

Football Association

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## > Accounts



THE FOOTBALL ASSOCIATION

The Directors present their annual report on the affairs of the Company together with the accounts and auditors' report for the year ended 31 December 1998.

### Principal activity and business review

The principal activity of the company is to promote the game of Association Football. Turnover was £65,713,892 (1997: £53,555,858) and the profit on ordinary activities before taxation was £2,409,477 (1997: £722,353) during the year.

### 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.

K St J Wiseman *Chairman*, G Thompson JP *Vice-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*, R G Berridge *Bedfordshire*, M R Berry *English Schools*, 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*, K Haslam *The Football League, Mansfield Town 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*, 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*, P J Ladbroke *Oxfordshire*, M R Leggett *Worcestershire*, D J Lewin *Lancashire*, 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 *Herefordshire*, 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*, G L Ricketts *Birmingham*, T Robinson *The Football League, Bury FC*, P Rushton *Worcestershire*, J M Ryder *Cornwall*, C J Saunders *Independent Schools*, P D P Scally *The Football League, Gillingham 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*, PJ Vine *Hampshire*, 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*.

The following joined the Council of The Football Association during the year: C B Muir OBE on 28 May 1998, J E Fathers and P J Heard on 17 June 1998, E J Ward on 28 September 1998 and P Middleton and R J Wood on 19 November 1998. On 4 January 1999, K St J Wiseman resigned as Chairman of the Council.

### Directors' responsibilities

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 of the profit or loss of the Company for that period. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and 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 financial statements, 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


**Year 2000** The year 2000 issue relating to date sensitive calculations, is one which affects all companies which are reliant on computer based technologies. The Company is taking significant and positive steps to minimise the effect of the year 2000 date change on the Company's ability to continue its operations. At 31 December 1998 this involved expenditure of £25,000 (1997: Nil). Further expenditure of £35,000 is planned during the first half of 1999.

**Charitable Donations** The Company made charitable donations of £2,799,221 (1997: £3,875,072) during the year, in addition to the distribution to charities of £529,988 (1997: £555,165) 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 Company 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 re-appoint Arthur Andersen as auditors for the ensuing year.

By order of the Board of The Football Association Limited.



Company Secretary, The Football Association, 16 Lancaster Gate, London W2 3LW. 14 April 1999

**Report of the Auditors** to the Shareholders of The Football Association Limited

We have audited the financial statements on pages 25-35 which have been prepared under the historical cost convention and the accounting policies set out on page 28.

**Respective Responsibilities of Directors and Auditors** As described on page 23 the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**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 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 circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations 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 Company's state of affairs at 31 December 1998 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors. Abbots House, Abbey Street, Reading RG1 3BD. 14 April 1999

NOTES		1998 £	1997 £
<b>Fixed assets</b>			
1b and 2	Tangible assets	4,741,235	4,588,012
1c, 3	Investments	3,136,816	3,091,208
		<u>7,878,051</u>	<u>7,679,220</u>
<b>Current assets</b>			
1d	Stocks	87,667	139,651
4	Debtors	13,500,906	6,084,127
	Cash at bank and in hand	12,640,321	6,256,187
		<u>26,228,894</u>	<u>12,479,965</u>
<b>Creditors</b>			
5	Amounts falling due within one year	(26,598,818)	(14,071,785)
<b>Net current liabilities</b>		<u>(369,924)</u>	<u>(1,591,820)</u>
<b>Total assets less current liabilities</b>		<u>7,508,127</u>	<u>6,087,400</u>
1e and 6	Provisions for liabilities and charges	(89,740)	(133,483)
<b>Net assets</b>		<u>7,418,387</u>	<u>5,953,917</u>
<b>Capital and reserves</b>			
7	Called-up share capital	-	-
8	Profit and Loss account	7,418,387	5,953,917
<b>Equity Shareholders Funds</b>		<u>7,418,387</u>	<u>5,953,917</u>

Signed on behalf of the Board of The Football Association Limited

Acting Chairman.

Chairman Finance Committee.

14 April 1999

The notes on pages 28-35 form an integral part of these accounts.

