

Report of the Directors to the Shareholders of The Football Association Limited



The Directors present their annual report on the affairs of the Company, together with the accounts and auditors' report for the year ended 31st December 1996.

Principal activity and business review

The principal activity of the Company is to promote the game of Association Football. Turnover was £105,426,521 (1995: £47,642,500) and the profit on ordinary activities before taxation was £2,716,022 (1995: loss £43,032) during the year.

Directors and their interests

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

KSJ Wiseman *Chairman*, CH Willcox MBE JP *Vice-Chairman*, Gloucestershire, WT Annable Nottinghamshire, MM Armstrong Huntingdonshire, RE Barston Leicestershire & Rutland, KW Bates FA Premier League, Chelsea FC, RD Bayley Division 3, Leek Town FC, RG Berridge Bedfordshire, MR Berry English Schools, K Boyer North Riding, AW Brett Shropshire, BW Bright Kent, EA Brown Suffolk, CD Bullen Cambridgeshire, A Burbidge Cheshire, RF Burden FCIB MBCS FRSA Gloucestershire, RI Burr BA (Com) Division 7, Millwall FC, DG Champion Cornwall, JA Christopher Berks & Bucks, A Clark Division 1, Whitley Bay FC, JW Coad ATII Cambridgeshire, P Coates Division 4, Stoke City FC, K Compton Derbyshire, Lt Cdr PJW Danks RN Royal Navy, JE Davey Sussex, DB Dein FA Premier League, Arsenal FC, HD Ellis FA Premier League, Aston Villa FC, ST Farmer JP Shropshire, JB Fleming Westmorland, DSR Gillard Division 10, Ashford Town FC, WP Goss MSc ARCS DIC Amateur Football Alliance, DG Hammond FCA MIHGT The Football League, Swansea City FC, F Hannah CEng MIMechE ARTCS Manchester, Miss J Hernsley Women's Football Alliance, DJ Henson Devon, JWT Hill OBE The Football League, Fulham FC, Sir David Hill-Wood Bt Australia, Gp Capt PW Hilton RAF Royal Air Force, AJ Hobbs Somerset, PS Hough Dorset, FLJ Hunter Liverpool, DJ Insole CBE Cambridge University, RG Kibble Hertfordshire, RW Kiddell JP ACII Norfolk, P Kirby New Zealand, Major TC Knight Army, PJ Ladbroke Oxfordshire, MR Leggett Worcestershire, DJ Lewin Lancashire, WG McKeag BA (Cantab) The Football League, AD McMullen MBE Bedfordshire, K Marsden Division 6, Gainsborough Trinity FC, MH Matthews Oxford University, RE Maughan Northumberland, Sir Bert Millichip West Bromwich Albion FC, BW Moore Division 8, Yeovil Town FC, T Myatt Staffordshire, S Nathan London, RG Noades The Football League, Crystal Palace FC, AK Odell Middlesex, EM Parry Wiltshire, FD Pattison Durham, EG Powell Herefordshire, ER Prescott Herefordshire, MH Rawding East Riding, KJ Reames The Football League, Lincoln City FC, R Redmond Bedfordshire, DG Richards FA Premier League, Sheffield Wednesday FC, BA Richardson FA Premier League, Coventry City FC, GL Ricketts Birmingham, T Robinson The Football League, Bury FC, P Rushton Worcestershire, JM Ryder Cornwall, CJ Saunders Independent Schools, LFJ Smith Surrey, GAJ Snell Essex, WM Steward ACIS Suffolk, IH Stott Division 2, Oldham Athletic FC, PJ Swales Manchester City FC, AC Taylor MBE West Riding, CB Taylor Division 5, Barnsley FC, FD Terry North Riding, JC Thomas Durham, G Thompson JP Sheffield and Hallamshire, R Tinkler Lincolnshire, ACF Turvey MCIM Division 9, Hayes FC, PJ Vine Hampshire, B Walden Northamptonshire, JJ Waterall Nottinghamshire, N White FSCA Liverpool FC, W Wilson Cumberland, JF Wiseman Birmingham City FC.

On 11 July 1996 RD Bayley, BA Richardson, RG Noades and K Boyer joined the Council of The Football Association and KSJ Wiseman became Chairman following the retirement of Sir Bert Millichip.

Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements the Directors are required to:-

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and

Report of the Directors to the Shareholders of The Football Association Limited

hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

- Fixed assets** Information relating to changes in tangible fixed assets and the current market valuation of those assets is given in Note 2 to the accounts.
- Charitable donations** The Company made charitable donations of £3,789,474 (1995: £1,227,667) during the year, in addition to the distribution to charities of £523,377 (1995: £284,086) from the Charity Shield Match.
- Disabled employees** Applications for employment of disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.
- Auditors** The Directors will place a resolution before the annual general meeting to re-appoint Arthur Andersen as auditors for the ensuing year.

By order of the Board of The Football Association Ltd.



RHG Kelly Chief Executive 16 Lancaster Gate, London W2 3LW
7 April 1997

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


We have audited the financial statements on pages 19-28 which have been prepared under the historical cost convention, and the accounting policies set out on page 22.

Respective responsibilities of directors and auditors As described on page 18 the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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

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

Opinion In our opinion the financial statements give a true and fair view of the Company's state of affairs at 31 December 1996 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

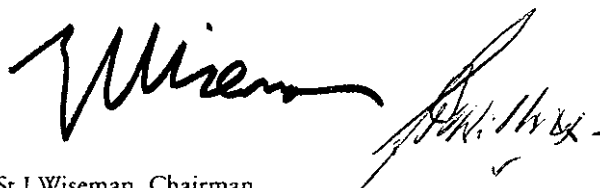


Arthur Andersen Chartered Accountants and Registered Auditors
Abbots House, Abbey Street, Reading RG1 3BD
7 April 1997

Balance Sheet as at 31 December 1996

		1996 £	1995 £
Notes	Fixed assets		
1b and 2	Tangible assets	4,541,612	4,381,968
1c, 3	Investments	2,945,567	2,915,422
		7,487,179	7,297,390
	Current assets		
1d	Stocks	51,796	71,734
4	Debtors	10,170,399	21,907,474
	Cash at Bank and in Hand	4,089,146	1,404,844
		14,311,341	23,384,052
	Creditors		
5	Amounts falling due within one year	(16,343,702)	(26,764,680)
	Net current liabilities	(2,032,361)	(3,380,628)
	Total assets less current liabilities	5,454,818	3,916,762
1e and 6	Provisions for liabilities and charges	(25,152)	(80,831)
	Net assets	5,429,666	3,835,931
	Capital and reserves		
7	Called-up share capital	—	—
8	Profit and Loss account	5,429,666	3,835,931
	Total capital employed	5,429,666	3,835,931

Signed on behalf of the Board of The Football Association Limited


K St J Wiseman, Chairman
CH Willcox, Vice-chairman

7 April 1997

The notes on pages 22-28 form an integral part of these accounts.

Profit and Loss Account *for the year ended 31 December 1996*

Notes		1996 £	1995 £
1h and 11	Turnover	105,426,521	47,642,500
	Cost of Sales	(84,206,857)	(36,153,468)
	Gross Profit	21,219,664	11,489,032
	Payment to The Football Trust	(4,000,000)	(1,500,000)
18	Payment to The Football League	(2,640,000)	(2,077,530)
	Other Operating Expenses	(13,127,341)	(8,987,763)
	Operating Profit/(loss)	1,452,323	(1,076,261)
12	Investment income	1,263,699	1,012,199
	Profit/(loss) on ordinary activities before surplus on sales of investments	2,716,022	(64,062)
	Surplus on sale of investment assets	—	—
	Surplus on sale of investments	—	21,030
13	Profit/(loss) on ordinary activities before taxation	2,716,022	(43,032)
1e and 16	Tax on profit/(loss) on ordinary activities	(1,122,287)	(12,761)
	Profit/(loss) for the year	1,593,735	(55,793)
	Retained profit brought forward	3,835,931	3,891,724
	Transfer from revaluation reserve	—	—
8	Retained profit carried forward	5,429,666	3,835,931

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

The notes on pages 22–28 form an integral part of these accounts.

