

Company Registration No. 00077797

The Football Association Limited

Report and financial statements

31 December 2008

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The Football Association Limited

Report and financial statements for the year ended 31 December 2008

Contents	Page
Chairman's statement	1
Directors' report	2
Statement of directors' responsibilities	11
Independent auditors' report	12
Consolidated profit and loss account	14
Consolidated statement of total recognised gains and losses	15
Consolidated balance sheet	16
Company balance sheet	17
Consolidated cash flow statement	18
Notes to the accounts	19

The Football Association Limited

Chairman's statement

I believe that 2008 was a year of great significance for The Football Association. We set out a clear strategic vision for the management of the organisation and the game in England; began to realise the potential of the re-developed Wembley Stadium; put in place a series of initiatives to address unacceptable behaviour on and off the pitch; and saw strong levels of interest in the England team and The FA Cup, our premier domestic knockout competition. As a result, we ended the financial year well placed, in an uncertain economic environment, to handle the challenges our game faces.

In May we set out our Strategic Vision and Action Programme 2008-2012 – a blueprint for the development of the game in England. This document outlined the three core elements of The FA's role – to lead the game in England with confidence; to build successful England national teams; and to protect football's status as the nation's favourite game. Coupled with our National Game Strategy, which was launched in March 2008, The Women and Girls' Strategy which was launched in December 2008, and initiatives such as the Respect programme, The FA has clearly set out its strategic intent for the coming years. Our vision is for 'One FA' where every priority is approached with the same winning mentality, from the senior England men's team to every child that plays the game – the desire to do the best that we can. We aim to earn the trust of the whole 'football family' that the The FA will do what is right for the whole of football.

In the year, in line with the vision, the FA invested a total of over £80m in the game – a record amount. This funding was provided to various organisations within the football family, including leagues, clubs, charitable bodies and our network of county associations. I hope that we can sustain this level of investment in the future.

The FA Cup reminded everyone of its capacity to surprise, with a number of giant killing shock results that stimulated further interest in the competition. Portsmouth beat Cardiff 1-0 in the Final at Wembley to emerge victorious from the record 731 teams that entered the competition. In August 2008 we announced that the FA Cup prize fund and broadcast payments for season 2008/09 would increase to £28m. With raised payments in every round this means that this year's winning team will accumulate £3.8m in prize money alone, an increase of £2.4m on 2007/08.

The tactical acumen of Fabio Capello inspired a renaissance in the fortunes of the England team during 2008 with important victories at home and abroad. A successful England team is fundamental to the well-being of the game at all levels. Victory over the Ukraine in April 2009 maintained the team's 100% winning start to the qualifying campaign for the 2010 FIFA World Cup in South Africa, giving us good grounds for optimism about the future.

In March 2009 we formally registered our bid to host the FIFA World Cup in 2018 or 2022. By 2018 it will be more than 50 years since football's most prestigious event last graced these shores, but we know that we cannot rely on history and heritage to be successful. As a result we are already investing time and resources in putting the necessary infrastructure in place to develop a compelling and, we hope ultimately, a winning bid.

The national stadium at Wembley enjoyed its first full year of operation since redevelopment with 27 sports, music and entertainment events delivered to over 1.7m fans. This increase in activity made an immediate impact on the financial performance of the stadium enabling Wembley National Stadium Limited to deliver an operating profit for the first time. Also in a difficult financial market we managed a refinancing deal for the stadium that has reduced interest costs for the Group.

With our current sponsorship agreements coming to an end as scheduled after the 2010 FIFA World Cup in South Africa, we have recently entered a period of negotiation with our sponsors for the next four years. At a time of considerable economic and financial uncertainty, the support of our commercial sponsors and broadcast partners is central to our ability to fund our investment in the management and development of the game and to support football at all levels. We are acutely aware of the wide-ranging impact of the economic downturn, and are taking action to control our own cost base as a prudent response to the current climate. We plan to relocate our offices from Soho Square to Wembley, enabling us to benefit from the integration of the operations of The FA and Wembley National Stadium Limited, and the consolidation of expertise and experience.

I am grateful to my fellow board members, our executive and management teams and all staff in the Group for their hard work and continued support. We are all conscious of the place that football occupies in the hearts of the nation and the responsibility we bear to safeguard the game's future. I am proud to lead our organisation at this exciting time.

Lord Triesman
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 2008.

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"). The principal activity of the National Football Centre Limited (the "NFC") is intending to promote the game through the development and operation of football-related facilities. 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 Limited is to bid to host the World Cup in England in 2018.

Business review

Strategy

During 2008, The FA launched two complementary documents that defined its long term strategic objectives: the National Game Strategy and the Strategic Vision and Action Programme (the "Vision").

In March, The FA announced its National Game Strategy; a five-year investment programme into grassroots football. The key aims of the strategy are:

- to grow and retain participation in what is currently the biggest team sport in England;
- to raise standards and combat abusive behaviour;
- to develop better players; and
- to run the game effectively.

In May, The FA launched its Vision, a wide ranging document setting out its objectives across all its key activities. This has the purpose of leading and unifying the English football community to deliver three core goals: The first, 'Trusted to Lead' focuses on the importance of leading and governing with confidence. This is vital if The FA is to be seen as an influential and respected voice in the international football world. The second goal is to continue to develop world-class players and coaches in order to bolster the success of the England international team. Finally, the third goal is to see football retain its place as the nation's favourite game by growing and improving grassroots football, successfully bid for the 2018 or 2022 FIFA World Cup and to support and develop The FA's assets, The FA Cup and Wembley.

To provide the appropriate organisational structure to deliver these three goals and support the various activities of the Group efficiently, The FA is integrating its group functions and relocating to Wembley Stadium in summer 2009.

FIFA World Cup bid

As explained in the Vision, The FA is committed to making a successful bid to host the 2018 or 2022 World Cup. In order to achieve this, a technical bid must be produced that not only meets and exceeds all of FIFA's requirements, but is also innovative, creative and technically robust enough to surprise and delight FIFA. The bid must deliver a unique legacy that transcends the event itself.

England 2018 Limited was formed in 2008 to manage the bid, and in March 2009 it formally submitted an application to bid to host the FIFA World Cup in 2018 or 2022. The bid management team is now in place and activity has begun in earnest, with a decision expected to be made in December 2010.