Profit and Loss Account > For the year ended 31 December 1998

NOTES		1998 £	1997 £
1h and 10	Turnover	65,713,892	53,555,858
	Cost of sales	(43,725,498)	(33,624,010)
	<b>Gross Profit</b>	<b>21,988,394</b>	<b>19,931,848</b>
	Payment to The Football Trust	(1,500,000)	(3,500,000)
17	Payment to The Football League	(2,261,307)	(2,207,452)
	Other operating expenses and grants	(17,036,908)	(14,554,544)
	<b>Operating Profit / (loss)</b>	<b>1,190,179</b>	<b>(330,148)</b>
11	Investment income	1,212,722	1,043,767
	<b>Profit on ordinary activities before surplus on sales of investments</b>	<b>2,402,901</b>	<b>713,619</b>
	Surplus on sale of investments	6,576	8,734
12	<b>Profit on ordinary activities before taxation</b>	<b>2,409,477</b>	<b>722,353</b>
1e and 15	Tax on profit on ordinary activities	(945,007)	(198,102)
	<b>Profit for the year</b>	<b>1,464,470</b>	<b>524,251</b>
	Retained profit brought forward	5,953,917	5,429,666
8	<b>Retained profit carried forward</b>	<b>7,418,387</b>	<b>5,953,917</b>

*There are no recognised gains or losses in either period other than the profit for the year.*

Cash Flow Statement > For the year ended 31 December 1998

NOTES

	1998 £	1997 £
<b>16a Net cash inflow from operating activities</b>	<b>6,290,120</b>	<b>2,735,124</b>
<b>Returns on investments and servicing of finance:</b>		
Interest received	1,185,685	828,974
Dividends received	55,686	38,181
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>1,241,371</b>	<b>867,155</b>
<b>Taxation:</b>		
Corporation tax paid	(250,462)	(867,539)
<b>Capital expenditure and financial investment</b>		
Payments to acquire investment assets	-	(68,356)
Payments to acquire tangible fixed assets	(436,278)	(329,407)
New loan advances	(167,000)	(149,250)
Receipts from sales of investment assets	18,847	68,642
Receipts from sales of tangible fixed assets	-	24,500
Loan repayments	116,840	105,318
<b>Net cash outflow from investing activities</b>	<b>(467,591)</b>	<b>(348,553)</b>
<b>16b Net cash inflow before use of liquid resources</b>	<b>6,813,438</b>	<b>2,386,187</b>
<b>Management of liquid resources</b>		
Treasury deposits	(4,782,603)	(2,309,351)
<b>Increase in cash</b>	<b>2,030,835</b>	<b>76,836</b>

The notes on pages 28-35 form an integral part of these accounts.

Notes to the Accounts > For the year ended 31 December 1998

Tangible Assets	2	Cost	Land & buildings	Office machinery furniture & equipment	Motor vehicles	Total
			£	£	£	£
		At 1 January 1998	3,758,053	2,258,672	113,435	6,130,160
		Additions	-	436,278	-	436,278
		At 31 December 1998	3,758,053	2,694,950	113,435	6,566,438
		Aggregate depreciation	158,050	1,605,009	62,144	1,825,203
		<b>Net book value at 31 December 1998</b>	<b>3,600,003</b>	<b>1,089,941</b>	<b>51,291</b>	<b>4,741,235</b>
		Net book value at 31 December 1997	3,621,063	898,560	68,389	4,588,012
		<b>Movement on depreciation:</b>				
		At 1 January 1998	136,990	1,360,112	45,046	1,542,148
		Charge for year	21,060	244,897	17,098	283,055
		At 31 December 1998	158,050	1,605,009	62,144	1,825,203

Included within the land and buildings caption is a leasehold property held on a long term lease with a net book value of £1,041,950 (1997: £1,063,010). 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 £5,000,000. The valuation includes the freehold land included in the land and buildings caption of a historical cost of £2,558,053 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.

