Company Registration No. 00077797

# The Football Association Limited

## Report and Financial Statements

## 31 December 2010

# The Football Association Limited

## Report and financial statements 2010

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# The Football Association Limited

## Report and financial statements 2010

## Officers and professional advisers

**Directors**

D Bernstein (Chairman)
A Horne (General Secretary)
B W Bright
R F Burden
M Game
P A Gartside
D Gill
A Kleanthous
M R Leggett
Sir D Richards
D Sheepshanks
E J Ward

**Secretary**

A Maclean

**Registered office**

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**Bankers**

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**Solicitors**

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Charles Russell LLP
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London, EC4M 7RD

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**Independent Auditor**

Deloitte LLP
Chartered Accountants and Statutory Auditor
London

# The Football Association Limited

## Chairman's statement

It is a great privilege to have been appointed Chairman of The Football Association, an organisation which is at the heart of the most popular sport in this country, a sport which is integral to society

My appointment follows what has been a difficult 2010 for the organisation The Group had to deal with the resignations of Chief Executive Ian Watmore in March and Chairman Lord Triesman in May

Alex Horne, who has much experience of the Group, replaced Ian as General Secretary and I am delighted to be reunited with him after working closely together at Wembley Stadium Roger Burden became Acting Chairman and I would like to pay tribute to his leadership – something for which the whole Association can be very grateful

The year ended with a disappointment Our ambitions to give our players the chance to compete in, and our fans a chance to see, a World Cup in their own country in 2018 were unsuccessful We must learn from this decision and it is my intention now to build stronger and more effective relationships across the international football family

On the pitch, the summer's World Cup in South Africa was hugely disappointing after the team were eliminated in the Second Round when so much was expected by the nation In the autumn, Fabio Capello's team commenced their qualification campaign for Euro 2012 with two wins and a draw, giving them a solid foundation on which to build in 2011 to secure a place in the Finals in Poland/Ukraine

European success arrived in May when John Peacock's U17s team became the first England men's team to lift a major trophy in 17 years, giving us a reason to be cheerful, as well as hopeful, for the future of English football

The latter part of the year was also very good for our Men's Under-21s and Women's Senior teams who qualified for the summer's European and World Finals respectively Stuart Pearce's young side were not in a favourable position following the first half of qualification, but produced a string of excellent results, culminating in victory over Romania in the two-legged play-off to become the only country to reach the last three European Championship Finals Hope Powell's team were dominant from the start, remaining unbeaten in the group stage and play-offs and head to Germany in June 2011 with great confidence

Meanwhile the U20s are looking ahead to competing in their World Cup in Colombia and both Men's and Women's U19s are hoping to make the European Championship Finals The reigning U17 champions will again compete in Europe and could find themselves in their own World Cup Finals in Mexico

On the back of the disappointing performance in South Africa, we have recommended a 25-point plan for the long-term delivery of more, better young English players This plan seeks to integrate the player pathway across the whole of the game and to support the grass roots and professional clubs with first class coaches to ensure that players are getting age-appropriate support at the right times in their careers Our ambition is to develop the fundamental core skills of more 5-11 year olds at grass roots level, to support the revitalisation of the academy structure underway and to work with the clubs and academies to ensure that the best English players are identified and prepared for the demands of international football

Our aim to develop more and better players and coaches was given a sizeable boost in November when the Board approved the start of building work at St George's Park in Burton-On-Trent A National Football Centre has been a very long-term objective of The FA and now we can look forward to 2012 and the opening of what will be a world-class facility providing education for future generations of English football coaches It will also become an internationally-leading sports medicine and performance research centre, a training home to enhance international team development and an inspirational hub for everyone involved in football from grassroots to elite

# The Football Association Limited

## Chairman's statement

The development of our game at every level remains of paramount importance to us from a playing, coaching, refereeing and volunteering perspective We want to make the environment for participating in football one that is safe and enjoyable so that any person from any background can achieve their full potential The National Game Strategy continues to be a main focus for The FA and in 2010 we saw 13,324 new teams created across all formats of football 800 Leagues now implement the Respect Programme and 56% of our stakeholders think 'Respect' has improved their experiences in football The National Game Strategy commits to an investment of £200m into grassroots facility projects over the period 2008-2012

Meanwhile, renewing commercial agreements with Umbro until 2018, as well as a one-year extension with E ON sponsoring The FA Cup, have together provided us with the necessary support to significantly reinvest back into the game across all levels I am delighted by the new relationship with Vauxhall, as Official England Sponsor and Official Youth Partner, which is of considerable value to The FA and will allow us to look forward with optimism Securing a new long-term partner for The FA Cup from season 2011-12 and a new broadcast contract from 2012 will naturally play a major part in our financial fortunes and is currently a major focus

It was a successful year for Wembley Stadium as we welcomed two million visitors to a programme of world-class sporting and entertainment events On top of six England internationals, Wembley staged The FA Cup Semi-Finals and Final, the League Cup Final, the Community Shield, the Football League Play-Off Finals and the Johnstone's Paint Trophy Final which attracted a record breaking crowd of almost 75,000

The transatlantic relationship with the NFL flourishes as over half a million fans sought tickets for the fixture between San Francisco 49ers and Denver Broncos, while Saracens Rugby Club attracted over 200,000 supporters to Wembley during their four matches at the stadium in 2010

An improved playing surface using DESSO technology has had a very positive impact, while also coping well with the popular summer concert programme The programme included the Capital Summertime Ball and sell out concerts from Green Day and Muse

2011 promises to be another exciting year at Wembley Stadium with the football calendar being boosted by the UEFA Champions League Final in May following which the stadium will stage a record-breaking eight nights of Take That's "Progress Live" tour, surpassing the previous record created by Michael Jackson on his 1988 "Bad" world tour

I would like to express my thanks to my fellow Board and Council members for asking me to take the reins of this wonderful organisation I am looking forward to working with Alex and all the talented staff at The FA Group and I am confident we will continue to be successful in delivering our broad range of objectives to take the game in England forward

David Bernstein
Chairman, The Football Association

# The Football Association Limited

## Directors' report

The directors present their annual report and the consolidated financial statements for The Football Association Limited and its subsidiaries (the "Group") for the year ended 31 December 2010

### 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 activity of Wembley National Stadium Limited ("WNSL") is to organise sporting and other entertainment events at Wembley Stadium ("the Stadium" or "Wembley") The principal activity of the National Football Centre Limited ("the NFC") is to develop a National Football Centre at St George's Park, prior to it opening as a football training centre in 2012 The principal activity of FA Learning Limited ("FAL") is to promote the game through the organisation and delivery of educational activities, principally in the fields of coaching, refereeing, medical and exercise science and child protection The principal activity of England 2018/2022 Bidding Nation Limited ("England 2018/2022") in the year was to bid to host the World Cup in England in 2018 or 2022 Following the unsuccessful bid the company will become dormant

### Business review

***Review of business and future developments***

The Group's turnover in the year was £304m (2009 £309m) This represents only a 2% decrease on 2009 despite The FA having to renew its sponsorship partner programme during a global economic downturn and having to replace broadcast revenues as a result of the liquidation in 2009 of one of its domestic broadcast partners, Setanta, and its overseas broadcast partner, Gateway

A wide ranging expenditure review was conducted across the Group at the end of 2009 While all areas of the business have made savings, the emphasis has been on maintaining the level of front-line investment and distributions into football The Group's Investments in the Game exceeded £100m for the first time last year and this level of investment has been retained in 2010 at a level of £101m (2009 £106m)

The combination of maintaining turnover levels and reducing expenditure has enabled the Group to deliver a profit after tax of £9m (2009 loss after tax of £3m) This has enabled the Group to incease its reserves for the first time since 2006

The FA therefore has a firm basis to implement its financial strategy to improve the efficiency of its operations and to maintain the amount invested in the game

***Wembley Stadium***

2010 marked the fourth year of operation of the new Wembley Stadium and has seen further progress made across all areas of the business This progress has resulted in an improved financial performance, with an operating profit of £10 5m compared with an operating profit of £9 6m reported last year One of the key developments was the improvement in pitch performance with the installation of the Desso Grassmaster system This has provided a much better playing surface, whilst still accommodating the varied event profile given Wembley's status as a multi use stadium

Club Wembley consists of c4,900 members, who occupy premium seats and boxes at the Stadium under long-term licences This is the key Wembley revenue stream accounting for 20% of Group turnover Significant investment has been made since opening, including an additional c£2m in 2010 to enhance the catering facilities, to create a friendlier experience within the private concourses and to improve the ticketing and account management systems As part of this, a new smart card system has been rolled out across Club Wembley and further enhancements are in the pipe line The renewal of Club Wembley season fees was very strong with a 98% renewal compared with 96% achieved last year This was particularly notable in the current economic environment

2010 proved to be another lively year for the Stadium, with over 2m customers hosted across a variety of sport, music and other entertainment events 28 events were delivered in conjunction with 12 event owners On the sporting front, a total of 24 events were held, including The FA Cup Final and FA Cup Semi Finals, 6 England Internationals, the 5 traditional matches with the Football League, the RFL's Challenge Cup Final, the fourth regular season NFL game and 4 matches of rugby union with Saracens On the non-