The Football Association Limited

Directors' report

Business review (continued)

Wembley Stadium

The Stadium hosted over 1.7m fans across a variety of sport, music and other entertainment, with 27 events delivered in conjunction with 12 different event owners. A total of 21 sporting events were held, including The FA Cup and FA Cup Semi Finals, 4 England Internationals, the 5 traditional matches with the Football League, the second regular season NFL game to be held outside the North American continent and Wembley's first rugby union event with the Barbarians taking on Australia in their centenary year.

The Stadium hosted 3 concerts with a night of Madonna and two shows from the Foo Fighters who were the first band to take advantage of playing in the round to over 150,000 fans. The Stadium showed its flexibility with the 24 hour conversion to host the Nike Fun Run and with the build of the Race of Champions race track for the second year.

Significant improvements were made in reducing costs in the year and maximising revenue opportunities, the combination of which doubled the event profitability year on year.

National Football Centre

The National Football Centre is seen as an important step in the development of world-class players and coaches and is expected to be the home of Club England. The decision to proceed with the NFC was approved by The FA Board in June 2008, and work continues with a view to securing planning permission and developing the most appropriate financial model in the current economic climate.

Group financial review

Summary

While The FA's activities relating to the promotion of the game remain at the heart of the Group, the increasing significance of WNSL's stadium and event management business can be seen on the results in the year.

The Football Association Limited

Directors' report

Group financial review (continued)

Revenue at WNSL increased to £90m (2007: £65m), as the national stadium enjoyed its first full year of operation since redevelopment, while The FA's revenue marginally increased to £180m (2007: £176m).

In 2008, the Group's operating costs increased by £16m to £245m (2007: £229m), mainly due to the increase in The FA's investment in the game.

The FA

The FA invested over £80m into all levels of the game in 2008 (2007: £63m) - the highest ever annual total - through various external organisations including leagues, clubs, charities and the network of county associations.

Approximately half of this total was invested by the National Game into grass roots football, through the Football Foundation (£15m), county football associations (£10m), the FA Cup (£5m), other grants (£3m) and The FA's investment programmes (£8m).

The remainder was invested by the Professional Game through the FA Cup prize fund (£20m), direct grants to the Football League (£9m), other grants (£5m), funding for the Professional Footballers' Association (£2m) and The FA's investment programmes (£3m).

source: management accounts

WNSL

The increased activity in the stadium in 2008 has been reflected in the financial performance of WNSL, enabling it to deliver an operating profit of £5.9m in 2008 compared with an operating loss of £21.4m for 2007.

Club Wembley remains the key revenue stream for WNSL. Good progress has been made during the year with the sale of box and premium seats. By 31 December 2008, 87% (2007: 82%) of all seats had been contracted, generating annual revenues of some £45m (2007: £43m).

Although significant progress has been made during the year in terms of cost reduction, WNSL continues to proactively manage and reduce its cost base to ensure further reductions are achieved in 2009.

The Football Association Limited

Directors' report

Group financial review (continued)

Interest payable

The Group's interest payable relates to bank loans obtained by WNSL to finance the stadium. The Group has paid bank interest of £27m in the year (2007: £31m). During the construction of the stadium in 2007, interest of £8m was included in the value. Since the opening of the stadium the interest has been expensed to the profit and loss account.

Despite the credit crunch, WNSL were successful in refinancing the business with a reduction in the interest rate from 7.8% to 6.8% and an increased tenure from 18 to 23 years. The facilities are due to be paid off by 30 September 2023.

Loss before tax

The Group's loss before tax of £15m (2007: £7m) has arisen due to the loss contributed by WNSL of £39m (2007: £46m), partially mitigated by The FA's profit before tax of £24m (2007: £39m).

WNSL's result included a £10m write-off in the year in respect of bank signing fees (relating to the original financing in 2002). This has partially offset the improvement in WNSL's underlying operating performance. WNSL is committed to making sure that it breaks-even at the earliest opportunity, but considers the year end position as a satisfactory performance.

The FA's increased investment in the game during the year has resulted in a lower profit before tax. The FA retained sufficient profit within the business to fund the Group's capital projects.

Cash flow

The Group generated a cash inflow from operating activities in 2008 of £99m (2007: inflow of £170m).

After net interest and fees of £24m (2007: £23m), capital expenditure and investments of £41m (2007: £37m), and cash investments of £10m (2007: £50m), the Group reports a net inflow before financing, of £24m (2007: £60m). After net financing payments of £9m (2007: £79m), the Group's cash reserves increased by £15m (2007: £19m decrease).

Pensions

The Group operates a defined benefit pension scheme in the UK (the "Scheme"). A full actuarial valuation and an FRS 17 valuation were carried out by a qualified actuary on 31 December 2007 and 31 December 2008 respectively.

During the year, the deficit in the Scheme decreased by 49% to £2m (2007: £3.9m) for the following reasons:

- The FA made additional contributions of £1m to the scheme in 2008.
- The discount rate, based on AA- rated corporate bonds, has increased from 5.7% to 6.2%

Full information regarding the Scheme and the underlying assumptions used to calculate the financial position can be found in Note 1(e) and Note 20 of these financial statements.

Corporate governance

Directors of the Company

The Board comprises five members from the professional game and five members from the national game who are elected by stakeholders in the Company, plus the Chairman and Chief Executive who are voting Board members. The Board meets on a monthly basis to review the performance of the Group, to determine long-term objectives and strategies. The Board is supplied with management accounts and other relevant information.

The Chairman is elected on a three-year cycle, the Chief Executive is appointed by the Board, and each of the voting directors are subject to re-election at least every three years. There is a clear division of responsibility between the roles of Chairman and Chief Executive. The Board is empowered to appoint sub-committees, incorporating independent membership as it considers appropriate.

The Football Association Limited

Directors' report

Corporate governance (continued)

Remuneration Committee and Audit Committee

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

The Remuneration Committee comprises the following Board members; R F Burden, P A Gartside, N Doncaster who replaced D Gill in December 2008 and E J Ward. The Remuneration Committee is responsible for advising the Board on the pay and terms and conditions of the Chief Executive and members of senior management. In discharging its duties the Remuneration Committee takes independent advice where appropriate.