Cash Flow Statement *for the year ended 31 December 1996*

Notes	1996 £	1995 £
17a Net Cash inflow/(outflow) from Operating Activities	1,578,187	(1,872,876)
Returns on Investments and Servicing of Finance:		
Interest received	1,411,806	666,511
Dividends received	101,101	108,835
Net Cash Inflow from Returns on Investments and Servicing of Finance	1,512,907	775,346
Taxation:		
Corporation tax paid	—	(219,247)
Capital Expenditure:		
Payments to acquire investment assets	(87,630)	(103,354)
Payments to acquire tangible fixed assets	(485,170)	(1,144,830)
New loan advances	(77,000)	(160,500)
Receipts from sales of investment assets	62,890	105,087
Receipts from sales of tangible fixed assets	83,204	—
Loan repayments	115,389	110,552
Net cash outflow from capital expenditure	(388,317)	(1,193,045)
Increase/(Decrease) in cash and cash equivalents	2,702,777	(2,509,822)

The notes on pages 22-28 form an integral part of these accounts.

- 1 Accounting policies** A summary of the principal accounting policies which have been applied consistently throughout the period and the preceding period are as follows:
- a Basis of accounting** The accounts are prepared under the historical cost convention. Assets and liabilities are recognised in the accounts where, as a result of past transactions or events, the company has rights or other access to future economic benefits controlled by the company or obligations to transfer economic benefits. The accounts have been prepared in accordance with applicable accounting standards.
- b Tangible fixed assets** Land and Buildings are shown at original historic cost. The company's freehold property in Lancaster Gate, London is not depreciated since the Directors believe that the property is of special character and it is their policy to regularly maintain the building in its historical condition. For this reason the property's estimated useful life is such that any depreciation would be immaterial.
- Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation of leasehold property, office machinery, furniture and equipment and motor vehicles is provided at rates calculated to write off the cost of each asset on a reducing balance basis over its estimated useful life as follows:
- *Leasehold property 2%*
 - *Office machinery, furniture and equipment 15-20%*
 - *Motor Vehicles 25%*
- c Investments** Fixed asset investments are shown at cost less amounts written off. Income is included, together with the related tax credit, in the accounts for the year in which it is receivable. Freehold property held as investments are shown at open market value, which is reappraised periodically.
- d Stocks** Stocks which comprise equipment, publications, films and FA award scheme badges are stated at the lower of cost and net realisable value.
- e Taxation** Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.
- f Pension costs** It is the policy of the Company to fund pension liabilities, on the advice of external actuaries, by payments to independent trusts or to insurance companies. Payments made to the funds and charged in the accounts comprise the current and past service contributions. Independent actuarial valuations on a going concern basis are carried out every three years.
- g Foreign currency** Transactions denominated in foreign currencies are recorded at actual exchange rates as at the day of transaction. The monetary assets and liabilities denominated in foreign exchange currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rate subsequent to the date of transaction is included as an exchange gain or loss in the profit and loss account.
- h Turnover** Turnover comprises the value of sales, excluding VAT, of goods and services in the normal course of business, sponsorship monies and revenue derived from television broadcasting contracts, the latter being recognised as turnover in proportion to the hours made available during the year.
- i Grants** Grants made by The Football Association in the normal course of business are reported in the profit and loss account in the year in which they become unconditionally payable.
- j Euro '96** All Euro '96 income and expenditure incurred has now been recognised in these accounts. In prior years ticket income received in advance of this tournament (net of related commissions) was treated as deferred income which would be recognised when the tournament was played. Costs associated with the organisation of the tournament were written off as incurred in earlier periods since it was not possible to assess the financial outcome of the tournament at that time.

		Land & buildings £	Office machinery furniture & equipment £	Motor vehicles £	Total £
2 Tangible assets	Cost				
	At 1 January 1996	3,758,053	1,624,927	153,927	5,536,907
	Additions	—	379,905	105,265	485,170
	Disposals	—	(23,449)	(143,949)	(167,398)
	At 31 December 1996	3,758,053	1,981,383	115,243	5,854,679
	Aggregate depreciation	(113,433)	(1,163,902)	(35,732)	(1,313,067)
	Net book value at 31 December 1996	3,644,620	817,481	79,511	4,541,612
	Net book value at 31 December 1995	3,664,894	635,353	81,721	4,381,968
	Movement on depreciation:				
	At 1 January 1996	93,159	989,574	72,206	1,154,939
	Charge for year	20,274	174,328	26,503	221,105
	Disposals	—	—	(62,977)	(62,977)
	At 31 December 1996	113,433	1,163,902	35,732	1,313,067