**Business review (continued)**

***Wembley Stadium (continued)***

sporting front, the Stadium held 4 concert nights with the inaugural staging of the Capital Summertime Ball, followed by Green Day and 2 nights of Muse

Once again, the Stadium has demonstrated great flexibility in coping with a busy event schedule and at the same time has become more efficient and profitable at delivering top quality events

***England 2018/2022***

The FA resolved to make a bid to host the 2018 or 2022 FIFA World Cup, and set up a subsidiary company, England 2018/2022 Bidding Nation Ltd, to prepare and campaign for a bid on its behalf FIFA decided on 2 December 2010 that tournaments would be held in Russia and Qatar respectively, which was a huge disappointment for The FA and English football generally The net cost of the campaign was £14m, this comprises £7m of income and £21m of costs as outlined in the Group financial review section

***St George's Park***

The FA Board have approved the £80m development of the National Football Centre at St Georges' Park Construction started in February 2011 and is planned to be completed in the summer 2012 In addition to The FA's investment, the project is partly being financed by a sale and leaseback arrangement of the hotel and funding from our long term key sponsorship partner, Umbro, alongside other partners

St George's Park is the future educational hub for all of English football Its permanent and primary purpose (80% of participants) will be as a national facility for coach education and professional development to support community football Its secondary purpose will be as a training base facility for elite players It will deliver a step change in the quality and quantity of football coaches working at every level of the game, which in turn will have a dramatic impact on the key outputs of grassroots football

St George's Park will comprise (i) a 228 bedroom Hilton hotel which is split between the core Hilton brand and Hampton by Hilton to offer flexibility and a range of accommodation price points, (ii) a sports and medicine building with a full size indoor pitch, a sports hall, changing rooms, a full hydrotherapy suite, medical facilities, gym space and office accommodation, and (iii) outdoor pitches and related sporting infrastructure

***FA Learning***

The current business plan of FA Learning for 2010-2012 identifies the business purpose, priorities and a financial plan in order to deliver the educational strategy of The FA The plan prioritises raising standards, improving business practices and increasing profitability The plan also outlines the educational priorities which FA Learning lead and develop further in consultation with all stakeholders The plan is based upon working closely and more exclusively with County Football Associations and partners within the Professional Game

FA Learning aspires to be a leading provider of football education and training with the responsibility to grow and retain the football workforce across all disciplines in the Professional and National Game FA Learning delivers a wide variety of courses, conferences and services to support the football workforce which underpin key FA strategic targets as well as providing a financial return FA Learning also manages the investment in core programmes such as referee development and safeguarding which is necessary to recruit and retain volunteers in these under resourced areas

# The Football Association Limited

## Directors' report

### *Group financial review*

#### *Turnover*

The Group's turnover in 2010 decreased by £5m, to £304m (2009 £309m), primarily due to a decrease in broadcasting revenue and revenue from Wembley Stadium Group turnover is analysed below

| Analysis of Group turnover | 2010 | 2009 | Change |
|---|---|---|---|
| | £m | £m | £m |
| Broadcasting | 119 | 127 | (8) |
| Sponsorship and licensing | 50 | 49 | 1 |
| FA events | 25 | 26 | (1) |
| Grants | 11 | 9 | 2 |
| England 2018/2022 | 6 | 1 | 5 |
| Other income | 13 | 6 | 7 |
| Wembley Stadium | | | |
| Club Wembley | 60 | 65 | (5) |
| Events | 12 | 18 | (6) |
| Other income | 8 | 8 | - |
| | **304** | **309** | **(5)** |

The Group's main source of revenue is from the sale of broadcasting rights in respect of The FA Cup and England matches The decrease of £8m is due to a reduction in the domestic broadcasting revenues (£11m) as a result of Setanta going into administration in June 2009 The loss of Setanta has been partly mitigated by selling rights to ITV through an expanded agreement and the selling of rights to ESPN to 2014 The reduction is partly offset by an increase in the overseas broadcasting revenues (£3m) which was achieved, despite Gateway going into liquidation, through favourable exchange rate movements from rights already sold and the sale of overseas broadcast rights for the England v France friendly match

The comparative 2009 results include an exceptional credit of £17m relating to Setanta and Gateway entering into administration and liquidation respectively during the year This is not included in Group turnover but is disclosed in other operating income in the consolidated profit and loss account

Sponsorship and licensing revenue was mainly earned under fixed-term contracts and increased by £1m The FA Partner sponsorship programme was renewed after the World Cup for the period 2010 to 2014 The Partner contracts with Umbro, Carlsberg, McDonald's and Mars were renewed, demonstrating the long term value of these partnerships There was no England lead partner or support partner for the final six months of the year as both Nationwide and National Express did not renew the contracts which resulted in reduced revenues of £3m in 2010 However The FA has completed an agreement for Vauxhall to be England lead Partner from 2011 to 2014 The value of these sponsorship agreements have largely been retained despite the economic conditions and the performance of the senior England team

The FA Events income relates to gate receipts and programme sales from the home England matches and the latter stages of The FA Cup held at Wembley stadium Income has reduced by £1m mainly because the mix of home internationals in 2010 was less competitive than those in 2009 Attendances were also affected by the performance of the senior men's team in South Africa

Grant income of £11m (2009 £9m) relates to income from Sport England and UEFA that finance a number of the national game initiatives including, Community Club Development Programme ("CCDP"), Girls Football Development, Grass Roots Disability, Grass Roots Coaching and the Respect campaign

England 2018/2022 income comprises income from the host city grant income, sponsorship income and value in kind income

### Group financial review (continued)

***Turnover (continued)***

The increase in other income comprises predominantly the FIFA World Cup 2010 prize monies (£7m)

Revenue generated by the Stadium decreased by £11m to £80m in 2010 (2009 £91m) Club Wembley revenue decreased by £5m, due to the challenging economic circumstances Event income decreased by £6m to £12m in the year (2009 £18m), due to 10 fewer events being held in 2010

***Expenditure***

The Group's costs decreased by £37m in the year, to £266m (2009 £303m) and this is summarised below

| Analysis of Group expenditure | 2010 | | | 2009 | | | Change |
|---|---|---|---|---|---|---|---|
| £m | Cost of sales | Operating expenses | Total | Cost of sales | Operating expenses | Total | £m |
| Investments in the Game | - | 101 | 101 | - | 106 | 106 | (5) |
| Club England | 18 | 8 | 26 | 14 | 9 | 23 | 3 |
| Football governance and development | 3 | 10 | 13 | 3 | 8 | 11 | 2 |
| Commercial and marketing | 16 | 3 | 19 | 20 | 3 | 23 | (4) |
| FA Events | 2 | 1 | 3 | 3 | - | 3 | - |
| England 2018/2022 | - | 13 | 13 | - | 8 | 8 | 5 |
| Corporate services and executive | - | 13 | 13 | - | 19 | 19 | (6) |
| Wembley | 24 | 26 | 50 | 34 | 30 | 64 | (14) |
| Depreciation | - | 28 | 28 | - | 29 | 29 | (1) |
| Exceptional restructuring costs | - | - | - | - | 17 | 17 | (17) |
| | 63 | 203 | 266 | 74 | 229 | 303 | (37) |

The FA invested £101m into all levels of the game in 2010, a reduction of £5m compared to prior year (2009 £106m) This represents 33% (2009 34%) of Group turnover and is described in detail overleaf

Club England includes the running cost of England's 24 teams including women's, youth and disability sides It also includes players insurance Total expenditure increased by £3m, to £26m (2009 £23m), due to the participation in the 2010 FIFA World Cup (£4m) offset by the FIFA World Cup qualification bonus paid in 2009 to the Senior coaching staff (£1m)

Football Governance and Development includes areas such as disciplinary, compliance, refereeing, agents, financial matters and doping control while development of the game encompasses all ages, backgrounds and abilities in terms of participation and quality Much of The FA's development expenditure is channelled through our investments in the game but certain centralised activities, including The FA Skills Coaches, are shown here and this investment increased by £1m in the year

Commercial and marketing includes the costs to support two of the Group's key revenue streams, being broadcast and sponsorship Total expenditure decreased by £4m, to £19m (2009 £23m), due to the decreasing amounts paid to obtain broadcasting rights

Across the life of the England 2018/2022 project, from 1 January 2009 to 31 December 2010, the net costs totalled £14m, comprising £7m income and £21m of costs

Corporate Services and Executive includes the costs of The FA Council, the executive office, finance, HR, IT, and legal Total expenditure decreased by £6m to £13m (2009 £19m) due to a curtailment gain arising from the closure of the Final Salary pension scheme (£2m), and cost reductions across the Corporate services division (£3m)

Wembley and facility costs decreased by £14m, to £50m (2009 £64m), due to the reduced number of events in 2010 (£10m), one off repair costs incurred in 2009 (£3m) and rent and rates (£1m) as the lease of The FA's former headquarters in Soho Square was surrendered in August 2010

**Group financial review (continued)**

***Expenditure (continued)***

A significant one-off expense of £17m was incurred in 2009 relating to Group integration and relocation of The FA to Wembley Stadium The expense included the potential loss, over the full term of the lease, on The FA's former head office in Soho Square which was fully settled in August 2010 when The FA surrendered the lease to the landlord