The Audit Committee comprises an independent chairman, R Gossage, N Doncaster who replaced D Gill (both Board members) in December 2008, and an independent non-Board member, A Newell. It meets four times a year with management and the Group's internal and external auditors

The Audit Committee is responsible for:

- monitoring the integrity of the financial statements of the FA and any formal announcements relating to the FA's financial performance, including reviewing any material financial reporting judgements contained therein;
- reviewing the adequacy and effectiveness of the FA's system of internal control and risk management, and specifically those that support the integrity of the financial statements;
- reviewing and monitoring the external auditor's independence and objectivity, together with the effectiveness of the external audit process and making recommendations to the Board with regard to the external auditor's appointment and fees;
- reviewing and monitoring the effectiveness of the FA's internal audit function;
- making recommendations that enhance the cost efficiency and effectiveness of the FA.

As part of the integration with WNSL a Group Audit Committee will be established in 2009 and will be responsible for The FA, WNSL and other subsidiaries.

WNSL

WNSL has its own Corporate Governance and Risk Committee ("CG&R"). The duties of this committee are disclosed in the financial statements of WNSL. The CG&R is chaired by P Gartside. It comprises two further non-executive directors, being D Bernstein and S Martin together with the FA's Chief Operating Officer, A Horne and WNSL's Director of Finance, R Maslin.

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 FA's Executive Team actively review existing risks and identify new risks on a quarterly 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 FA's Audit Committee 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 and sponsorship rights, typically re-negotiated every four years. The current economic climate increases the risk that The FA's broadcast and sponsorship partners cannot fulfil their contractual commitments, highlighted by one international broadcaster partner going into liquidation after the year end. The risk is partly mitigated by ensuring that negotiations are concluded at least one year in advance of the contract start date and that the FA Partner Programme, does not run concurrently with the broadcasting rights contract. In addition, the risk is diversified through contracting with a number of domestic and international broadcasters, as well as negotiating payment terms so that cash is received in advance of rights issued.

The Football Association Limited

Directors' report

Corporate governance (continued)

Principal risks, uncertainties and going concern (continued)

These advanced cash receipts are disclosed in deferred income in Notes 15 and 16 to the financial statements and this will be released to the profit and loss account over the course of the contracts. The deferred income recognised in creditors less than one year totals £164m and the timing of the release to the profit and loss account helps explain why the Group has net current liabilities at the year end amounting to £87m.

Central to the WNSL business plan is the Club Wembley revenue. Club Wembley box and premium seats have been contracted for an average of eight and 10 years respectively, however their renewal over the long term remains the principal risk and uncertainty facing WNSL. The new financing arrangements (see note 16) include certain cash flow covenants and these are forecast to be achieved, provided WNSL meets its budget. Although there is limited contingency, a significant reduction in renewals or a significant delay in the payment of the new season fees from Club Wembley licence holders could put WNSL in default of its banking covenants. Wembley stadium is a key asset to the Group and The FA's commitment to provide financial support to WNSL mitigates this risk.

The Group is carrying a significant level of borrowing in relation to the financing of the stadium. The Group's policy is to eliminate, as far as possible, all the interest rate risk that attaches to its outstanding debt finance. As part of the refinancing the Group has fixed 100% of its interest rate risk which is in line with the Group's policy to manage significant interest rate, credit and liquidity risk. WNSL also benefits from a high level of cash reserves, including a debt service reserve account of c£17m, which is sufficient to cover approximately 9 months of interest.

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 mitigating factors described above, the overall mitigating factor for the Group is the significant level of discretionary expenditure undertaken by The FA. Much 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.

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.

G Thompson	Chairman	Resigned 31 January 2008
Lord Triesman	Chairman	Appointed 1 February 2008
B Barwick	Chief Executive	Resigned 20 August 2008
B W Bright	FA Vice Chairman, Kent County FA	
R F Burden	Gloucester County FA	
N Doncaster	The Football League, Norwich City FC	Appointed 11 July 2008
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	
Lord Mawhinney	The Football League	Resigned 11 July 2008
Sir D G Richards	FA Vice Chairman, The FA Premier League	
D Sheepshanks	The Football League, Ipswich Town FC	
E J Ward	Hampshire County FA	

Lord Triesman replaced G Thompson on 1 February 2008, becoming The FA's first independent Chairman. Further B Barwick resigned as Chief Executive on 20 August 2008 and is to be replaced by I Watmore who will join The FA on 1 June 2009.

The FA extend their heartfelt thanks to both G Thompson and B Barwick for their significant contributions to The FA.

The Football Association Limited

Directors' report

Charitable donations

The Group made charitable donations of £23.6m (2007: £2.8m) during the year. The donations paid can be summarised into the following headings:

	2008 £'m	2007 £'m
The Football Foundation	20.2	-
Donations to football charities	2.5	1.9
Donations generated from the Community Shield	0.8	0.8
Other donations	0.1	0.1
Total charitable donations	<u>23.6</u>	<u>2.8</u>

The increase in The FA's charitable donations shown in the table above is due to the timing of our agreed payments to the Football Foundation: No payments were made in 2007 because The FA had met its £45m three-year commitment (ending in 2006/07) before the end of 2006. In 2007, The FA renewed its commitment for a further three-year period (from 2007/08 to 2010/11), with the first season's donation being paid in 2008.

Disabled employees

The FA actively promotes equal opportunities in employment, and welcomes applications from all parts of the community. We are committed to treating all applicants and employees in the same way regardless of race, religion or religious belief, sex, sexual orientation, disability or age.

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

Employee consultation

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

Directors' statement

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

- (i) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (ii) 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 s234ZA of the Companies Act 1985.

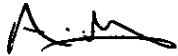
The Football Association Limited

Directors' report

Independent auditors

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

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



A Maclean
Company secretary

22 April 2009

The Football Association Limited

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). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of The Football Association Limited

We have audited the Group and parent Company financial statements (the "financial statements") of The Football Association Limited for the year ended 31 December 2008 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 27. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This information comprises only the Directors' report and Chairman's statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

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

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

Independent auditors' report to the members of The Football Association Limited

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent Company's affairs as at 31 December 2008 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.



Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

22 April 2009

The Football Association Limited

Consolidated profit and loss account year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Turnover	2	261,819	237,884
Cost of sales		<u>(86,947)</u>	<u>(100,779)</u>
Gross profit		174,872	137,105
Operating expenses	3	<u>(158,225)</u>	<u>(128,390)</u>
Operating profit	6	16,647	8,715
Interest payable and similar charges (including £10.9m in 2008 due to exceptional accelerated amortisation of issue costs)	7	(39,602)	(22,665)
Interest receivable and similar income	8	<u>7,626</u>	<u>6,603</u>
Loss on ordinary activities before taxation		(15,329)	(7,347)
Taxation	9	<u>3,088</u>	<u>2,937</u>
Loss on ordinary activities after taxation for the financial year	22	<u><u>(12,241)</u></u>	<u><u>(4,410)</u></u>

All the above results are derived from continuing operations.

The Football Association Limited

Consolidated statement of total recognised gains and losses year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Loss for the financial year		(12,241)	(4,410)
Actuarial gain on defined benefit scheme and related deferred tax movement in accordance with FRS17 - Retirement Benefits	20	<u>524</u>	<u>1,303</u>
Total recognised gains and losses relating to the year		<u>(11,717)</u>	<u>(3,107)</u>

The Football Association Limited

Consolidated balance sheet as at 31 December 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Intangible assets	10	250	250
Tangible assets	11	682,833	701,100
Other investments	12	31,500	-
		<u>714,583</u>	<u>701,350</u>
Current assets			
Stocks		49	37
Debtors due within one year	13	24,310	24,567
Debtors due after one year	13	1,068	2,276
Cash at bank and in hand	14	132,760	107,712
		<u>158,187</u>	<u>134,592</u>
Creditors: amounts falling due within one year	15	<u>(245,630)</u>	<u>(144,072)</u>
Net current liabilities		<u>(87,443)</u>	<u>(9,480)</u>
Total assets less current liabilities		627,140	691,870
Creditors: amounts falling due after more than one year	16	(537,008)	(584,011)
Provisions for liabilities	18	<u>(25,493)</u>	<u>(30,123)</u>
Net assets excluding pension liability		64,639	77,736
Pension liability	20	<u>(1,445)</u>	<u>(2,825)</u>
Net assets including pension liability		<u>63,194</u>	<u>74,911</u>
Capital and reserves			
Called up share capital	21	-	-
Profit and loss account	22	63,194	74,911
Shareholders' funds	23	<u>63,194</u>	<u>74,911</u>

These financial statements were approved by the Board of Directors on 22 April 2009.

Signed on behalf of the Board of Directors



Lord Triesman, Chairman

The Football Association Limited

Company balance sheet as at 31 December 2008

	Notes	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	11	3,885	1,677
Other investments	12	201,501	170,001
		<u>205,386</u>	<u>171,678</u>
Current assets			
Debtors due within one year	13	17,062	9,930
Debtors due after one year	13	39,065	35,795
Cash at bank and in hand	14	88,029	66,166
		<u>144,156</u>	<u>111,891</u>
Creditors: amounts falling due within one year	15	<u>(155,082)</u>	<u>(75,564)</u>
Net current (liabilities) / assets		<u>(10,926)</u>	<u>36,327</u>
Total assets less current liabilities		194,460	208,005
Creditors: amounts falling due after more than one year	16	(2,000)	(25,480)
Provisions for liabilities	18	-	(123)
Net assets excluding pension liability		192,460	182,402
Pension liability	20	<u>(1,445)</u>	<u>(2,825)</u>
Net assets including pension liability		<u>191,015</u>	<u>179,577</u>
Capital and reserves			
Called up share capital	21	-	-
Profit and loss account	22	191,015	179,577
Shareholders' funds	23	<u>191,015</u>	<u>179,577</u>

These financial statements were approved by the Board of Directors on 22 April 2009.

Signed on behalf of the Board of Directors



Lord Triesman, Chairman

The Football Association Limited

Consolidated cash flow statement year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Net cash inflow from operating activities	24(a)	99,403	170,145
Returns on investments and servicing of finance			
Interest paid		(30,971)	(29,909)
Interest received		6,953	6,580
Net cash outflow from returns on investments and servicing of finance		(24,018)	(23,329)
Taxation			
Corporation tax paid		(4)	(53)
Management of liquid resources			
Cash on deposits		(10,000)	(50,000)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(10,079)	(37,311)
Increase in fixed asset investment		(31,500)	-
Loan (advances) / repayments		(204)	107
Net cash outflow from capital expenditure and financial investment		(41,783)	(37,204)
Net cash inflow before financing		23,598	59,559
Financing			
Bank loan paid		(4,584)	(80,316)
Signing fees paid		(4,161)	
Other financing		195	1,563
Net cash outflow from financing		(8,550)	(78,753)
Increase / (decrease) in cash	24(c)	15,048	(19,194)

The Football Association Limited

Notes to the accounts year ended 31 December 2008

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.

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 230 of the Companies Act 1985. Profit after tax for the year for the Company was £ 10,914,000 (2007: £33,481,000).

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.

Match day and other sporting and entertainment – These are recognised when the relevant event takes place.

Licence fees - The sale is recognised when the licence agreement has been signed or the majority of the fee has been paid. Revenue from licence fees is spread evenly across the term of the licence agreement (usually approximately ten years).

Season fees - When a customer first joins Club Wembley, the sale of the first season fee is recognised when the licence agreement has been signed or the majority of the fee has been paid. For subsequent seasons, the revenue is recognised when the customer is invoiced. The season fee is spread evenly across the period that it relates to (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.

The Football Association Limited

Notes to the accounts year ended 31 December 2008

1. Accounting policies (continued)

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 use 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 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.

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. 1. Accounting policies (continued)

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.

The Football Association Limited

Notes to the accounts year ended 31 December 2008

1. Accounting policies (continued)

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 and other sporting venues.

j) Tangible fixed assets

Assets in the course of construction relate to costs associated with the construction of the National Football Centre. 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

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, which was financed during the current year 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 current 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.

The Football Association Limited

Notes to the accounts year ended 31 December 2008

1. Accounting policies (continued)

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 new 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.