Included within the Land & Buildings caption is a leasehold property held on a long term lease with a net book value of £1,086,567 (1995: £1,106,841). The freehold property at Lancaster Gate was valued on 30 September 1996 by Wilks Head & Eve in accordance with The Royal Institution of Chartered Surveyors Appraisal & Valuation Manual on the basis of Existing Use Value at £5,000,000. The valuation includes the freehold land included in the land and buildings caption of a historical cost of £2,558,053 and items of building improvements which are not readily quantifiable included in the office machinery, furniture and equipment caption. The directors of the company have chosen not to reflect this valuation in the books of the Company.

		1996 £	1995 £
3 Fixed asset investments	Listed Investments:		
	(a) Government stocks at cost		
	£430,000 2½% Treasury Index Linked Stock 2003	454,874	454,874
	£486,000 9% Treasury Loan 2008	501,634	501,634
	(b) Equity investments, at cost	956,508	956,508
		1,575,429	1,506,895
	Total listed investments	2,531,937	2,463,403
	The market value of these investments at 31 December 1996 was £3,991,921 (1995: £3,714,307)		
	Other Investments:		
	(c) Loans		
	Loans to clubs	335,655	349,752
	Sundry loans	77,975	102,267
	All loans are secured by fixed charges		
	Total Investments	2,945,567	2,915,422

		1996 £	1995 £
4 Debtors	Amounts falling due within one year:		
	Trade Debtors	5,166,343	4,562,674
	VAT Receivable	2,401,314	83,595
	Other Debtors	305,489	264,302
	Short term Euro 96 Asset (Note 10)	—	11,231,919
	Prepayments and accrued income	2,297,153	5,764,884
		<u>10,170,299</u>	<u>21,907,374</u>
	Amounts falling due after more than one year:		
	Amounts receivable on finance leases	100	100
		<u>10,170,399</u>	<u>21,907,474</u>
5 Creditors amounts falling due within one year	Bank overdraft	1,263,964	1,282,439
	Trade creditors	5,711,027	4,221,391
	Other creditors		
	– UK Corporation Tax payable	1,214,683	—
	– VAT payable	196,841	961,865
	– Social Security and PAYE	146,000	132,010
	– Other	1,580,777	11,218,442
	Accruals and deferred income	6,230,410	8,948,533
		<u>16,343,702</u>	<u>26,764,680</u>
6 Provisions for liabilities and charges	This comprises fully provided deferred taxation attributable to:		
	Excess of tax allowances over book depreciation of fixed assets	88,403	16,225
	Other timing differences	(63,251)	64,604
		<u>25,152</u>	<u>80,831</u>
	Movement on deferred taxation:		
	At 1 January 1996	80,831	74,493
	(Credited)/charged to profit and loss in respect of:		
	Capital allowances	72,178	(17,532)
	Other timing differences	(127,857)	23,870
		<u>25,152</u>	<u>80,831</u>
	At 31 December 1996	<u>25,152</u>	<u>80,831</u>
7 Called up share capital	The company has an authorised share capital of £100 represented by 2,000 shares of 5p each. At 31 December 1996 1,614 (1995: 1,614) had been issued, nil paid.		

		Profit and Loss Account £	Equity Shareholders Funds £
8 Reconciliation of movements in reserves and equity shareholders funds	At 1 January 1996	3,835,931	3,835,931
	Retained profit in year	1,593,735	1,593,735
	At 31 December 1996	5,429,666	5,429,666

9 Guarantees and
other financial
commitments

(a) Capital Commitments

At the end of the year there were no Capital Commitments. Loans totalling £43,750 (1995: £12,000) had been agreed in principle by Council but had not been made at 31 December 1996 pending adequate security.

(b) Operating Lease Commitments

The minimum annual rentals under ongoing leases are as follows:

Operating leases for plant which expire:

	1996 £	1995 £
Within 1 year	42,996	24,818
Within 2-5 years	57,490	70,644

(c) Pension Arrangements

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

Details of the most recent actuarial valuation of the scheme conducted on 1 January 1994 using the Projected Unit funding method, are as follows:

Main Assumptions:	%pa
Rate of increase in pensionable salaries	8
Rate of increase of pensions in payment	5
Rate of dividend increase	5
Return on scheme investments	9
Results:	
Market value of scheme assets	£5,892,000
Level of Funding	103%

The surplus on the scheme will be eliminated over a period significantly in excess of the average expected future working lifetime of the current members as a result of lower contributions.