***Investment into the game***

Total investment into the game decreased by £5m due to a lower funding commitment to the Football Foundation for the three seasons to 2012/13, compared to the previous cycle (£3m) and reduced FA Cup prize fund and television payments to competing clubs (£3m) The FA's investment into the game is divided approximately equally across the Professional Game (the Premier League and the Football League) and the National Game (the term used to describe the rest of the game)

| Investment into the game | 2010 | | | | 2009 | Change |
|---|---|---|---|---|---|---|
| £m | National Game | Professional Game | FA Investments | Total | Total | £m |
| Football Foundation | 13 | - | - | 13 | 15 | (2) |
| Football Foundation - CCDP | 2 | - | - | 2 | 3 | (1) |
| FA Cup | 4 | 28 | - | 32 | 35 | (3) |
| County FAs | 15 | - | 3 | 18 | 18 | - |
| Football league | - | 10 | - | 10 | 11 | (1) |
| Professional Footballers' Association | - | 2 | - | 2 | 2 | - |
| Professional Game Match Officials | - | 1 | - | 1 | 1 | - |
| Community Shield share to charity | - | - | 1 | 1 | - | 1 |
| Other | 9 | 2 | 11 | 22 | 21 | 1 |
| | 43 | 43 | 15 | 101 | 106 | (5) |

In 2010, a total of £43m (2009 £46m) was distributed to the Professional Game through The FA Cup (£28m) which comprises prize funds, TV broadcast fees and FA Cup Pool distributions to clubs, direct grants to the Football League (£10m), funding for the Professional Footballers' Association (£2m), Professional Game Match Officials (£1m) and other investments into the game (£2m), which includes financial governance, stadia safety and security and International relations

A total of £43m (2009 £44m) was distributed through the National Game into grass roots football, including the Football Foundation (£15m), The FA Cup (£4m), County FAs (£15m), and other investments in the game (£9m) in relation to the National Game Strategy

An additional sum of £15m (2009 £16m) was invested into projects that span the whole game including The FA's Respect programme, FA Learning, medical and exercise science, safeguarding children, disability and women's football

***Net result***

The Group's operating profit increased by £31m to £37m (2009 £6m), as a result of the movements in revenue and costs explained in the sections above

The Group's net interest and financing charges fell by £1m, to £22m (2009 £23m) These charges relate to bank loans raised by WNSL to finance construction of the stadium, based on a fixed interest rate of 6 9% The reduction reflects the reduced interest payments on the stadium financing as capital repayments are being made and the unwinding of a net present value discount that was charged in 2009

Other operating income decreased by £17m to £nil (2009 £17m) due to the exceptional credit of £17m in relation to the Setanta and Gateway insolvencies in 2009

# Directors' report

### Group financial review (continued)

***Net result (continued)***

The Group incurred a tax charge of £6m in the year (2009 £3m) This comprises a £9m (2009 £3m) current tax charge due to increased taxable profits and a reduction in capital allowances that are available on expenditure related to Wembley Stadium, offset by a deferred tax credit in the year £3m (2009 £nil)

The impact of the above resulted in a profit after taxation of £9m (2009 loss after tax of £3m)

In addition the actuarial gain on the final salary pension scheme of £3m (2009 actuarial loss of £6m) resulted in a total recognised gain in the year of £12m (2009 loss of £9m)

***Balance sheet and cash flow***

The Group's net assets increased by £12m, to £66m at the end of the year (2009 £54m), due to the profit after tax of £9m and the actuarial gain on the Group's defined benefit pension scheme (the "Scheme") of £3m

A valuation of the Scheme was carried out under FRS17 by a qualified actuary on 31 December 2010 During the year, the deficit in the Scheme reduced by £7m to £2m (2009 £9m) The decrease in the deficit was principally due to the improved investment performance over the year (£3m) and a curtailment gain (£2m) due to the scheme being closed to future accrual during 2010 Full information regarding the Scheme and the underlying assumptions used to calculate the financial position can be found in Note 1(e) and Note 19 of these financial statements

In terms of other key balance sheet movements, tangible fixed assets (£651m), which primarily comprise Wembley Stadium, decreased due to the normal depreciation charge (£28m) in the year and disposals and impairment charges of £1m Additions of £11m include stadium improvements, and National Football Centre capitalised professional fees

In 2011 there was a net cash inflow from operating activities of £80m (2009 nil), with the year on year change being mainly due to the increased profits and the profile of debtors During the year the Group's net interest payments were £22m (2009 £21m), corporation tax was £4m (2009 nil), capital expenditure was £25m (2009 £30m), treasury deposit investments were £10m (2009 inflow of £60m) and the Group made bank loan repayments of £19m (2009 £17m) This resulted in a decrease in cash in the year of £0 3m (2009 decrease of £8m)

***Principal risks, uncertainties and going concern***

There are a number of potential risks and uncertainties which could have a significant impact on the Group's long term performance The Group's senior management team review existing risks and identify new risks on a monthly basis Suitable controls are put in place and action plans are established to mitigate risks These risks and uncertainties and the related controls and plans are monitored by the Group Audit Committee (see below) on a regular basis and reported to the Board

One of the most significant uncertainties for The FA is the future value of its main source of revenues, being broadcasting rights and sponsorship rights, typically re-negotiated every four years Broadcasting and sponsorship revenues accounted for 55% (£169m) of the Group's turnover in 2010 Not only is there a credit risk regarding partners failing to honour their contracts, but the risk of a step change in revenue between each contract cycle is high given changes in the broadcast media markets There are several actions taken to mitigate these risks

- revenue is diversified across a number of domestic and international broadcasters and new markets are explored
- negotiations are normally concluded at least one year in advance of the contract start date
- payment terms are negotiated so that cash is received in advance of rights issued
- due diligence performed on all potential partners

Club Wembley revenue represented 20% of the Group's turnover in 2010 Club Wembley box and premium seats have been contracted for an average of 8 and 10 years respectively While the principal risk

## Group financial review (continued)

***Principal risks, uncertainties and going concern (continued)***

in the long term is renewal of the membership contracts, the short term risk exists that members do not pay their annual fee

The Group is carrying a significant level of borrowing in relation to the financing of the Stadium and it is the Group's policy to eliminate, as far as possible, all the interest rate risk As part of the refinancing in 2008, WNSL fixed 100% of its interest rate liabilities WNSL also benefits from a high level of cash reserves, including a debt service reserve account of £17m, which is sufficient to cover approximately 9 months of interest

The financing arrangements for WNSL (see note 15) include certain cash flow covenants which are forecast to be achieved, provided WNSL meets its budget A significant reduction in annual renewals or a significant delay in the payment of the new season fees from Club Wembley licence holders could put WNSL in default of these covenants However, as Wembley Stadium is a key asset to the Group, The FA is committed to providing financial support to WNSL in order to mitigate this risk

The Group's activities also expose it to foreign currency risk which is mitigated by the use of financial derivatives The use of financial derivatives is governed by the Group's policies approved by the Board of directors, which provide written principles on the use of financial derivatives to manage these risks The Group does not use financial instruments for speculative purposes

In addition to the specific factors described above, the overall mitigating factor for the Group is the significant level of discretionary expenditure in The FA's cost base A significant element of The FA's expenditure is investment into the game and can be reduced without breaching legal commitments

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts

## Charitable donations

The Group made charitable donations of £17 1m (2009 £11 5m) during the year The donations paid can be summarised into the following headings

| | 2010 £'m | 2009 £'m |
|---|---|---|
| The Football Foundation | 13 0 | 4 2 |
| The Football Foundation – Community Club Development Programme (CCDP) | 1 6 | 2 8 |
| Professional Footballers' Association | 2 0 | 4 1 |
| Donations generated from the Community Shield | 0 5 | 0 4 |
| Total charitable donations | 17 1 | 11 5 |

## Equal Opportunities

The FA Group actively promotes equal opportunities in employment, and welcomes applications from all sections of the community We are committed to treating all applicants and employees fairly regardless of race, religion or religious belief, gender, sexual orientation, disability or age The FA Group is committed to annual equality monitoring of its employees to determine areas of under or over representation in its workforce The FA Group has a Race Equality Advisory Group, Disability Equality Advisory Group and an Advisory Group for Tackling Homophobia with a remit that includes advising The FA on widening diversity in The FA Group wider football workforce

# The Football Association Limited

# Directors' report

### Employee consultation

The Group places considerable value on engagement with 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, an Employee Consultation Forum, staff surveys, a proactive Get Involved staff engagement programme and a staff intranet

### Corporate governance

***The Board***

The Board comprises 12 voting members, being the Chairman, the General Secretary, five members from the National Game and five members from the Professional Game The Board generally meets on a monthly basis to review the performance of the Group and to determine long-term objectives and strategies The Board is supplied with management accounts and other relevant information

The Chairman is appointed by the Council on a three-year cycle and the General Secretary is appointed by the Board The National and Professional Game members are elected by shareholders in the Company and each is subject to re-election at least every three years

There is a clear division of responsibility between the roles of Chairman and General Secretary The Board is empowered to appoint sub-committees, incorporating independent membership, as it considers appropriate

***Group Audit Committee***

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness at least annually Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss

The FA Board has established a Group Audit Committee (the "GAC") with a mandate to provide independent oversight on the following matters across The FA Group

- Governance, including risk management and internal control,
- External audit arrangements,
- Internal audit arrangements, and
- The appropriateness of financial reporting