The Football Association Limited

Notes to the accounts year ended 31 December 2008

2. Segmental information

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

	Promotion of Association Football		Stadium and event management		Inter segment transactions		Group	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Turnover	183,745	179,909	89,713	65,497	(11,639)	(7,522)	261,819	237,884
Operating profit/(loss)	9,596	29,200	5,886	(21,369)	1,165	884	16,647	8,715
Interest payable and similar charges	(269)	(301)	(39,333)	(34,784)	-	12,420	(39,602)	(22,665)
Interest receivable	5,285	20,163	2,341	2,839	-	(16,399)	7,626	6,603
Profit/(loss) before tax	14,612	49,062	(31,106)	(53,314)	1,165	(3,095)	(15,329)	(7,347)
Net assets/(liabilities)	190,363	176,680	82,760	105,806	(209,929)	(207,575)	63,194	74,911

The inter segment transactions comprise a number of adjustments including staging fees paid by the FA to WNSL, interest payable by WNSL to The FA and the FA's investment in WNSL.

Barter transactions

The amount of barter transactions for goods and other services recognised in turnover is £840,000 (2007: £1,749,000).

3. Operating expenses

	2008 £'000	2007 £'000
The Football Foundation and Football Stadia Improvement Fund	15,000	7,500
The Football League	9,245	7,446
County FA (grants)	10,209	4,690
Professional Footballers' Association	2,212	1,900
Other distributions to the game	8,081	7,726
Distributions to the game	44,747	29,262
Employee costs	33,480	30,912
Stadia and event management	51,091	44,618
Other operating expenses	28,907	23,598
Total operating expenses	158,225	128,390

The Football Association Limited

Notes to the accounts year ended 31 December 2008

4. Directors' remuneration

	2008 £'000	2007 £'000
Emoluments	862	770
Benefits in kind	48	52
Pension payments	28	20
Compensation for loss of office	1,289	-
	<u>2,227</u>	<u>842</u>

There are no directors to whom retirement benefits are accruing in respect of qualifying services in respect of defined benefit schemes (2007 - none).

	£'000	£'000
Details of highest paid director		
Total emoluments and benefits in kind	1,919	634
Company contributions to money purchase schemes	20	20
	<u>1,919</u>	<u>634</u>

5. Employee information

	2008 No.	2007 No.
Average monthly number of persons employed by the Group during the year:		
Promotion of Association Football	412	363
Stadium and event management	132	126
	<u>544</u>	<u>489</u>

During 2008 The FA recruited sixty-six 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.

	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	30,084	24,300
Social security costs	3,307	2,458
Other pension costs	2,417	2,664
Severance costs	1,847	5,462
	<u>37,655</u>	<u>34,884</u>

The total employee cost has been allocated into cost of sales £4,114,000 (2007: £3,868,000), operating expenses £33,480,000 (2007: £30,912,000) (see Note 3) and Stadium fixed assets £61,000 (2007: £104,000) (see Note 11).

The Football Association Limited

Notes to the accounts year ended 31 December 2008

6. Operating profit

Operating profit is after charging/(crediting):

	2008 £'000	2007 £'000
Depreciation – owned tangible fixed assets	28,406	21,265
Loss on sale of fixed assets	-	11
Amortisation of grants	(1,525)	(1,451)
Auditors' remuneration:		
- Fees payable to the Group's auditors for the audit of the Group's annual accounts (including £100,500 (2007: £86,000) relating to the Company)	181	169
- Fees payable to the Group's auditors for tax services to the Group (including £201,000 (2007: £118,000) relating to the Company)	562	363
- Fees payable to the Group's auditors for other services to the Group and Company	44	-
Hire of plant and machinery under operating leases	18	33
Other operating lease rentals	2,460	2,913

7. Interest payable and similar charges

	2008 £'000	2007 £'000
Bank interest payable	26,640	30,717
Exceptional amortisation of issue costs	10,842	-
Less interest capitalised (see Note 11)	-	(8,355)
Unwinding of discount	1,851	-
Other interest payable	269	303
	39,602	22,665

The exceptional amortisation of issue costs of £10,842,000 relates to the acceleration of the original amortisation charge in respect of the original bank loan entered into in 2002. The outstanding issue costs were written off as a result of the refinancing that took place in 2008.

8. Interest receivable and similar income

	2008 £'000	2007 £'000
Bank interest receivable	7,626	6,603

The Football Association Limited

Notes to the accounts year ended 31 December 2008

9. Taxation

	2008 £'000	2007 £'000
Current tax		
UK corporation tax at 28.5% (2007: 30%)	(1)	(55)
Adjustment in respect of prior years	225	(1,938)
	<u>224</u>	<u>(1,993)</u>
Deferred tax		
Origination and reversal of timing differences	1,554	(83)
Adjustment in respect of prior years	1,643	1,979
Change in tax rate	-	3,316
Deferred tax on pension scheme deficit	(333)	(282)
	<u>3,088</u>	<u>2,937</u>
Total tax credit		
	<u>3,088</u>	<u>2,937</u>

The UK standard rate of corporation tax changed part way through the year from 30% to 28%. The Company has decided to use a pro rated average of the two tax rates based on when the change occurred. The rate used is 28.5%. The actual tax charge differs from the standard rate for the reasons set out in the following reconciliation:

	2008 £'000	2007 £'000
Loss on ordinary activities before tax	(15,329)	(7,347)
Tax at 28.5% thereon (2007:30%)	4,369	2,204
Effects of:		
Expenses not deductible for tax purposes	(3,243)	(2,545)
Capital allowances in excess of depreciation	(2,509)	(669)
Non-taxable release of grant income	546	435
Movement in short term timing differences	1,183	(1,840)
Unutilised tax losses	(421)	(133)
Capitalised finance costs	(265)	2,289
Deferred tax on pension scheme deficit	339	204
Adjustment in respect of prior years	225	(1,938)
	<u>224</u>	<u>(1,993)</u>
Current tax charge for period		
	<u>224</u>	<u>(1,993)</u>

10. Intangible fixed assets

	Intellectual property £'000
Cost and net book value	
At 1 January 2008 and 31 December 2008	<u>250</u>

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

The Football Association Limited

Notes to the accounts year ended 31 December 2008

11. 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 2008	67,000	641,955	21,924	2,727	13,334	746,940
Additions	-	3,425	1,183	114	5,417	10,139
Disposals	-	-	-	-	(25)	(25)
At 31 December 2008	67,000	645,380	23,107	2,841	18,726	757,054
Accumulated depreciation:						
At 1 January 2008	-	18,676	17,674	2,638	6,852	45,840
Charge for the year	-	24,702	-	39	3,665	28,406
Disposals	-	-	-	-	(25)	(25)
At 31 December 2008	-	43,378	17,674	2,677	10,492	74,221
Net book value:						
At 31 December 2008	67,000	602,002	5,433	164	8,234	682,833
At 31 December 2007	67,000	623,279	4,250	89	6,482	701,100

Group

Land and buildings includes freehold land, which is held at cost of £64,500,000 following the purchase of land and buildings from Wembley plc in 1999. It also includes long leasehold property of £2,500,000.