The pension fund was valued at 1 January 1997 but, as at the date of the accounts, the results of the valuation are not yet available.

The pensions cost for the year was £778,612 (1995: £478,826).

10 European Championship Tournament The Football Association organised the final tournament of the European Football Championship in the summer of 1996 (Euro '96). The accounting policy used by the Company for Euro '96 is set out in note 1j.

The profit and loss account includes the following income and direct expenditure in respect of the organisation of Euro '96:

	1996	1995
Turnover	55,686,361	177,500
Cost of Sales	(50,811,460)	(3,156,091)
Gross Profit	<u>4,874,901</u>	<u>(2,978,591)</u>

Over the full duration of the period over which Euro '96 has been organised, turnover has amounted to £55,951,425, cost of sales £55,858,596 and pre organisation bid and other costs of £799,622 have been incurred. As part of Euro '96 the Company entered into a series of non cash transactions with certain suppliers whereby sponsorship rights were exchanged for the goods or services of the supplier. These goods and services, the value of which cannot easily be determined, included communication supplies, the use of computer hardware and software for the final tournament, information systems consultancy, uniforms and match equipment.

As at 31 December 1995 the balance sheet position in respect of Euro '96 was as set out below.

Receipts from advance ticket sales made prior to the Final Draw held on 17 December 1995 were held in trust, under the terms of which, The Football Association were only entitled to receive the ticket money at the time of the final tournament. Interest receivable on the ticket money was included in the profit and loss account of the Company.

Income receivable from Euro '96 tickets sold subsequent to 17 December 1995 was not held in trust. In 1995 the income was treated as follows:

	Trust Income £	Other income & expenditure £
Restricted Cash	10,714,833	
Restricted Debtor	517,086	
Short Term Asset	<u>11,231,919</u>	
Debtor		<u>2,543,509</u>
Represented by:		
Amounts due within 1 year		
Deferred Income	1,689,299	343,861
Other Creditors	8,986,089	1,820,828
VAT	556,531	378,820
	<u>11,231,919</u>	<u>2,543,509</u>

In addition at 31 December 1995 accruals and deferred income also included £1,751,406 in relation to monies received under Euro '96 contracts in 1995. Prepayments and accrued income included £1,401,487 in relation to deferred commission costs on Euro '96 contracts. At 31 December 1996 accruals and creditors were held in the balance sheet in respect of payments to be made to UEFA and to Euro '96 suppliers totalling £4,915,000. Prepayments at 31 December 1996 included accrued income of £342,000 in respect of Euro '96.

- 11 Turnover** Turnover derives from the sole activity of promoting the game of association football in England. All of the Company's activities are continuing and arise from the principal activity. Information relating to Euro '96 is disclosed in Note 10.

		1996 £	1995 £
12 Investment income	Investment income received during the year:		
	Income from fixed asset investments, listed in the UK	134,498	133,831
	Other interest receivable and similar income	1,129,201	878,368
		<u>1,263,699</u>	<u>1,012,199</u>
13 Profit/(Loss) on ordinary activities before taxation	Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):		
	Auditors' remuneration – audit fees	57,000	35,345
	– other	270,000	—
	Depreciation	221,105	180,438
	Staff costs (see note 14)	5,381,900	4,087,613
	Loss on sale of tangible fixed assets	21,217	—
	Rents receivable	(8,600)	—
	Hire of plant and machinery under operating leases (see note 9)	35,900	73,620
	Unrealised exchange rate gain	752,214	—
		<u>5,381,900</u>	<u>4,087,613</u>
14 Staff numbers and costs	Employee costs during the year amounted to:		
	Wages and salaries	4,192,745	3,256,049
	Social Security costs	366,059	314,976
	Other pension costs	778,612	478,826
	Permanent health insurance	44,484	37,762
		<u>5,381,900</u>	<u>4,087,613</u>
		Number	Number
	Average weekly number of persons employed by the Company during the year	128	126

Directors' emoluments

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

- 15 Related party transactions** All members of Council are Directors of the Company. By the Company's nature and in accordance with its rules, The Football Association enters into a number of transactions in the normal course of business with The Football Association Premier League Ltd., The Football League and football clubs, of which certain members of Council are Directors. These transactions include payments to clubs for players selected for International duty, for participation in the FA Challenge Cup and use of grounds in Euro '96.