The GAC's remit includes all operations and activities undertaken by The FA Group, covering the consolidated Group and the individual entities The FA, WNSL, the NFC, England 2018/2022, and FAL

The GAC comprises an independent chairman, A Newell, alongside P A Gartside (Board director) and an independent non-Board member, N Humby During 2010 the GAC met five times, with one meeting dedicated to reviewing and approving the financial statements of the Group

The GAC reviews reports from management, internal audit and external audit on the Group's system of internal control and risk management, specifically those that support the integrity of the financial statements The GAC also reviews, and where necessary challenges, the judgements of management in relation to the integrity of the financial statements The GAC formally reports to The FA Board on a quarterly basis

***Group Remuneration Committee***

The Group Remuneration Committee is chaired by P A Gartside, a Board director, alongside R F Burden, E J Ward (both Board directors) and D Bernstein (Chairman of The FA) The Group Remuneration Committee is responsible for advising the Board on the pay and terms and conditions of the General Secretary and members of senior management In discharging its duties, the Group Remuneration Committee takes independent advice where appropriate

# The Football Association Limited

## Directors' report

### 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

| | | |
|---|---|---|
| David Bernstein | Chairman | (appointed 25 Jan 2011) |
| Lord Triesman | Chairman | (resigned 16 May 2010) |
| A Horne | General Secretary | (appointed 1 April 2010) |
| I Watmore | Chief Executive | (resigned 31 March 2010) |
| B W Bright | FA Vice Chairman, Kent County FA | |
| Sir Dave Richards | FA Vice Chairman, The FA Premier League | |
| R F Burden | Gloucester County FA | (Acting Chairman from 27 May 2010 to 25 Jan 2011) |
| M Game | Essex County FA | |
| P A Gartside | The FA Premier League, Bolton Wanderers FC | |
| D Gill | The FA Premier League, Manchester United FC | |
| D J Henson | Devon County FA | (resigned 18 May 2010) |
| A Kleanthous | The Football League, Barnet FC | |
| M R Leggett | Worcestershire County FA | (appointed 19 May 2010) |
| D Sheepshanks | The Football League, Ipswich Town FC | |
| E J Ward | Hampshire County FA | |

### Directors' statement

Each of the directors at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

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

A Maclean
Company secretary
21st April 2011

# The Football Association Limited

## Directors' report

## Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Company and Group for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006 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

# Independent auditor's report to the members of The Football Association Limited

We have audited the Group and Parent Company financial statements of The Football Association Limited for the year ended 31 December 2010 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and Company balance sheets, the consolidated cash flow statement and the related notes 1 to 25 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006 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 auditor's 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 explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

# Independent auditor's report to the members of The Football Association Limited (continued)

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

M. R. Lee-Amies

Mark Lee-Amies (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor, London, United Kingdom
21 April 2011

## The Football Association Limited

## Consolidated profit and loss account
## Year ended 31 December 2010

| | Notes | 2010 £'000 | 2009 £'000 |
|---|---|---|---|
| **Turnover** | 2 | 303,606 | 309,374 |
| Cost of sales | | (63,127) | (74,482) |
| **Gross profit** | | 240,479 | 234,892 |
| Operating expenses (includes £16 7m in 2009 due to exceptional integration and relocation costs) | | (203,184) | (229,107) |
| **Operating profit** | 5 | 37,295 | 5,785 |
| Net finance charges | 6 | (22,354) | (23,433) |
| Other operating income (includes £16 6m credit in 2009 on terminated contracts) | 7 | - | 17,123 |
| **Profit/(Loss) on ordinary activities before taxation** | | 14,941 | (525) |
| Taxation charge on ordinary activities | 8 | (6,180) | (2,553) |
| **Profit/(Loss) on ordinary activities after taxation for the financial year** | 21 | 8,761 | (3,078) |

All the above results are derived from continuing operations

## Consolidated statement of total recognised gains and losses
## Year ended 31 December 2010

| | Notes | 2010 £'000 | 2009 £'000 |
|---|---|---|---|
| Profit/(Loss) for the financial year | | 8,761 | (3,078) |
| Actuarial gain/(Loss) on defined benefit scheme net of related deferred tax | 19 | 2,830 | (5,715) |
| Total recognised gains and losses relating to the year | | 11,591 | (8,793) |

## The Football Association Limited

# Consolidated balance sheet
# As at 31 December 2010

| | Notes | 2010 £'000 | 2009 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Intangible assets | 9 | 250 | 250 |
| Tangible assets | 10 | 650,633 | 669,338 |
| Investments | 11 | 28,206 | 29,966 |
| | | 679,089 | 699,554 |
| **Current assets** | | | |
| Stocks | | 382 | 228 |
| Debtors due within one year | 12 | 20,761 | 43,964 |
| Debtors due after one year | 12 | 3,192 | 3,029 |
| Cash at bank and in hand | 13 | 74,647 | 64,963 |
| | | 98,982 | 112,184 |
| **Creditors: amounts falling due within one year** | 14 | (214,914) | (205,106) |
| **Net current liabilities** | | (115,932) | (92,922) |
| **Total assets less current liabilities** | | 563,157 | 606,632 |
| **Creditors: amounts falling due after more than one year** | 15 | (465,904) | (494,516) |
| **Provisions for liabilities** | 17 | (29,732) | (51,196) |
| **Net assets excluding pension liability** | | 67,521 | 60,920 |
| Pension liability | 19 | (1,529) | (6,519) |
| **Net assets including pension liability** | | 65,992 | 54,401 |
| **Capital and reserves** | | | |
| Called up share capital | 20 | - | - |
| Profit and loss account | 21 | 65,992 | 54,401 |
| **Shareholders' funds** | 22 | 65,992 | 54,401 |

These financial statements of The Football Association, company number 00077797, were approved by the Board of Directors on 21 April 2011

Signed on behalf of the Board of Directors

D A Bernstein, Chairman

## The Football Association Limited

# Company balance sheet
# As at 31 December 2010

| | Notes | 2010 £'000 | 2009 £'000 |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | 10 | 4,374 | 4,895 |
| Other investments | 11 | 198,207 | 199,967 |
| | | 202,581 | 204,862 |
| **Current assets** | | | |
| Debtors due within one year | 12 | 15,791 | 35,363 |
| Debtors due after one year | 12 | 110,491 | 71,952 |
| Cash at bank and in hand | 13 | 38,038 | 30,445 |
| | | 164,320 | 137,760 |
| **Creditors: amounts falling due within one year** | 14 | (148,016) | (118,339) |
| **Net current assets** | | 16,304 | 19,421 |
| **Total assets less current liabilities** | | 218,885 | 224,283 |
| **Creditors: amounts falling due after more than one year** | 15 | (2,000) | (2,287) |
| **Provisions for liabilities** | 17 | (3,293) | (20,868) |
| **Net assets excluding pension liability** | | 213,592 | 201,128 |
| Pension liability | 19 | (1,529) | (6,519) |
| **Net assets including pension liability** | | 212,063 | 194,609 |
| **Capital and reserves** | | | |
| Called up share capital | 20 | - | - |
| Profit and loss account | 21 | 212,063 | 194,609 |
| **Shareholders' funds** | 22 | 212,063 | 194,609 |

These financial statements of The Football Association, company number 00077797, were approved by the Board of Directors on 21 April 2011

Signed on behalf of the Board of Directors

D A Bernstein, Chairman

# The Football Association Limited

## Consolidated cash flow statement
## Year ended 31 December 2010

| | Note | 2010 £'000 | 2009 £'000 |
|---|---|---|---|
| **Net cash inflow/(outflow) from operating activities** | 23(a) | 79,899 | 0 |
| **Returns on investments and servicing of finance** | | | |
| Interest paid | | (23,272) | (24,402) |
| Interest received | | 1,116 | 3,482 |
| **Net cash outflow from returns on investments and servicing of finance** | | (22,156) | (20,920) |
| **Taxation** | | | |
| Corporation tax paid | | (4,462) | - |
| **Capital expenditure and financial investment** | | | |
| Payments to acquire tangible fixed assets | | (26,259) | (31,680) |
| Decrease in fixed asset investment | | 1,760 | 1,534 |
| Loan advance | | (17) | (103) |
| **Net cash outflow from capital expenditure and financial investment** | | (24,516) | (30,249) |
| **Management of liquid resources** | | | |
| Cash on deposits | | (10,000) | 60,000 |
| **Net cash inflow before financing** | | 18,765 | 8,831 |
| **Financing** | | | |
| Bank loan paid | | (19,081) | (16,628) |
| **Net cash outflow from financing** | | (19,081) | (16,628) |
| **Decrease in cash** | 23(c) | (316) | (7,797) |

# The Football Association Limited

# Notes to the accounts
# Year ended 31 December 2010

## 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

**Reclassifications**

The directors have reconsidered the classification of certain items during 2010 The 2009 figures have been reclassified so that they are presented on a consistent basis The net effect of the reclassifications on the 2009 profit and loss account is to decrease turnover by £4 2m, decrease cost of sales by £34 5m, increase administrative expenses by £30 3m, decrease net finance charges by £2 7m and decrease other operating income by £2 7m There is no net effect on operating profit The effect of the reclassifications on the balance sheet is to increase creditors falling due within one year by £1 0m and decrease creditors falling due after more than one year by £1 0m A reclassification in the cash flow statement has increased capital expenditure by £16 0m and reduced the net cash flow inflow from operating activities by £16 0m