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

During the year, finance costs of £Nil (2007: £8,355,000) and directly attributable staff costs of £61,000 (2007: £104,000) have been capitalised into assets in the course of construction.

The Football Association Limited

Notes to the accounts year ended 31 December 2008

11. Tangible fixed assets (continued)

Company			Fixtures, fittings, equipment and motor vehicles	
	Stadium £'000	Leasehold improvements £'000	£'000	Total £'000
Cost:				
At 1 January 2008	593	2,727	4,681	8,001
Additions	913	114	2,066	3,093
Disposals	-	-	(25)	(25)
Reclassification	-	-	-	-
At 31 December 2008	1,506	2,841	6,722	11,069
Accumulated depreciation:				
At 1 January 2008	-	2,638	3,686	6,324
Charge for the year	-	39	846	885
Disposals	-	-	(25)	(25)
At 31 December 2008	-	2,677	4,507	7,184
Net book value:				
At 31 December 2008	1,506	164	2,215	3,885
At 31 December 2007	593	89	995	1,677

The Stadium costs in the Company relate to office fit out costs at the Stadium and are not depreciated until brought into use.

12. Fixed asset investments

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Subsidiary undertakings	-	-	170,001	170,001
Subsidiary undertakings (via intermediary)	31,500	-	31,500	-
	31,500	-	201,501	170,001

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

Name	Activity
The English National Stadium Property Company Limited	Property investment
Wembley National Stadium Limited ("WNSL")	Event management and stadium construction
National Football Centre Limited	Property development and operating company
FA Learning Limited	Educational activities
England 2018 Limited	World Cup bid management company

The Football Association Limited

Notes to the accounts year ended 31 December 2008

12. Fixed asset investments (continued)

Analysis of movement in investments

	Group		Company	
	Shares in Group companies £'000	Subsidiary company investment (via intermediary) £'000	Shares in Group companies £'000	Subsidiary company investment (via intermediary) £'000
At 1 January 2008	-	-	170,001	-
Additions	-	31,500	-	31,500
At 31 December 2008	-	31,500	170,001	31,500

The addition in the year of £31,500,000 comprises a back to back loan to an intermediary bank, the counter party being WNSL. For the period ending December 2008 the investment has accrued interest at 7.9558%.

13. Debtors

	Group		Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Amounts falling due within one year				
Trade debtors	6,717	10,284	3,460	1,185
Amounts owed from subsidiary undertakings	-	-	1,033	222
VAT receivable	460	4,218	-	2,026
Other debtors	2,914	2,605	2,652	2,385
Prepayments and accrued income	14,219	7,460	9,917	4,112
	<u>24,310</u>	<u>24,567</u>	<u>17,062</u>	<u>9,930</u>
Amounts falling due after one year				
Loans to clubs	394	189	394	189
Sundry loans	-	140	-	140
Loans to subsidiary undertakings	-	-	37,997	33,519
Deferred tax asset (see Note 18)	674	1,947	674	1,947
	<u>1,068</u>	<u>2,276</u>	<u>39,065</u>	<u>35,795</u>
Total debtors	<u>25,378</u>	<u>26,843</u>	<u>56,127</u>	<u>45,725</u>

A loan to WNSL of £32,243,000 (2007: £28,913,000) 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. WNSL must ensure that up to £100,000,000 of any investment from The FA 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 2008

14. Cash at bank and in hand

Cash at bank and in hand includes short term treasury deposits totalling £60,000,000 (2007: £50,000,000). These have been classified as liquid resources in the cash flow statement in accordance with FRS1.

15. Creditors: amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Bank loan	11,805	12,494	-	-
Trade creditors	22,867	7,829	2,039	2,182
Other creditors				
- UK corporation tax payable	7,303	7,492	7,303	7,492
- Social security and other taxes	2,440	1,545	2,255	1,227
- Other	2,091	1,891	1,856	1,571
Accruals	35,318	35,377	17,341	20,164
Deferred income	163,806	77,444	124,288	42,928
	<u>245,630</u>	<u>144,072</u>	<u>155,082</u>	<u>75,564</u>

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

The Football Association Limited

Notes to the accounts year ended 31 December 2008

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

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Bank loan	325,534	322,749	-	-
Accruals	13,946	28,091	-	-
Deferred income	80,078	114,874	2,000	25,480
Deferred grants	117,450	118,297	-	-
	<u>537,008</u>	<u>584,011</u>	<u>2,000</u>	<u>25,480</u>

The Group bank loan of £341,500,000 is stated net of unamortised arrangement fees of £4,161,000 (2007: £10,842,000). It was refinanced during the current year and 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 repayments due are as follows:

In 2008, the amounts of repayments are as follows:

	2008	2007
	£'000	£'000
Less than one year	11,805	12,494
Between one and two years	12,438	14,497
Between two and five years	22,834	53,513
More than five years	<u>294,423</u>	<u>274,772</u>
	<u>341,500</u>	<u>355,276</u>

The Football Association Limited

Notes to the accounts year ended 31 December 2008

16. Creditors: amounts falling due after more than one year (continued)

Deferred grants comprise the following amounts:	2008	2007
	£'000	£'000
Sport England	78,050	78,274
Department of Culture, Media and Sport ("DCMS")	19,139	19,341
London Development Agency ("LDA")	20,261	20,682
	<u>117,450</u>	<u>118,297</u>

The Sport England grant was made under the terms of Agreements dated 11 November 1997 and 15 May 1998. £11,194,000 of the grant funding relates to the Stadium. This will be amortised over the life of the building, leaving a balance of £67,250,000 which represents grants in respect of land of £64,500,000, long leasehold property of £2,500,000 and £250,000 for business intellectual property rights.

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

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 £1,525,000 (2007:£1,451,000).