The only transactions requiring disclosure under the requirements of FRS8 Related Party Disclosures are those with the Chairman, Mr K St J Wiseman as the Vice-Chairman of Southampton FC he has significant influence in both of his positions.

The transactions in the year between the Company and Southampton FC plc. have been in respect of match fees and expenses for players involved in England duty and television monies earned in the normal course of the club's participation in the FA Cup.

Since 11 July 1996, when Mr K St J Wiseman became Chairman, the only payments made between the Company and Southampton FC plc related to England players and totalled £5,732.

At the year end there were no receivables or payables in respect of Southampton FC plc.

		1996 £	1995 £
16 Tax on Profit/(loss) on ordinary activities	The taxation charge based on the assessable profit/(loss) before taxation comprises:		
	United Kingdom corporation tax at 33% (1995: 33%)	1,164,683	—
	Deferred taxation	(39,111)	35,397
	Adjustments relating to prior years	(16,568)	(36,657)
	Tax attributable to Franked Investment Income	13,283	14,021
		<u>1,122,287</u>	<u>12,761</u>

The tax charge is a consequence of a high level of non tax deductible expenditure.

17 Cash flow statement	a) Reconciliation of operating loss to net cash inflow/(outflow) from operating activities		
	Operating profit/(loss)	1,452,323	(1,076,261)
	Depreciation charges	221,105	180,438
	Decrease/(increase) in stock	19,938	(5,628)
	Decrease/(increase) in debtors	11,444,073	(7,284,616)
	(Decrease)/increase in creditors	(11,580,469)	6,313,191
	Loss on disposal of tangible fixed assets	21,217	—
	Net cash flow from operating activities	<u>1,578,187</u>	<u>(1,872,876)</u>

b) Analysis of changes in cash and cash equivalents

	At 1 Jan 1996 £	Cash Flow £	At 31 Dec 1996 £
Cash at bank and in hand	774,844	906,256	1,681,100
Short term investments	630,00	1,778,046	2,408,046
Bank overdrafts	(1,282,439)	18,475	(1,263,964)
	<u>122,405</u>	<u>2,702,777</u>	<u>2,825,182</u>

18 Payments to The Football League	Under the terms of the Tripartite agreement between The Football Association Limited, The Football Association Premier League Limited and The Football League Limited certain amounts are payable by The Football Association Limited to The Football League Limited. These payments are expensed when paid and in 1996 amounted to £2,640,000 (1995: £2,077,530).
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Consolidated Revenue Account for the year ended 31 December 1996

	1996 £	£	1995 £
Notes			
Surplus/(Deficit) arising on Match Accounts			
1 International Match Account	2,189,302		(429,312)
2 The Challenge Cup Account	1,120,320		988,750
The Challenge Trophy Account	(14,423)		6,481
The Challenge Vase Account	(17,425)		(3,205)
The Youth Challenge Cup Account	23,875		11,769
The Sunday Cup Account	(13,093)		(7,476)
The County Youth Cup Account	(40,466)		(38,745)
The Women's Challenge Cup Account	(3,401)		(10,007)
UEFA Champions League	444,160		451,953
Umbro Cup 1995 International Challenge	—		341,920
Euro 96 Play Off Account	(20,669)		258,242
Euro 96 Tournament	4,874,901		(2,978,591)
3 Representative/semi-pro Account	(26,719)		(44,302)
		8,516,364	(1,452,523)
Surplus/(Deficit) arising on other income:			
Football Pools promoters	245,203		397,649
Commercial enterprises	7,653,333		7,340,109
4 Domestic television and broadcasting	5,395,453		6,132,370
Publications	24,774		12,820
Rents receivable	8,595		—
England Travel Club	(79,627)		36,074
		13,247,731	13,919,022
Total surplus before operating expenses:		21,764,094	12,466,499
Less operating expenses			
Payment to The Football League	(2,640,000)		(2,077,531)
5 Administration account	(5,679,923)		(5,456,842)
Referees' administration	(454,220)		(396,868)
Women's football	(261,622)		(256,205)
Public affairs	(631,981)		(457,625)
6 Coaching, education and medical activities	(1,895,352)		(1,597,418)
		(11,563,098)	10,242,489
Surplus on operations		10,200,996	2,224,010
Distributions			
Grants, general	(2,798,673)		(950,271)
The Football Trust	(4,000,000)		(1,500,000)
FA Youth Trust	(500,000)		(250,000)
FA Benevolent Fund	(200,000)		(100,000)
FA National Sports Centre Trust	(1,250,000)		(500,000)
		(8,748,673)	(3,300,271)
Surplus/(deficit) on football activities		1,452,323	(1,076,261)
Surplus on sale of investments		—	21,030
Interest receivable		1,129,201	878,368
Investment income		134,498	133,831
Profit/(Loss) for the year before taxation		2,716,022	(43,032)