**Going concern**

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report which also outlines the financial position of the Group, its cash flows, liquidity position and borrowing facilities In particular, the Directors' report includes a summary of the principal risks and uncertainties affecting the Group

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts

**a) 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 408 of the Companies Act 2006 Profit after tax for the year for the Company was £14 6m (2009 £9 3m)

**b) Turnover**

Turnover comprises the value of sales of goods and services (net of VAT, similar taxes and trade discounts) in the normal course of business

Broadcasting contracts – Revenue derived from these 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 – These are recognised in line with the rights provided, under each contract

Match day and other sporting and entertainment – Revenue is recognised when the relevant event takes place

Club Wembley licence fees - Revenue is recognised from when the licence agreement has been signed and the licence period has commenced Revenue from licence fees is spread evenly across the term of the licence agreement

1 **Accounting policies (continued)**

Club Wembley season fees - When a customer first joins Club Wembley, revenue is recognised when the licence agreement has been signed and the licence period has commenced For subsequent seasons, a transaction is recognised when the customer is invoiced The season fee is spread evenly across the period to which it relates (1 August to 31 July if a full season)

**c) 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 they had not been exchanged, the goods and services would have been sold for cash in a similar transaction

**d) Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date Deferred tax is measured on a non-discounted basis

**e) Pension costs**

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments They are included as part of staff costs Past service costs are recognised immediately in the profit and loss account if the benefits have vested If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the Group, in a separate trustee administered fund Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities Actuarial valuations are obtained at least triennially and are updated approximately at each balance sheet date for FRS17 purposes The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

**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

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding

**g) Grants and deferred income**

Grants received in respect of capital expenditure are credited to a deferred grant 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 grants until the end of the asset's life or when the asset is sold

Revenue grants are credited to income so as to match them with the expenditure to which they relate

**h) Investments**

Fixed asset investments are shown at cost less provision for impairment

**i) Intangible fixed asset**

The intellectual property 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 Wembley National Stadium Limited's proven and sustained ability to organise sporting and other entertainment events at the Stadium

**j) Tangible fixed assets**

Assets in the course of construction relate to costs associated with the construction of St George's Park They will be depreciated over their estimated useful lives from completion

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment No depreciation is charged in respect of freehold land Depreciation is provided on all other tangible fixed assets on a straight line basis, at rates calculated to write off the cost of those assets over their useful expected lives, and incorporating any residual value, as follows

| | | |
|---|---|---|
| Stadium | - | The assets that comprise the Stadium have been categorised into operating classes and depreciated according to the useful economic life of that class Useful economic lives range from 5 to 50 years |
| Long leasehold property | - | Over the life of the lease when remaining term is less than 50 years, otherwise not depreciated |
| Leasehold improvements | - | 5 years |
| Fixtures, fittings, equipment and motor vehicles | - | Between 3 – 10 years |
| Assets in the course of construction | - | Not depreciated until brought into use |

# Notes to the accounts
# Year ended 31 December 2010

## 1 Accounting policies (continued)

### k) Stocks

Stocks are stated at the lower of cost and net realisable value Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal Provision is made for obsolete, slow moving or defective items where appropriate

### l) 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 Arrangement fees relating to the previous loan have been written off during the prior year as a result of the refinancing of the bank loan Finance costs, including amortisation of arrangement fees, directly attributable to construction have been capitalised as assets in the course of construction which were reclassified as Stadium asset when the asset was brought into use The commencement of capitalisation began when both finance costs and expenditures for the asset were incurred and activities that were necessary to get the asset ready for use were in progress Capitalisation ceased when Operational Completion was reached This was when substantially all the activities that were necessary for the use of the Stadium were complete Operational Completion was achieved on 30 March 2007, consequently from this date capitalised costs have been depreciated on a straight line basis over the life of the Stadium and borrowing costs incurred from this date are charged to the profit and loss account as incurred

### m) Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as at 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

### n) Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements The Group does not hold or issue derivative financial instruments for speculative purposes

The foreign exchange financial instruments must be related to actual foreign currency assets or liabilities or to a probable commitment It must involve the same currency or similar currencies as the hedged item and must also reduce the risk of foreign exchange movements on the Group's operations Gains and losses arising on these contracts are deferred and recognised in the profit and loss account only when the hedged transaction has itself been reflected in the Group's financial statements

For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts

If an instrument ceased to be accounted for as a hedge, for example because the underlying hedged position has been eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time

### o) Distributions to the game

Distributions to the game comprise grants and donations that are made to both the Professional Game and National Game These are recognised when a constructive obligation arises that result in payment being unavoidable

# Notes to the accounts
# Year ended 31 December 2010

## 2. Segmental information

Turnover, operatıng profit and net assets/(lıabılıtıes) by class of busıness are set out below All actıvıtıes orıgınated ın the Unıted Kıngdom The group sells rıghts to overseas broadcasters, so group turnover by destınatıon ıncludes £37m (2009 £42m) to the rest of the world, outsıde the Unıted Kıngdom

| | Promotıon of Assocıatıon Football | | Stadıum and non FA event management | | Inter segment transactıons | | Group | |
|---|---|---|---|---|---|---|---|---|
| | 2010 £'000 | 2009 £'000 | 2010 £'000 | 2009 £'000 | 2010 £'000 | 2009 £'000 | 2010 £'000 | 2009 £'000 |
| Turnover | 230,754 | 226,428 | 92,300 | 103,836 | (19,448) | (20,890) | 303,606 | 309,374 |
| Operatıng profit/(loss) | 23,705 | (5,503) | 10,477 | 9,613 | 3,113 | 1,675 | 37,295 | 5,785 |
| Interest payable and sımılar charges | (699) | (280) | (22,784) | (25,877) | - | - | (23,483) | (26,157) |
| Interest receıvable & other ıncome | 892 | 19,157 | 237 | 690 | - | - | 1,129 | 19,847 |
| Profit/(loss) before tax | 23,898 | 13,374 | (12,070) | (15,574) | 3,113 | 1,675 | 14,941 | (525) |
| Net assets/(lıabılıtıes) | 206,761 | 190,862 | 61,417 | 68,511 | (202,186) | (204,972) | 65,992 | 54,401 |

The ınter segment transactıons comprıse a number of adjustments ıncludıng stagıng fees, share of gate receıpts and box sales paıd by The FA to WNSL, fees paıd by The FA to England 2018/2022 and The FA's ınvestment ın WNSL

### Barter transactions

The amount of barter transactıons for goods and other servıces recognısed ın turnover ıs £2 0m (2009 £1 8m)

# The Football Association Limited

## Notes to the accounts
## Year ended 31 December 2010

### 3 Directors' remuneration

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Emoluments | 508 | 600 |
| Benefits in kind | 1 | - |
| Pension payments | 12 | 12 |
| Compensation for loss of office | 63 | - |
| | 584 | 612 |

There are no directors to whom retirement benefits are accruing in respect of qualifying services in respect of defined benefit schemes (2009 - none)

| | £'000 | £'000 |
|---|---|---|
| **Details of highest paid director** | | |
| Total emoluments and benefits in kind | 330 | 246 |
| Company contributions to money purchase schemes | 9 | - |
| | 339 | 246 |

### 4 Employee information

| | 2010 No. | 2009 No. |
|---|---|---|
| Average monthly number of persons employed by the Group during the year | | |
| Promotion of Association Football | 512 | 450 |
| Stadium and event management | 100 | 118 |
| | 612 | 568 |

| | £'000 | £'000 |
|---|---|---|
| Their aggregate remuneration comprised | | |
| Wages and salaries | 35,662 | 34,683 |
| Social security costs | 3,963 | 3,842 |
| Other pension costs | 2,155 | 3,071 |
| Severance costs | 680 | 1,013 |
| | 42,460 | 42,609 |

During 2010 The FA employed 106 (2009 90) coaches which are funded as part of the Tesco's skills programme These are included in the Promotion of Association Football average employee number above

# Notes to the accounts
# Year ended 31 December 2010

## 5. Operating profit

Operating profit is after charging / (crediting)

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Depreciation – owned tangible fixed assets | 28,464 | 29,089 |
| Loss on sale of fixed assets | 234 | 86 |
| Amortisation of deferred capital grants | (1,037) | (1,037) |
| Auditors' remuneration | | |
| - Fees payable to the Group's auditors for the audit of the Group's annual accounts (including £74,250 (2009 £82,000) relating to the Company) | 135 | 152 |
| - Fees payable to the Group's auditors for tax services to the Group (including £141,000 (2009 £149,000) relating to the Company) | 368 | 357 |
| - Fees payable to the Group's auditors for other services to the Group and Company | 211 | 38 |
| Hire of plant and machinery under operating leases | 196 | 23 |
| Other operating lease rentals | 813 | 2,445 |

## 6. Finance Charges (net)

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Bank interest payable | (23,203) | (23,638) |
| Other interest payable | (280) | (280) |
| Unwinding of discount | - | (2,239) |
| Total interest payable | (23,483) | (26,157) |
| Bank interest receivable | 1,129 | 2,724 |
| Net interest payable | (22,354) | (23,433) |