17. 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 2008 and as at 31 December 2008 these foreign exchange contracts have a fair value loss of £12,800,000 (2007: £42,000). 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 1985. Management have no intention of cancelling these contracts and therefore this loss is unlikely to crystallise.

The Group also has a policy to hedge significant interest rate risk. WNSL has entered into an interest rate swap for £341,500,000, the full amount of its Senior facility. The swap has been profiled on the mandatory repayment schedule and has been fixed at a swap rate of 6.922% p.a., which includes the margin. The rate is fixed for the term of the loan. As at 31 December 2008 the interest rate swap contract has a fair value loss of £50,159,000 (2007: £1,443,000). 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 1985. The fair value takes into account the current and unprecedented low interest rates. Management have no intention of cancelling these contracts and therefore this loss is unlikely to crystallise.

The Football Association Limited

Notes to the accounts year ended 31 December 2008

18. Provisions for liabilities

Group	Deferred tax (see Note 19) £'000	Other £'000	Total £'000
At 1 January 2008	30,000	123	30,123
Utilised in the year	(4,507)	(123)	(4,630)
At 31 December 2008	<u>25,493</u>	<u>-</u>	<u>25,493</u>

Company	Deferred tax (see Note 19) £'000	Other £'000	Total £'000
At 1 January 2008	-	123	123
Utilised in the year	-	(123)	(123)
At 31 December 2008	<u>-</u>	<u>-</u>	<u>-</u>

19. Deferred tax

Analysis of deferred tax asset

Company	Group Deferred tax asset £'000	Company Deferred tax asset £'000
At 1 January 2008	1,947	1,947
Utilised in the year	(1,273)	(1,273)
At 31 December 2008	<u>674</u>	<u>674</u>

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.

The Football Association Limited

Notes to the accounts year ended 31 December 2008

19. Deferred tax (continued)

Net deferred tax position

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
This comprises fully provided deferred taxation attributable to:				
Capital allowances	14,225	18,480	240	(243)
Short term timing differences	(342)	(1,617)	434	(1,704)
Capitalised finance costs	10,936	11,190	-	-
Deferred tax liability/(asset)	<u>24,819</u>	<u>28,053</u>	<u>674</u>	<u>(1,947)</u>

The net deferred tax position is disclosed as follows:

	Group		Company	
	2008	2007	2008	2007
	£'000	£'000	£'000	£'000
Deferred tax asset	674	1,947	674	1,947
Deferred tax liability	<u>(25,493)</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>
Deferred tax (liability) / asset	<u>(24,819)</u>	<u>(28,053)</u>	<u>674</u>	<u>1,947</u>

Group

A deferred tax liability has been provided for accelerated capital allowances in line with FRS 19. This liability relates to capital allowances claimed on 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 2008

20. 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 2007 and a FRS 17 valuation at 31 December 2008 by a qualified actuary. The major assumptions used for the actuarial valuation were:

Assumptions at 31 December	2008 % p a	2007 % p a
Discount rate	6.20	5.70
Expected long-term rate of return on Scheme assets	5.13	6.30
Rate of increase in salaries	4.40	4.80
Inflation assumption	2.90	3.30
Rate of increase of pensions in payment	2.90	3.30

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% (2007: PA92 projected on a year of birth usage with medium cohort future improvement factors).

Employee Benefit Obligations

The amounts recognised in the balance sheet as at 31 December 2008 are as follows:

	2008 £'000	2007 £'000
Present value of Scheme liabilities	(37,674)	(41,836)
Market value of Scheme assets	35,667	37,912
Deficit in the Scheme	(2,007)	(3,924)
Related deferred tax asset	562	1,099
Net pension liability	(1,445)	(2,825)

The amounts to be recognised in the profit and loss for the year ended 31 December 2008 are as follows:

	2008 £'000	2007 £'000
Current service cost	1,642	1,796
Interest on Scheme liabilities	2,418	2,100
Expected return on Scheme assets	(2,462)	(2,124)
Past service cost	45	-
Total	1,643	1,772
Actual (loss) / return on Scheme assets	(4,588)	2,994

The Football Association Limited

Notes to the accounts year ended 31 December 2008

20. Pension arrangements (continued)

Changes in the present value of the Scheme liabilities for the year ended 31 December 2008 are as follows:

	2008 £'000	2007 £'000
Present value of Scheme liabilities at beginning of period	41,836	40,055
Current service cost	1,642	1,796
Employee contributions	304	320
Past service cost	45	-
Interest cost	2,418	2,100
Actuarial losses	(7,778)	(992)
Benefits paid	(793)	(1,443)
Present value of Scheme liabilities at end of period	<u>37,674</u>	<u>41,836</u>

Changes in the fair value of the Scheme assets for the year ended 31 December 2008 are as follows:

	2008 £'000	2007 £'000
Market value of Scheme assets at beginning of period	37,912	33,589
Expected return	2,462	2,124
Actuarial (losses) / gains	(7,050)	870
Benefits paid	(793)	(1,443)
Contributions paid by the Company	2,832	2,452
Employee contributions	304	320
Market value of Scheme assets at end of period	<u>35,667</u>	<u>37,912</u>

The agreed contribution to be paid by the Company for the forthcoming year (year ending 31 December 2009) is 28.6% of Pensionable Earnings plus £86,833 per month, subject to review at future actuarial valuations. In addition, the Company will pay the premiums on the policies insuring the death-in-service benefits and any levies payable.

The major categories of Scheme assets as a percentage of total Scheme assets for the year ending 31 December 2008 are as follows:

	2008	2007
Equities and Property	69%	76%
Bonds	25%	15%
Cash	6%	9%
Total	<u>100%</u>	<u>100%</u>

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 5.7% (2007: 6.6%), an expected rate of return on bonds of 4.3% (2007: 5.0%) and an expected rate of return on cash of 2.0% (2007: 5.5%).

The Football Association Limited

Notes to the accounts year ended 31 December 2008

20. Pension arrangements (continued)

Analysis of amount recognisable in statement of total recognised gains and losses ("STRGL") for the year ending 31 December 2008 are as follows:

	2008 £'000	2007 £'000
Actual return less expected (loss) / return on Scheme assets	(7,050)	870
Experience gains and losses arising on Scheme liabilities	(397)	375
Changes in assumptions underlying the present value of Scheme liabilities	8,175	617
Actuarial gain recognised in STRGL	728	1,862
Related deferred tax asset	(204)	(559)
Net actuarial gain recognised in STRGL	524	1,303

Cumulative amount of actuarial gains and losses recognised in STRGL

	2008 £'000	2007 £'000
Cumulative loss at beginning of period	(2,150)	(4,012)
Recognised during the period	728	1,862
Cumulative actuarial loss at end of period	(1,422)	(2,150)

Movement in deficit during the year.