Notes to Consolidated Revenue Account *for the year ended 31 December 1996*

	Income £	Expenditure £	Surplus/ (Deficit) £	Total £	1995 £
1 International Match Account					
Full International Matches:					
Croatia, Wembley	926,046	(665,857)	260,189		
Hungary, Wembley	973,611	(670,653)	302,958		
Bulgaria, Wembley	895,467	(626,865)	268,602		
Hong Kong and China Tour	276,202	(283,080)	(6,878)		
Euro '96 England Team	4,222,489	(1,745,487)	2,477,002		
Poland, Wembley	2,076,185	(812,902)	1,263,283		
Moldova, Kishinev	51,136	(294,612)	(243,476)		
Georgia, Tbilisi	68,160	(196,955)	(128,795)		
	<u>9,489,296</u>	<u>(5,296,411)</u>	<u>4,192,885</u>	4,192,885	770,652
Under 21 International Matches:					
Toulon Tournament	—	(95,930)	(95,930)		
Croatia, Sunderland	15,783	(50,121)	(34,338)		
Poland, Wolverhampton	—	(55,373)	(55,373)		
Moldova, Kishinev	—	(67,513)	(67,513)		
Georgia, Batumi	—	(72,459)	(72,459)		
	<u>15,783</u>	<u>(341,396)</u>	<u>(325,613)</u>	(325,613)	(298,417)
Youth International Matches:					
Under 15 Matches	—	(22,780)	(22,780)		
Under 16 Matches	13,162	(140,572)	(127,410)		
Under 17 Matches	—	(27,481)	(27,481)		
Under 18 Matches	26,136	(192,002)	(165,866)		
Youth Administration	—	(80,593)	(80,593)		
	<u>39,298</u>	<u>(463,428)</u>	<u>(424,130)</u>	(424,130)	(278,908)
				3,443,142	193,327
Other expenditure:					
Committee and match viewing expenses				(25,939)	(51,449)
Adjustments in respect of matches played in prior years				18,055	(21,556)
International department overheads				(1,136,356)	(501,417)
Payments to clubs for use of players				(109,600)	(48,217)
(Deficit)/Surplus transferred to consolidated revenue account				<u>2,189,302</u>	<u>(429,312)</u>

		1996 £	1995 £
2 The Challenge Cup Account	Semi Final Income:	1,928,181	1,991,719
	Share to staging grounds	(190,632)	(199,117)
	Share to competing clubs	(940,920)	(1,003,478)
	Share to Challenge Cup pool	(144,757)	(154,381)
	Other expenditure	(270,197)	(224,510)
	Surplus on Semi Finals	381,675	410,233
	Final Income:	4,197,300	3,471,298
	Share to Wembley Stadium	(1,334,599)	(1,170,647)
	Share to competing clubs	(1,610,416)	(1,387,610)
	Share to Challenge Cup pool	(245,821)	(213,488)
	Other expenditure	(212,996)	(139,790)
	Surplus on Final	793,468	559,763
	Entry fees	36,319	35,618
	Other competition costs	(91,142)	(16,864)
	Surplus transferred to consolidated revenue account	1,120,320	988,750