## 7. Other operating income

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Other income | - | 484 |
| Exceptional net income in relation to future income received but not earned | - | 16,639 |
| | - | 17,123 |

In 2009 other operating income includes an exceptional credit of £16 6m in relation to contracts with two of The FA's broadcasters, Setanta and Gateway, which went into administration and liquidation respectively during 2009

# Notes to the accounts
# Year ended 31 December 2010

## 8 Taxation

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| **Current tax** | | |
| UK corporation tax at 28% (2009 28%) | (9,084) | (2,913) |
| Adjustment in respect of prior years | (11) | (50) |
| | (9,095) | (2,963) |
| **Deferred tax** | | |
| Origination and reversal of timing differences | 307 | 3,630 |
| Adjustment in respect of prior years | 1,007 | (3,220) |
| Difference due to change in tax rate | 1,601 | - |
| Total tax (charge)/credit | (6,180) | (2,553) |

The actual tax charge differs from the standard rate for the reasons set out in the following reconciliation

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Profit/(loss) on ordinary activities before tax | 14,941 | (525) |
| Tax at 28% thereon (2009 28%) | (4,183) | 147 |
| Effects of | | |
| Expenses not deductible for tax purposes | (6,587) | (3,296) |
| Depreciation less capital allowances | 891 | 1,274 |
| Non-taxable release of grant income | 535 | 535 |
| Movement in short term timing differences | (179) | (1,721) |
| Unutilised tax losses | (155) | (141) |
| Capitalised finance costs | (255) | (255) |
| Deferred tax on pension scheme deficit | 849 | 249 |
| Adjustment in respect of prior years | (11) | (50) |
| Pre trading losses now utilised | - | 295 |
| Current tax charge for period | (9,095) | (2,963) |

## 9. Intangible fixed assets

| | Intellectual property £'000 |
|---|---|
| **Cost and net book value** | |
| At 1 January 2010 and 31 December 2010 | 250 |

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

# Notes to the accounts
# Year ended 31 December 2010

## 10. Tangible fixed assets

| Group | Land and buildings £'000 | Stadium £'000 | Assets in the course of construction £'000 | Leasehold improvements £'000 | Fixtures, fittings, equipment and motor vehicles £'000 | Total £'000 |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 January 2010 | 67,000 | 655,587 | 24,410 | 2,755 | 22,546 | 772,298 |
| Additions | - | 2,069 | 3,664 | - | 5,672 | 11,405 |
| Disposals | - | - | - | (2,755) | (666) | (3,421) |
| At 31 December 2010 | 67,000 | 657,656 | 28,074 | - | 27,552 | 780,282 |
| **Accumulated depreciation and impairment** | | | | | | |
| At 1 January 2010 | - | 68,203 | 17,674 | 2,716 | 14,367 | 102,960 |
| Charge for the year | - | 24,963 | - | 24 | 3,477 | 28,464 |
| Impairment losses | - | - | 1,412 | - | - | 1,412 |
| Disposals | - | - | - | (2,740) | (447) | (3,187) |
| At 31 December 2010 | - | 93,166 | 19,086 | - | 17,397 | 129,649 |
| **Net book value** | | | | | | |
| At 31 December 2010 | 67,000 | 564,490 | 8,988 | - | 10,155 | 650,633 |
| At 31 December 2009 | 67,000 | 587,384 | 6,736 | 39 | 8,179 | 669,338 |

### Group

Land and buildings includes freehold land, which is held at cost of £64 5m (2009 £64 5m) following the purchase of land and buildings from Wembley plc in 1999 It also includes long leasehold property of £2 5m (2009 £2 5m)

The assets in the course of construction relate to St George's Park, the site for the proposed National Football Centre This asset is being carried at cost less provision for impairment

During the year no directly attributable staff costs (2009 £0 01m) have been capitalised

The total amount of finance costs included within the cost of the stadium asset at the year end is £73 6m (2009 £73 6m)

# Notes to the accounts
# Year ended 31 December 2010

## 10. Tangible fixed assets (continued)

**Company**

| | Stadium £'000 | Leasehold improvements £'000 | Fixtures, fittings, equipment and motor vehicles £'000 | Total £'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2010 | 2,209 | 2,755 | 7,929 | 12,893 |
| Additions | 236 | - | 596 | 832 |
| Disposals | - | (2,755) | - | (2,755) |
| At 31 December 2010 | 2,445 | - | 8,525 | 10,970 |
| **Accumulated depreciation** | | | | |
| At 1 January 2010 | 19 | 2,716 | 5,263 | 7,998 |
| Charge for the year | 51 | 24 | 1,263 | 1,338 |
| Disposals | - | (2,740) | - | (2,740) |
| At 31 December 2010 | 70 | - | 6,526 | 6,596 |
| **Net book value:** | | | | |
| At 31 December 2010 | 2,375 | - | 1,999 | 4,374 |
| At 31 December 2009 | 2,190 | 39 | 2,666 | 4,895 |

## 11. Fixed asset investments

| | Group 2010 £'000 | Group 2009 £'000 | Company 2010 £'000 | Company 2009 £'000 |
|---|---|---|---|---|
| Shares in group undertakings | - | - | 170,001 | 170,001 |
| Loans to group undertakings (via intermediary) | 28,206 | 29,966 | 28,206 | 29,966 |
| | 28,206 | 29,966 | 198,207 | 199,967 |

# Notes to the accounts
# Year ended 31 December 2010

## 11. Fixed asset investments (continued)

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

| **Name** | **Activity** |
|---|---|
| Wembley National Stadium Limited | Organising sporting and other entertainment events at Wembley Stadium |
| National Football Centre Limited | Property development and operating company |
| FA Learning Limited | Educational activities |
| England 2018/2022 Bidding Nation Limited | World Cup bid management company |
| The English National Stadium Property Company Limited | Dormant |

**Analysis of movement in investments**

| | **Group** | **Company** | |
|---|---|---|---|
| | **Subsidiary company investment (via intermediary) £'000** | **Shares in Group companies £'000** | **Subsidiary company investment (via intermediary) £'000** |
| At 1 January 2010 | 29,966 | 170,001 | 29,966 |
| Repayment of investment | (1,760) | - | (1,760) |
| At 31 December 2010 | 28,206 | 170,001 | 28,206 |

The subsidiary company investment of £28 2m comprises a back to back loan to an intermediary bank, the counter party being WNSL The FA currently receives interest on this investment at a rate of 2 64%

WNSL must ensure that up to £100 0m of any investment from The FA (including loans or equity investments) will be retained for a minimum period of 50 years from the date of practical completion, unless specific permission from the Secretary of State is given otherwise

# The Football Association Limited

## Notes to the accounts
## Year ended 31 December 2010

### 12. Debtors

| | Group 2010 £'000 | Group 2009 £'000 | Company 2010 £'000 | Company 2009 £'000 |
|---|---|---|---|---|
| **Amounts falling due within one year** | | | | |
| Trade debtors | 10,759 | 28,518 | 2,941 | 24,622 |
| Amounts owed from subsidiary undertakings | - | - | 6,496 | 1,856 |
| VAT receivable | 849 | 410 | - | - |
| Other debtors | 3,264 | 6,713 | 3,254 | 4,346 |
| Prepayments and accrued income | 5,889 | 8,323 | 3,100 | 4,539 |
| | 20,761 | 43,964 | 15,791 | 35,363 |
| **Amounts falling due after one year** | | | | |
| Loans to clubs | 513 | 503 | 513 | 503 |
| Loans to subsidiary undertakings | - | - | 107,299 | 68,923 |
| Deferred tax asset (see Note 18) | 2,679 | 2,526 | 2,679 | 2,526 |
| | 3,192 | 3,029 | 110,491 | 71,952 |
| Total debtors | 23,953 | 46,993 | 126,282 | 107,315 |

A loan to WNSL of £99 7m (2009 £63 2m) is included in loans to subsidiary undertakings above and is repayable only after certain obligations under the financing arrangements have been discharged

From 20 December 2007, no interest was payable on this loan

### 13. Cash at bank and in hand

Cash at bank and in hand includes short term treasury deposits totalling £10 0m (2009 £nil) These have been classified as liquid resources in the cash flow statement in accordance with FRS1

### 14 Creditors: amounts falling due within one year

| | Group 2010 £'000 | Group 2009 £'000 | Company 2010 £'000 | Company 2009 £'000 |
|---|---|---|---|---|
| Bank loan | 11,355 | 12,438 | - | - |
| Obligations under finance lease | 290 | - | - | - |
| Trade creditors | 1,823 | 19,091 | 618 | 1,204 |
| Amounts due to subsidiary undertakings | - | - | 6,447 | 418 |
| Other creditors | | | | |
| - UK corporation tax payable | 14,850 | 10,217 | 14,850 | 10,217 |
| - Social security and other taxes | 6,826 | 2,317 | 6,553 | 2,190 |
| - Other | 11,919 | 2,745 | 6,021 | 1,918 |
| Accruals | 39,707 | 35,585 | 22,866 | 17,875 |
| Deferred capital grants | 1,037 | 1,037 | - | - |
| Deferred income | 127,107 | 121,676 | 90,661 | 84,517 |
| | 214,914 | 205,106 | 148,016 | 118,339 |

Deferred income predominantly comprises contractual broadcasting and sponsorship income received in advance and the upfront Club Wembley licence fees