	2008 £'000	2007 £'000
Deficit in Scheme at beginning of year	(3,924)	(6,466)
Expenses recognised in profit and loss	(1,643)	(1,772)
Contributions paid by the Company	2,832	2,452
Actuarial gain	728	1,862
Deficit in Scheme at end of year	(2,007)	(3,924)

The Football Association Limited

Notes to the accounts year ended 31 December 2008

20. Pension arrangements (continued)

History of experience gains and losses:

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

	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Present value of Scheme liabilities	(37,674)	(41,836)	(40,055)	(40,840)	(32,299)
Market value of scheme assets	35,667	37,912	33,589	30,791	24,886
Deficit in the Scheme	(2,007)	(3,924)	(6,466)	(10,049)	(7,413)
Actual return less expected return on Scheme assets	(7,050)	870	781	3,436	650
Experience gains and losses arising on Scheme liabilities	(397)	375	(319)	(291)	(557)
Change in assumptions underlying the present value of Scheme liabilities	8,175	617	4,214	(5,090)	(1,421)

From 1 January 2003 new employees have not been able to enter the Scheme. They have instead been given the opportunity to join a money purchase pension scheme. During the year the Group made contributions of £429,000 (2007: £302,000) into this scheme.

21. Called up share capital

The Company has an authorised share capital of £101 (2007: £101) represented by 2,000 (2007: 2,000) ordinary equity shares of 5p each and one Special Rights Preference share of £1 (2007: £1), which is included in liabilities.

At 31 December 2008, 1,614 ordinary shares (2007: 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.

22. Profit and loss account

Group	2008 £'000	2007 £'000
At 1 January 2008	74,911	78,018
Loss for the year	(12,241)	(4,410)
Other recognised gains and losses relating to the year	524	1,303
At 31 December 2008	63,194	74,911
Company	2008 £'000	2007 £'000
At 1 January 2008	179,577	144,793
Profit for the year	10,914	33,481
Other recognised gains and losses relating to the year (see Note 19)	524	1,303
At 31 December 2008	191,015	179,577

The Football Association Limited

Notes to the accounts year ended 31 December 2008

23. Reconciliation of movements in shareholders' funds

	2008 £'000	2007 £'000
Group		
Loss for the financial year	(12,241)	(4,410)
Other recognised gains and losses relating to the year	524	1,303
Net reduction to shareholders' fund	(11,717)	(3,107)
Opening shareholders' funds	74,911	78,018
Closing shareholders' funds	63,194	74,911
Company		
Profit for the financial year	10,914	33,481
Other recognised gains relating to the year	524	1,303
Net addition to shareholders' fund	11,438	34,784
Opening shareholders' funds	179,577	144,793
Closing shareholders' funds	191,015	179,577

24. Notes to the consolidated cash flow statement

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

	2008 £'000	2007 £'000
Operating profit	16,647	8,715
Depreciation	28,406	21,265
Loss on disposal of fixed assets	-	11
Amortisation of deferred capital grants	(1,916)	(1,814)
(Increase) / decrease in stocks	(13)	64
Decrease / (increase) in debtors	636	(4,560)
Increase in creditors	56,911	152,018
Decrease in provisions	(1,268)	(5,554)
Net cash inflow from operating activities	99,403	170,145

The Football Association Limited

Notes to the accounts year ended 31 December 2008

24. Notes to the cash flow statement (continued)

(b) Analysis of net debt

	At 1 January 2008 £'000	Cash flow £'000	Non cash movement £'000	At 31 December 2008 £'000
Cash at bank and in hand	57,712	15,048	-	72,760
Liquid resources	50,000	10,000	-	60,000
Cash at bank and in hand (per balance sheet)	107,712	25,048		132,760
Debt due within one year	(12,494)	4,584	(3,895)	(11,805)
Debt due after one year	(322,749)	(2,184)	(601)	(325,534)
Net debt	(227,531)	27,448	(4,496)	(204,579)

The non cash movement is predominantly as a result of the amortisation of signing fees relating to the bank loan of £10.9m and the reclassification of part of the creditors balance between debt due after 1 year to debt due within 1 year.

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

	2008 £'000	2007 £'000
Increase / (decrease) in cash in the year	15,048	(19,194)
Management of liquid resources	10,000	50,000
Cash and non-cash (outflow) / inflow from increase in debt financing	(2,096)	79,204
Net debt brought forward	22,952 (227,531)	110,010 (337,541)
Net debt carried forward	(204,579)	(227,531)

25. 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 Football Association Limited

Notes to the accounts year ended 31 December 2008

25. Guarantees and other financial commitments (continued)

(a) Lease commitments

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

	Group			
	2008		2007	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
- within one year	27	233	30	225
- between two and five years	-	66	-	91
- after five years	2,155	-	2,151	-
	<u>2,182</u>	<u>299</u>	<u>2,181</u>	<u>316</u>

	Company			
	2008		2007	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
- within one year	27	233	30	225
- between two and five years	-	45	-	61
- after five years	2,155	-	2,151	-
	<u>2,182</u>	<u>278</u>	<u>2,181</u>	<u>286</u>

(b) Company commitments and contingent commitments to WNSL

The FA has in place an annual support agreement with WNSL. This is currently £13,000,000 p.a. under this agreement, until certain conditions are met.

The Football Association Limited

Notes to the accounts year ended 31 December 2008

26. 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 £58,000 (2007: £32,000), and the Group's loss after tax would increase by £ 26,000 (2007 – loss after tax of £3,000). The FA contributed £956,000 (2007: £906,000) towards the operating costs of PGMOL that are necessary for providing match officials to the professional game.

27. Post balance sheet events

In February 2009 one of The FA's broadcast partners for the sub-Saharan region of Africa was placed in liquidation. This does not impact the results disclosed in these financial statements. The broadcasting rights have reverted back to The FA and are currently being resold.