Notes to the Accounts > For the year ended 31 December 1998

**Accounting Policies 1** A summary of the principal accounting policies which have been applied consistently throughout the year and the preceding year are as follows:

- A Basis of Accounting** The accounts are prepared under the historical cost convention. Assets and liabilities are recognised in the accounts where, as a result of past transactions and events, the Company has rights or other access to future economic benefits controlled by the Company or obligations to transfer economic benefits. The accounts have been prepared in accordance with applicable accounting standards.
- B Tangible Fixed Assets** Land and buildings are shown at original historic cost. 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.
- Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation of leasehold property, office machinery, furniture and equipment and motor vehicles is provided at rates calculated to write off the cost of each asset on a reducing balance basis over its estimated useful life as follows:
- *Leasehold property 2%*
  - *Office machinery, furniture and equipment 15-20%*
  - *Motor vehicles 25%*
- C Investments** Fixed asset investments are shown at cost less amounts written off. Income is included, together with the related tax credit, in the accounts for the year in which it is receivable. Freehold property held as investments are shown at open market value, which is reappraised periodically.
- D Stocks** Stocks which comprise equipment, publications, films and F.A. award scheme badges are stated at the lower of cost and net realisable value.
- E Taxation** Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.
- F 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.
- G Foreign Currency** Transactions denominated in foreign currencies are recorded at actual exchange rates as at the day of transaction. The monetary assets and liabilities denominated in foreign exchange currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rate subsequent to the date of transaction is included as an exchange gain or loss in the profit and loss account.
- H Turnover** Turnover comprises the value of sales, excluding VAT, of goods and services in the normal course of business, sponsorship monies and revenue derived from television broadcasting contracts, the latter being recognised as turnover in proportion to the hours made available during the year.
- Grants** Grants made by The Football Association in the normal course of business are reported in the profit and loss account in the year in which they become unconditionally payable.

Notes to the Accounts > For the year ended 31 December 1998

			1998	1997
			£	£
<b>Fixed Asset Investments</b>	<b>3</b>	<b>Subsidiary Company</b>	<b>2</b>	<b>-</b>
<b>Listed Investments:</b>				
<b>(a) Government stocks at cost</b>				
£430,000 2.5% Treasury Index Linked Stock 2003			454,874	454,874
£486,000 9% Treasury Loan 2008			501,634	501,634
			956,508	956,508
<b>(b) Equity investments, at cost</b>			<b>1,672,584</b>	<b>1,677,138</b>
<b>Total listed investments</b>			<b>2,629,092</b>	<b>2,633,646</b>
The market value of these investments at 31 December 1998 was £5,122,370 (1997: £4,572,433)				
<b>Other Investments:</b>				
<b>(c) Loans</b>				
Loans to clubs			443,162	376,041
Sundry loans			64,560	81,521
			507,722	457,562
All loans are secured by fixed charges				
<b>Total Investments</b>			<b>3,136,816</b>	<b>3,091,208</b>

On 12 August 1998, the Company acquired the entire ordinary share capital of The English National Stadium Property Company Limited, a company incorporated in England and Wales on 17 July 1998. The subsidiary did not trade from incorporation to 31 December 1998. Thus the Company has taken advantage of section 229(2) of the Companies Act 1985. Accordingly the Company has not prepared consolidated accounts for the year ended 31 December 1998.

On 15 March 1999, the Company acquired the entire ordinary share capital of Wembley National Stadium Limited. On the same day Wembley National Stadium Limited purchased the business of and the freehold 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 March 2000. In the opinion of the Directors planning permission will be obtained within the necessary time scale.