## 15 Creditors: amounts falling due after more than one year

| | Group | | Company | |
|---|---|---|---|---|
| | **2010** | **2009** | **2010** | **2009** |
| | **£'000** | **£'000** | **£'000** | **£'000** |
| Bank loan | 290,838 | 308,555 | - | - |
| Obligations under finance leases | 259 | - | - | - |
| Deferred income | 60,466 | 70,584 | 2,000 | 2,000 |
| Deferred grants | 114,341 | 115,377 | - | - |
| Amounts due to subsidiary undertakings | - | - | - | 287 |
| | 465,904 | 494,516 | 2,000 | 2,287 |

In the analysis above, the Group bank loan of £305 8m is stated net of unamortised arrangement fees of £3 6m (2009 £3 9m) It is repayable in instalments over the 15 year term of the loan, secured as a first charge over the assets of WNSL Each annual repayment will include a mandatory amount, together with a targeted amount based on performance

The amounts of mandatory repayments are as follows

| | **2010** | **2009** |
|---|---|---|
| | **£'000** | **£'000** |
| Less than one year | 11,355 | 12,438 |
| Between one and two years | 6,872 | 11,355 |
| Between two and five years | 15,248 | 17,599 |
| More than five years | 272,315 | 283,480 |
| | 305,790 | 324,872 |

| Deferred capital grants comprise the following amounts | **2010** | **2009** |
|---|---|---|
| | **£'000** | **£'000** |
| Sport England | 77,379 | 77,603 |
| Department of Culture, Media and Sport ("DCMS") | 17,961 | 18,353 |
| London Development Agency ("LDA") | 19,001 | 19,421 |
| | 114,341 | 115,377 |

The Sport England grant was made under the terms of Agreements dated 11 November 1997 and 15 May 1998 £11 2m of the grant funding relates to the Stadium This will be amortised over the life of the building, leaving a balance of £67 3m which represents grants in respect of land of £64 5m long leasehold property of £2 5m and £0 3m 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

The grants are amortised over the life of the assets they relate to in line with depreciation charged on those assets The amount amortised to the profit and loss account during the year was £1 0m (2009 £1 0m)

Grants received for revenue items are treated as deferred income and amortised in line with the use of the grant

# Notes to the accounts
# Year ended 31 December 2010

## 16. Financial instruments

The Group has a policy to hedge significant foreign exchange risk The FA has entered into a number of fixed forward foreign exchange contracts in 2009 and as at 31 December 2010 these foreign exchange contracts have a fair value loss of £6 6m (2009 loss of £7 6m) These contracts have been entered into to minimise The FA's exposure to foreign currency risk The fair value has been calculated in accordance with the guidance set out in FRS 25, Financial Instruments Disclosure and Presentation and is disclosed as required by the Companies Act 2006

The Group also has a policy to hedge significant interest rate risk WNSL has entered into an interest rate swap for £341 5m, 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 6 922% p a , which includes the margin The rate is fixed for the term of the loan As at 31 December 2010 the interest rate swap contract has a fair value loss of £49 4m (2009 £35 6m) The fair value has been calculated in accordance with the guidance set out in FRS 25, Financial Instruments Disclosure and Presentation and is disclosed as required by the Companies Act 2006 The fair value takes into account the current and unprecedented low interest rates

## 17 Provisions for liabilities

| Group | Deferred tax (see Note 18) £'000 | Provisions for Commercial Matters £'000 | Total £'000 |
|---|---|---|---|
| At 1 January 2010 | 26,728 | 24,468 | 51,196 |
| Utilised in the year | - | (14,265) | (14,265) |
| Released in the year | (3,636) | (3,647) | (7,283) |
| Charged in the year | - | 84 | 84 |
| At 31 December 2010 | 23,092 | 6,640 | 29,732 |

| Company | Deferred tax (see Note 18) £'000 | Provisions for Commercial Matters £'000 | Total £'000 |
|---|---|---|---|
| At 1 January 2010 | - | 20,868 | 20,868 |
| Utilised in the year | - | (14,265) | (14,265) |
| Released in the year | - | (3,310) | (3,310) |
| At 31 December 2010 | - | 3,293 | 3,293 |

Included in the Provisions for Commcercial Matters is an amount in relation to the lease commitments on the FA's former headquarters at Soho Square which has been utilised in 2010 The remaining provisions relate to commercial matters arising in the normal course of businesss which are expected to be utilised within the next two years

## 18 Deferred tax

### Analysis of deferred tax asset

| | Deferred tax asset Group £'000 | Deferred tax asset Company £'000 |
|---|---|---|
| At 1 January 2010 | 2,526 | 2,526 |
| Credited in the year | 153 | 153 |
| At 31 December 2010 | 2,679 | 2,679 |

A deferred tax asset relates to short term timing differences between the Company's taxable profits and its results as stated in the financial statements In the opinion of the directors there will be future taxable profits against which the deferred tax asset will be recovered

### Net deferred tax position

| | Group | | Company | |
|---|---|---|---|---|
| | 2010 £'000 | 2009 £'000 | 2010 £'000 | 2009 £'000 |
| This comprises fully provided deferred taxation attributable to | | | | |
| Capital allowances | (14,956) | (15,220) | 755 | 731 |
| Short term timing differences | 1,832 | 1,699 | 1,832 | 1,799 |
| Capitalised finance costs | (9,466) | (10,681) | - | - |
| Change in rate | 99 | - | 99 | - |
| Prior year movt | 440 | - | (7) | - |
| Tax losses | 1,638 | - | - | - |
| Deferred tax (liability)/asset | (20,413) | (24,202) | 2,679 | 2,530 |

The net deferred tax position is disclosed as follows

| | Group | | Company | |
|---|---|---|---|---|
| | 2010 £'000 | 2009 £'000 | 2010 £'000 | 2009 £'000 |
| Deferred tax asset | 2,679 | 2,526 | 2,679 | 2,526 |
| Deferred tax liability | (23,092) | (26,728) | - | - |
| Deferred tax (liability)/asset | (20,413) | (24,202) | 2,679 | 2,526 |

### 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 the Stadium

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 account in future periods

# The Football Association Limited

## Notes to the accounts
## Year ended 31 December 2010

### 19. Pension arrangements

The Group operates a defined benefit pension scheme in the UK (the "Scheme") A full actuarial valuation was carried out at 1 January 2009 and a FRS 17 valuation was carried out at 31 December 2010 by a qualified actuary The major assumptions used for the actuarial valuation were

| **Assumptions at 31 December** | **2010 % p a** | **2009 % p a** |
|---|---|---|
| Discount rate | 5 40 | 5 60 |
| Expected long-term rate of return on Scheme assets | 4 90 | 5 70 |
| Rate of increase in salaries | - | 5 10 |
| RPI assumption | 3 50 | 3 60 |
| CPI assumption | 3 00 | - |
| Rate of increase of pensions in payment | 3 50 | 3 60 |

The underlying mortality assumption is based upon the standard table known as PCA00 on a year of birth usage with medium cohort future improvement factors subject to a minimum annual rate of future improvement equal to 1 0% (2009 PCA00 projected on a year of birth usage with medium cohort future improvement factors)

**Employee Benefit Obligations**

The amounts recognised in the balance sheet are as follows

| | **2010 £'000** | **2009 £'000** |
|---|---|---|
| Present value of Scheme liabilities | (52,390) | (53,118) |
| Market value of Scheme assets | 50,299 | 44,065 |
| Deficit in the Scheme | (2,091) | (9,053) |
| Related deferred tax asset | 562 | 2,534 |
| Net pension liability | (1,529) | (6,519) |

The amounts to be recognised in the profit and loss for the year are as follows

| | **2010 £'000** | **2009 £'000** |
|---|---|---|
| Current service cost | 581 | 1,224 |
| Interest on Scheme liabilities | 2,959 | 2,357 |
| Expected return on Scheme assets | (2,530) | (1,873) |
| Past service cost | - | 65 |
| Curtailment gain | (2,254) | - |
| (Credit)/Charge to the profit and loss | (1,244) | 1,773 |
| Actual return on Scheme assets | 5,594 | 6,289 |

# Notes to the accounts
# Year ended 31 December 2010

## 19. Pension arrangements (continued)

Changes in the present value of the Scheme liabilities for the year are as follows

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Present value of Scheme liabilities at beginning of period | 53,118 | 37,674 |
| Current service cost | 581 | 1,224 |
| Employee contributions | 122 | 277 |
| Past service cost | - | 65 |
| Interest cost | 2,959 | 2,357 |
| Curtailment gain | (2,254) | - |
| Actuarial (gains)/losses | (867) | 12,353 |
| Benefits paid | (1,269) | (832) |
| Present value of Scheme liabilities at end of period | 52,390 | 53,118 |

Changes in the fair value of the Scheme assets for the year are as follows

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Market value of Scheme assets at beginning of period | 44,065 | 35,667 |
| Expected return | 2,530 | 1,873 |
| Actuarial gains | 3,064 | 4,416 |
| Benefits paid | (1,269) | (832) |
| Contributions paid by the Company | 1,787 | 2,664 |
| Employee contributions | 122 | 277 |
| Market value of Scheme assets at end of period | 50,299 | 44,065 |

The Company contribution due to be paid to the scheme for the year ended 31 December 2011 is £1 3m In addition, the Company will pay premiums on the policies insuring death-in-service benefits and any levies payable