	Income £	Expenses £	Surplus/ (Deficit) £	Total £	1995 £
3 Representative Match Account	Representative Matches:				
	Combined Services	(906)	(906)		
	British Students	284	(1,076)	(792)	
	Isthmian League	318	(1,657)	(1,339)	
	Northern Premier League	—	(1,055)	(1,055)	
	602	(4,694)	(4,092)	(4,092)	(5,237)
	Semi-Professional International Match:				
	Holland	4,106	(12,440)	(8,334)	
	Republic of Ireland	3,232	(9,098)	(5,866)	
	7,338	(21,538)	(14,200)	(14,200)	(31,015)
				(18,292)	(36,252)
	Adjustments in respect of Matches Played in Prior Years			(40)	—
	Other match costs			(8,387)	(8,050)
	Deficit transferred to Consolidated Revenue Account			(26,719)	(44,302)

		1996 £	1995 £
4 Domestic television and broadcasting	Television Income	16,663,379	14,983,230
	Transferred to Match Accounts	(3,480,000)	(2,980,000)
		<u>13,183,379</u>	<u>12,003,230</u>
	Payments direct to clubs	(5,806,450)	(4,145,809)
	Payments to Wembley Stadium Ltd.	(1,516,000)	(1,464,000)
	Payments to other Associations/FIFA/UEFA	(576,667)	(378,333)
	Legal Costs UEFA Art 14	(3,302)	20,000
	Other Costs	(25,000)	—
	Net television income	<u>5,255,960</u>	<u>6,035,088</u>
	Radio broadcasting income	<u>139,493</u>	<u>97,282</u>
	Surplus transferred to Consolidated Revenue Account	<u>5,395,453</u>	<u>6,132,370</u>
5 Administration Account	Salary and related costs	(2,279,768)	(1,638,469)
	Establishment expenses	(2,570,751)	(2,691,256)
	Committee related costs	(321,473)	(211,615)
	Legal, professional and financial costs	(507,931)	(915,502)
	Deficit transferred to Consolidated Revenue Account	<u>(5,679,923)</u>	<u>(5,456,842)</u>
6 Coaching, Education and Medical Activities	Head office salary and related costs	(436,586)	(241,805)
	Committee related costs	(11,278)	(8,384)
	Coaching courses	17,792	2,687
	Overseas activities	(337)	(598)
	Football Development Programme	(318,105)	(276,916)
	The Excellence Programme	(447,471)	(435,090)
	The FA National School	(543,732)	(517,716)
	Doping Control Programme	(86,284)	(128,627)
	Coaching Publications and Videos	19,158	10,295
	Pitches and Facilities	(143)	(3,174)
	International Football Institute	(1,845)	(3,161)
	Medical education	(86,521)	5,071
	Deficit transferred to Consolidated Revenue Account	<u>(1,895,352)</u>	<u>(1,597,418)</u>

Notes to Consolidated Revenue Account for the year ended 31 December 1996

	1996 £	1995 £	1994 £	1993 £	Total £
7 Euro '96					
Tournament Income	55,686,361	177,500	87,564	—	55,951,425
Share to Staging Grounds	(3,863,612)	—	—	—	(3,863,612)
Share to UEFA	(27,353,223)	—	—	—	(27,353,223)
Other Tournament Costs	(19,594,625)	(3,156,091)	(1,374,665)	(516,380)	(24,641,761)
Surplus/(Deficit) Transferred to Consolidated Revenue Account	4,874,901	(2,978,591)	(1,287,101)	(516,380)	92,829

In addition £799,622 was expensed to Consolidated Revenue Account in respect of the bid process and other costs in 1991 and 1992.

	1992 £'000	1993 £'000	1994 £'000	1995 £'000	1996 £'000
Five Year Trend Statement					
Turnover	28,701	34,979	39,189	47,642	105,426
Cost of sales and operating costs	(24,154)	(33,182)	(33,515)	(43,319)	(97,334)
Distributions	(4,677)	(2,633)	(5,874)	(5,378)	(6,640)
Investment Income	475	400	411	1,012	1,264
Profit/(Loss) before taxation	345	(436)	211	(43)	2,716
Tangible assets	2,412	3,431	3,418	4,382	4,542
Investment assets	3,396	2,805	2,821	2,915	2,946
Current assets	4,387	6,811	17,766	23,384	14,311
Liabilities	(5,904)	(9,069)	(20,039)	(26,765)	(16,344)
Provisions for liabilities and charges	(165)	(99)	(74)	(80)	(25)
Net assets/capital employed	4,126	3,879	3,892	3,836	5,430