Notes to the Accounts > For the year ended 31 December 1998

			1998 £	1997 £
<b>Debtors</b>	<b>4</b>	<b>Amounts falling due within one year:</b>		
		Trade debtors	5,389,312	2,978,414
		VAT receivable	1,304,541	428,709
		Other debtors	637,088	194,932
		Prepayments and accrued income	6,169,865	2,481,972
			<u>13,500,806</u>	<u>6,084,027</u>
		<b>Amounts falling due after more than one year:</b>		
		Amounts receivable on finance leases	100	100
			<u>13,500,906</u>	<u>6,084,127</u>
<b>Creditors</b>	<b>5</b>	<b>Amounts falling due within One Year</b>		
		Bank overdraft	615,514	1,044,818
		Trade creditors	3,958,267	3,161,762
		Other creditors		
		- UK Corporation Tax payable	1,128,218	405,780
		- VAT payable	-	242,872
		- Social security and PAYE	222,302	191,023
		- Other	1,265,514	1,473,507
		Accruals and deferred income	19,409,003	7,552,023
			<u>26,598,818</u>	<u>14,071,785</u>
<b>Provisions for Liabilities and Charges</b>	<b>6</b>	<b>This comprises fully provided deferred taxation attributable to:</b>		
		Excess of tax allowances over book depreciation of fixed assets	132,705	133,483
		Other timing differences	(42,965)	-
			<u>89,740</u>	<u>133,483</u>
		<b>Movement on deferred taxation:</b>		
		At 1 January 1998	133,483	25,152
		(Credited)/charged to profit and loss in respect of:		
		Capital allowances	(778)	45,080
		Other timing differences	(42,965)	63,251
			<u>89,740</u>	<u>133,483</u>
<b>Called Up Share Capital</b>	<b>7</b>	<b>The Company has an authorised share capital of £100 represented by 2,000 ordinary equity shares of 5p each. At 31 December 1998 1,614 (1997: 1,614) had been issued, nil paid.</b>		

Notes to the Accounts > For the year ended 31 December 1998

**Turnover 10** Turnover derives from the sole activity of promoting the game of association football in England. All of the Company's activities are continuing and arise from the principal activity.

		1998 £	1997 £
<b>Investment Income 11</b>	<b>Investment income received during the year:</b>		
	Income from fixed asset investments, listed in the UK	79,253	162,577
	Other interest receivable and similar income	1,133,469	881,190
		<u>1,212,722</u>	<u>1,043,767</u>
<b>Profit on Ordinary 12</b>	<b>Profit on ordinary activities before taxation is stated after charging/(crediting):</b>		
<b>Activities before Taxation</b>	Auditors remuneration		
	- <i>Audit Fees</i>	35,000	41,340
	- <i>Other</i>	-	3,815
	Depreciation	283,055	242,563
	Loss on sale of tangible fixed assets	-	15,945
	Rents receivable	-	(8,537)
	Operating lease rentals (see note 9)		
	- <i>Land and buildings</i>	61,500	40,875
	- <i>Plant and machinery</i>	62,007	64,295
	Unrealised exchange rate gain	(69,634)	(13,580)
	World Cup 2006 Bid costs	818,153	634,956
	(Net after contributions from The F.A. Premier League and Sport England)		

Notes to the Accounts > For the year ended 31 December 1998

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<b>Profit on Ordinary Activities before Taxation 12</b>	<b>Profit on ordinary activities before taxation is stated after charging/(crediting):</b>		
	Auditors remuneration		
	- <i>Audit Fees</i>	35,000	41,340
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	Unrealised exchange rate gain	(69,634)	(13,580)
	World Cup 2006 Bid costs	818,153	634,956
	(Net after contributions from The F.A. Premier League and Sport England)		

			Profit & Loss Account £	Equity Shareholders Funds £
Reconciliation of Movements in Reserves and Equity Shareholders' Funds	8	At 1 January 1998	5,953,917	5,953,917
		Retained profit in year	1,464,470	1,464,470
		<b>At 31 December 1998</b>	<b>7,418,387</b>	<b>7,418,387</b>

**Guarantees and other Financial Commitments** 9 (a) Capital Commitments

At the end of the year there were no Capital Commitments. Loans totalling £50,000 (1997: £158,000) had been agreed in principle by Council but had not been made at 31 December 1998 pending adequate security.

(b) Operating Lease Commitments

The minimum annual rentals under ongoing leases are as follows:

	Land & buildings 1998 £	Plant & machinery 1998 £	Land & buildings 1997 £	Plant & machinery 1997 £
Expiry Date				
Within 1 year	-	10,772	27,625	-
Within 2-5 years	30,000	58,725	-	58,795
Over 5 years	31,500	-	31,500	4,855

(c) Pension Arrangements

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 was £659,846 (1997: £538,074).