The major categories of Scheme assets as a percentage of total Scheme assets for the year are as follows

| | 2010 % | 2009 % |
|---|---|---|
| Equities and Property | 57 | 74 |
| Bonds | 39 | 21 |
| Cash | 4 | 5 |
| Total | 100 | 100 |

The expected long-term rate of return on the Scheme assets has been calculated based upon the major asset categories shown in the above table and an expected rate of return on equities and property of 6 0% (2009 6 4%), an expected rate of return on bonds of 4 4% (2009 4 7%) and an expected rate of return on cash of 0 5% (2009 0 5%)

# Notes to the accounts
# Year ended 31 December 2010

## 19 Pension arrangements (continued)

Analysis of amount recognisable in statement of total recognised gains and losses ("STRGL") for the year are as follows

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Actual return less expected return on Scheme assets | 3,064 | 4,416 |
| Experience gains and losses arising on Scheme liabilities | (29) | 883 |
| Changes in assumptions underlying the present value of Scheme liabilities | 896 | (13,236) |
| Actuarial gain/(loss) | 3,931 | (7,937) |
| Related deferred tax | (1,101) | 2,222 |
| Net actuarial gain/(loss) recognised in STRGL | 2,830 | (5,715) |

Cumulative amount of actuarial gains and losses recognised in STRGL

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Cumulative loss at beginning of period | (9,359) | (1,422) |
| Recognised during the period | 3,931 | (7,937) |
| Cumulative actuarial loss at end of period | (5,428) | (9,359) |

Movement in deficit during the year

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Deficit in Scheme at beginning of period | (9,053) | (2,007) |
| Net income/(expenses) recognised in profit and loss account | 1,244 | (1,773) |
| Contributions paid by the Company | 1,787 | 2,664 |
| Actuarial gain / (loss) | 3,931 | (7,937) |
| Deficit in Scheme at end of period | (2,091) | (9,053) |

# Notes to the accounts
# Year ended 31 December 2010

**19. Pension arrangements (continued)**

**History of experience gains and losses:**

Amounts for the current and previous four accounting periods are as follows

| | 2010 £'000 | 2009 £'000 | 2008 £'000 | 2007 £'000 | 2006 £'000 |
|---|---|---|---|---|---|
| Present value of scheme liabilities | (52,390) | (53,118) | (37,674) | (41,836) | (40,055) |
| Market value of scheme assets | 50,299 | 44,065 | 35,667 | 37,912 | 33,589 |
| Deficit in the Scheme | (2,091) | (9,053) | (2,007) | (3,924) | (6,466) |
| Actual return less expected return on Scheme assets | 3,064 | 4,416 | (7,050) | 870 | 781 |
| Experience gains and losses arising on Scheme liabilities | (29) | 883 | (397) | 375 | (319) |
| Change in assumptions underlying the present value of Scheme liabilities | 896 | (13,236) | 8,175 | 617 | 4,214 |

From 1 January 2003 new employees have not been able to enter the Scheme The Scheme was closed to future accrual at 30 April 2010 and all active members became deferred members at this date A curtailment gain of £2 3m has been recognised in the profit and loss account as a result of the closure to future accrual During the year the Group made contributions of £1 5m (2009 £0 6m) into the money purchase scheme

**20. Called up share capital**

The Company has an authorised share capital of £101 (2009 £101) represented by 2,000 (2009 2,000) ordinary equity shares of 5p each and one Special Rights Preference share of £1 (2009 £1), which is included in liabilities

At 31 December 2010, 1,614 ordinary shares (2009 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

**21 Profit and loss account**

| **Group** | 2010 £'000 | 2009 £'000 |
|---|---|---|
| At 1 January | 54,401 | 63,194 |
| Profit/(loss) for the year | 8,761 | (3,078) |
| Other recognised gains and losses relating to the year | 2,830 | (5,715) |
| At 31 December | 65,992 | 54,401 |

# Notes to the accounts
# Year ended 31 December 2010

## 21. Profit and loss account (continued)

| Company | 2010 £'000 | 2009 £'000 |
|---|---|---|
| At 1 January | 194,609 | 191,015 |
| Profit for the year | 14,624 | 9,309 |
| Other recognised gains and losses relating to the year | 2,830 | (5,715) |
| At 31 December | 212,063 | 194,609 |

## 22. Reconciliation of movements in shareholders' funds

| Group | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Profit /(Loss) for the financial year | 8,761 | (3,078) |
| Other recognised gains and losses relating to the year | 2,830 | (5,715) |
| Net additions to/(reduction) in shareholders' fund | 11,591 | (8,793) |
| Opening shareholders' funds | 54,401 | 63,194 |
| Closing shareholders' funds | 65,992 | 54,401 |

| Company | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Profit for the financial year | 14,624 | 9,309 |
| Other recognised gains and losses relating to the year | 2,830 | (5,715) |
| Net addition to shareholders' fund | 17,454 | 3,594 |
| Opening shareholders' funds | 194,609 | 191,015 |
| Closing shareholders' funds | 212,063 | 194,609 |

## 23. Notes to the consolidated cash flow statement

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

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Operating profit | 37,295 | 5,785 |
| Depreciation | 28,464 | 29,089 |
| Loss on disposal of fixed assets | 234 | 86 |
| Impairment of fixed asset | 1,412 | - |
| Amortisation of deferred capital grants | (1,037) | (1,037) |
| Amortisation of deferred income grants | (875) | (875) |
| (Increase) /decrease in stocks | (153) | 14 |
| Decrease /(increase) in debtors | 18,002 | (21,541) |
| Increase /(decrease) in creditors | 17,418 | (36,448) |
| (Decrease) /increase in provisions | (20,861) | 24,927 |
| Net cash inflow / (outflow) from operating activities | 79,899 | 0 |

(b) Analysis of net debt

| | At 1 January 2010 £'000 | Cash flow £'000 | Non cash movement £'000 | At 31 December 2010 £'000 |
|---|---|---|---|---|
| Cash at bank and in hand | 64,963 | (316) | - | 64,647 |
| Liquid resources | - | 10,000 | - | 10,000 |
| Cash at bank and in hand (per balance sheet) | 64,963 | 9,684 | - | 74,647 |
| Debt due within one year | (12,438) | 12,438 | (11,645) | (11,645) |
| Debt due after one year | (308,555) | 6,643 | 10,815 | (291,097) |
| Net debt | (256,030) | 28,765 | (830) | (228,095) |

The Group includes short-term treasury deposits as liquid resources

(c) Reconciliation of net cash flow to movement in net debt

| | 2010 £'000 | 2009 £'000 |
|---|---|---|
| Decrease in cash in the year | (316) | (7,797) |
| Cash outflow / (inflow) from increase / (decrease) in liquid resources | 10,000 | (60,000) |
| Cash and non-cash inflow from increase in debt financing | 18,251 | 16,346 |
| | 27,935 | (51,451) |
| Net debt brought forward | (256,030) | (204,579) |
| Net debt carried forward | (228,095) | (256,030) |

## 24. Guarantees and other financial commitments

### (a) 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 minimum annual rentals under the foregoing leases are as follows

| | Group | | | |
|---|---|---|---|---|
| | 2010 | | 2009 | |
| | Land and buildings £'000 | Other £'000 | Land and buildings £'000 | Other £'000 |
| Operating leases which expire | | | | |
| - within one year | 77 | 308 | 14 | 232 |
| - between two and five years | - | 197 | - | 66 |
| - after five years | - | - | 2,155 | - |
| | 77 | 505 | 2,169 | 298 |

| | Company | | | |
|---|---|---|---|---|
| | 2010 | | 2009 | |
| | Land and buildings £'000 | Other £'000 | Land and buildings £'000 | Other £'000 |
| Operating leases which expire | | | | |
| - within one year | 77 | 247 | 14 | 222 |
| - between two and five years | - | 62 | - | 53 |
| - after five years | - | - | 2,155 | - |
| | 77 | 309 | 2,169 | 275 |

### (b) Finance lease

At 31 December 2010 the Company had annual commitments under a non-cancellable finance lease as set out below

| | 2010 £000's | 2009 £000's |
|---|---|---|
| Finance lease which expires | | |
| Within one year | 443 | - |
| Within two to five years | 107 | - |
| | 550 | - |

# Notes to the accounts
# Year ended 31 December 2010

**(c) Company commitments and contingent commitments to WNSL**

WNSL has an annual support agreement with The FA extending to 31 March 2027 Support payments under this agreement during the year to 31 December 2010 amounted to £13 7m It is expected that a further c£13m per annum will be paid under this agreement until certain conditions are met

**25. 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 Premier League Limited, The Football League Limited, The Football Foundation, The Football Stadia Improvement Fund and other competitions and football clubs, of which certain members of the Board are directors

The FA has a one third interest in Professional Game Match Officials Limited ("PGMOL"), a company limited by guarantee The results of this associated Company have not been included in this report as they are immaterial If the equity method of accounting under FRS 9 was used the Group's assets would increase by £51,000 (2009 £55,000), and the Group's profit after tax would reduce by £5,000 (2009 – loss after tax of £3,000) The FA contributed £996,000 (2009 £1,096,000) towards the operating costs of PGMOL that are necessary for providing match officials to the Professional Game