824</u>	<u>7,824</u>

19 Cash flow statement

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

	1999	1998
Operating (loss) profit	(360)	1,190
Depreciation charges	17,375	283
(Increase) decrease in stocks	(143)	52
(Increase) in debtors	(1,046)	(7,469)
Increase in creditors	1,630	12,234
Increase in provisions	7,548	-
Release of grant income	(17,789)	-
Loss on disposal of tangible fixed assets	15	-
Net cash inflow from operating activities	<u>7,230</u>	<u>6,290</u>

Notes to accounts (continued)

b) Analysis of changes in financing during the year

	At 1 January 1999 £'000	Cash flow £'000	At 31 December 1999 £'000
Cash at bank and in hand	3,140	5,623	8,763
Short term investments – treasury deposits	9,500	(3,474)	6,026
Restricted cash	-	1,200	1,200
Bank overdrafts	(616)	394	(222)
	<u>12,024</u>	<u>3,743</u>	<u>15,767</u>

c) Acquisitions

The subsidiary undertaking acquired during the year contributed £4,522,000 to the Group's net operating cash flows, received £259,000 in respect of net returns on investments and servicing of finance, paid £762,000 in respect of taxation, utilised £6,758,000 for capital expenditure and received £3,656,000 in respect of net cash inflow from acquisitions.

20 Guarantees and other financial commitments

a) Capital commitments

At the end of the year the Group and Company had no capital commitments (1998: £nil). Loans totalling £30,000 (1998: £50,000) had been agreed by the Company but had not been entered at 31 December 1999 pending adequate security.

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 renegotiation at various intervals specified in the leases.

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

	Group			
	1999		1998	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire				
- within one year	-	91	-	11
- between 2 and 5 years	30	67	30	59
- after 5 years	31	-	31	-
	<u>61</u>	<u>158</u>	<u>61</u>	<u>70</u>

Notes to accounts (continued)

20 Guarantees and other financial commitments (continued)

	Company			
	1999		1998	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire				
- within one year	-	55	-	11
- between 2 and 5 years	30	17	30	59
- after 5 years	31	-	31	-
	<u>61</u>	<u>72</u>	<u>61</u>	<u>70</u>

c) Pension scheme

The Company 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.

Details of the most recent actuarial valuation of the scheme conducted on 1 January 1997 using the projected unit funding method, are as follows:

<i>Main assumptions:</i>	%pa
Rate of increase in pensionable salaries	8
Rate of increase of pensions in payment	5
Rate of dividend increase	4.5
Return on scheme investments	9

Results:

Actuarial value of scheme assets	£9,770,000
Level of funding	111%

The surplus on the scheme will be eliminated over a period no less than the average expected future working lifetime of the current members.

The pensions cost for the year of the Company's defined benefit scheme was £704,000 (1998: £660,000). In addition the Group contributed £123,000 to personal pension plans of other employees.

21 Related party transactions

All members of Council were directors of the Company up until 14 December 1999. By the Company's nature and in accordance with its rules, The Football Association enters into a number of transactions in the normal course of business with The Football Association Premier League Limited, The Football League Limited and football clubs, of which certain members of Council are directors. These transactions include payments to clubs for players selected for international duty, for participation in the F.A. Challenge Cup and use of grounds.

Notes to accounts (continued)

21 Related party transactions (continued)

There are no transactions requiring disclosure under the requirements of FRS8 Related Party Disclosures. In the previous year the former Chairman, Mr K St J Wiseman a director of Southampton FC plc had significant influence in both of his positions. The transactions in the year between the Company and Southampton FC plc, had been in respect of match fees and expenses for players involved in England duty, grants and television monies earned in the normal course of the club's participation in the F.A. Cup. The payments made between the Company and Southampton FC plc during the previous year related to television monies and England players and totalled £40,000.

22 Contingent liabilities

Wembley National Stadium Limited acquired the business and freehold of Wembley Stadium and the immediate surrounds on 15 March 1999. The purchase consideration was funded by the award of a grant to Wembley National Stadium Limited by Sport England. The retention of the grant is contingent upon a number of specific milestones being achieved including Wembley National Stadium Limited obtaining local authority planning permission to redevelop the site and construct a new stadium. Under the Lottery Funding Agreement dated 12 January 1999, the grant becomes repayable on demand if local authority planning permission is not obtained by the end of April 2000. This timetable is currently being re-negotiated however, with Sport England. In the opinion of the directors, planning permission will be obtained to the satisfaction of Sport England.