		1998	1997
		£	£
<b>Cash Flow Statement 16</b>	<b>(a) Reconciliation of operating profit/(loss) to net cash inflow from operating activities</b>		
	Operating profit/(loss)	1,190,179	(330,148)
	Depreciation charges	283,055	242,563
	Decrease/(increase) in stock	51,984	(87,855)
	(Increase)/decrease in debtors	(7,468,995)	4,138,488
	Increase/(decrease) in creditors	12,233,897	(1,243,868)
	Loss on disposal of tangible fixed assets	-	15,944
	<b>Net cash inflow from operating activities</b>	<b>6,290,120</b>	<b>2,735,124</b>

		At 1 January		At 31 December
		1998	Cash Flow	1998
		£	£	£
<b>(b) Analysis of changes in financing during the year</b>				
	Cash at bank and in hand	1,538,790	1,601,531	3,140,321
	Short term investments	4,717,397	4,782,603	9,500,000
	Bank overdrafts	(1,044,818)	429,304	(615,514)
		<b>5,211,369</b>	<b>6,813,438</b>	<b>12,024,807</b>

**Payments to 17** Under the terms of the Tripartite agreement between The Football Association Limited, The Football Association Premier League Limited and The Football League Limited certain amounts are payable by The Football Association Limited to The Football League Limited. These payments are expensed when paid and in 1998 amounted to £2,261,307 (1997: £2,207,452).

**The Football League**

		1998 £	1997 £
<b>Staff Numbers and Costs 13</b>	<b>Employee costs during the year amounted to:</b>		
	Wages and salaries	5,423,244	4,205,186
	Social security costs	462,086	372,028
	Other pension costs	659,846	538,074
	Permanent health insurance	59,280	46,400
		<u>6,604,456</u>	<u>5,161,688</u>
		<b>Number</b>	<b>Number</b>
	Average monthly number of persons employed by the Company during the year:	<u>164</u>	<u>137</u>

#### Directors' emoluments

No Directors received any remuneration from the Company during the year other than the benefits of the use of a car by the Chairman.

**Related Party Transactions 14** All Members of Council are Directors of the Company. 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.

The only transactions requiring disclosure under the requirements of FRS8 Related Party Disclosures are those with the Chairman, during the year, Mr K St J Wiseman. As a Director of Southampton FC plc he had significant influence in both of his positions. The transactions in the year between the Company and Southampton FC plc, have 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 year related to television monies and England players and totalled £40,245 (1997 £11,362). At the year end there were no receivables or payables in respect of Southampton FC plc.

		1998 £	1997 £
<b>Tax on Profit on 15</b>	<b>The taxation charge based on the assessable profit/(loss) before taxation comprises:</b>		
<b>Ordinary Activities</b>	United Kingdom corporation tax at 31% (1997: 33%/31%)	988,218	265,780
	Deferred taxation	(43,743)	16,145
	Adjustments relating to prior years	(15,318)	(100,452)
	Tax attributable to Franked investment Income	<u>15,850</u>	<u>16,629</u>
		<u>945,007</u>	<u>198,102</u>

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

Trend Statement

	1994*	1995*	1996*	1997	1998
	£'000	£'000	£'000	£'000	£'000
<b>Five Year Trend Statement</b>					
Turnover	39,101	47,464	49,740	53,556	65,714
Operating Profit/(Loss)	1,086	1,903	(3,423)	(330)	1,190
<b>Profit/(Loss) before taxation</b>	<b>1,498</b>	<b>2,936</b>	<b>(2,159)</b>	<b>722</b>	<b>2,409</b>
Fixed assets	6,239	7,297	7,487	7,679	7,878
Net Current Assets/(Liabilities)	4,372	(3,381)	(2,032)	(1,592)	(370)
<b>Net assets/capital employed</b>	<b>3,892</b>	<b>3,836</b>	<b>5,430</b>	<b>5,954</b>	<b>7,418</b>
<b>Distribution and Payments:</b>					
To Clubs	7,880	7,767	9,883	9,968	12,402
To Leagues	2,524	2,078	2,640	2,356	2,330
To County Football Associations	831	705	1,182	1,308	1,213
To PFA	307	365	1,789	779	779
To Football Association Trusts and The Football Trust	2,400	2,350	5,950	6,500	3,350
	<b>13,942</b>	<b>13,265</b>	<b>21,444</b>	<b>20,911</b>	<b>20,074</b>
Charitable Donations from the Charity Shield	432	284	523	555	530

\*Excludes Euro '96