

Company Registration No. 00077797

THE FOOTBALL ASSOCIATION LIMITED

Report and Financial Statements

31 December 2000



**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**

THE FOOTBALL ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS 2000

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THE FOOTBALL ASSOCIATION LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

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

The principal activities of the group are that of the company together with that of its principal subsidiary Wembley National Stadium Limited ("WNSL") which is to organise sporting and other entertainment events. The results for the year are shown on page 4.

FUTURE DEVELOPMENTS

Whilst the company continues with its activity, the continued intention of WNSL is to commence demolition of the existing Wembley Stadium and commence construction of a new stadium. WNSL's continuing business is to organise sporting and other entertainment events at Wembley Stadium and other sporting venues.

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 the group as at the end of the financial year and of the profit or loss of the company and 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 accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS AND THEIR INTERESTS

The persons listed below served as directors of the company during the year. Each of the directors held a non-beneficial ownership of one share in the company.

G Thompson JP	Chairman	
A A Crozier	Chief Executive	
K W Bates	The FA Premier League, Chelsea FC	Appointed 10 January 2000
B W Bright	Kent County FA	
D B Dein	The FA Premier League, Arsenal FC	
P J Heard	The Football League, Colchester United FC	Appointed 10 January 2000
D J Henson	Devon County FA	
P S Hough	Dorset County FA	Appointed 10 January 2000
R W Kiddell JP ACII	Norfolk County FA	
F D Pattison	Durham County FA	
D G Richards	The FA Premier League	
R P Ridsdale	The FA Premier League, Leeds United FC	Appointed 10 January 2000
D R Sheepshanks	The Football League, Ipswich Town FC	Resigned 7 July 2000
I H Stott	The Football League, Oldham Athletic FC	Appointed 25 September 2000
A C F Turvey MCIM	The Isthmian League, Hayes FC	Appointed 10 January 2000

THE FOOTBALL ASSOCIATION LIMITED

REPORT OF THE DIRECTORS

CHARITABLE DONATIONS

The group made charitable donations of £17,602,000 (1999: £10,151,000) during the year.

DISABLED EMPLOYEES

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

AUDITORS

During the year, Arthur Andersen resigned as auditors and Deloitte & Touche were appointed to fill a casual vacancy.

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to formally appoint Deloitte & Touche as auditors was proposed and adopted at the Annual General Meeting of the Company on 24 May 2001.

Approved by the Board of Directors

And signed on behalf of the Board



N I Coward

Company Secretary 21 August 2001

AUDITORS REPORT TO THE SHAREHOLDERS OF THE FOOTBALL ASSOCIATION LIMITED

We have audited the financial statements on pages 4 to 20 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 circumstances of the company and of the group, consistently applied and adequately disclosed.


We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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.

Uncertainty relating to financing of Wembley Stadium

In forming our opinion, we have considered the adequacy of the disclosures in note 21 which explains the status of the financing of the new Wembley Stadium. In view of the significance of this uncertainty, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group at 31 December 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and
Registered Auditors

23 August 2001

THE FOOTBALL ASSOCIATION LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 December 2000

	Note	2000 £'000	1999 £'000
Turnover	2	109,786	101,473
Cost of sales		<u>(39,494)</u>	<u>(51,764)</u>
Gross profit		70,292	49,709
Operating expenses	3	<u>(71,295)</u>	<u>(50,069)</u>
Operating loss	7	(1,003)	(360)
Profit on the sale of fixed assets		4,287	-
Investment income	6	<u>3,750</u>	<u>1,471</u>
Profit on ordinary activities before taxation		7,034	1,111
Taxation	8	<u>(1,559)</u>	<u>(695)</u>
Profit on ordinary activities after taxation and retained for the financial year	18	<u>5,475</u>	<u>416</u>

All activities relate to continuing operations.

There are no recognised gains or losses other than those included in the profit and loss account.

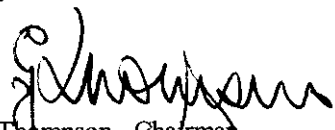
THE FOOTBALL ASSOCIATION LIMITED

CONSOLIDATED BALANCE SHEET 31 December 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Intangible assets	9	250	250
Tangible assets	10	92,713	101,418
Fixed asset investments	12	3,050	2,785
		<u>96,013</u>	<u>104,453</u>
CURRENT ASSETS			
Stocks		170	231
Debtors	13	23,667	14,984
Cash at bank and in hand		50,048	15,989
		<u>73,885</u>	<u>31,204</u>
CREDITORS: amounts falling due within one year	14	<u>(70,591)</u>	<u>(27,348)</u>
NET CURRENT ASSETS		<u>3,294</u>	<u>3,856</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		99,307	108,309
PROVISIONS FOR LIABILITIES AND CHARGES	15	(7,000)	(7,629)
DEFERRED GRANTS	16	<u>(78,998)</u>	<u>(92,846)</u>
NET ASSETS		<u>13,309</u>	<u>7,834</u>
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Profit and loss account	18	13,309	7,834
EQUITY SHAREHOLDERS' FUNDS	18	<u>13,309</u>	<u>7,834</u>

These financial statements were approved by the Board of Directors on 27/5/2001.

Signed on behalf of the Board of Directors


G Thompson - Chairman

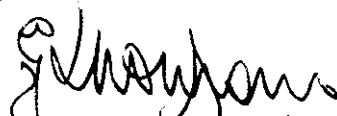
THE FOOTBALL ASSOCIATION LIMITED

COMPANY BALANCE SHEET 31 December 2000

	Note	2000 £'000	1999 £'000
FIXED ASSETS			
Tangible assets	10	4,109	4,381
Investment in subsidiaries	11	1	796
Fixed asset investments	12	3,050	2,785
		<u>7,160</u>	<u>7,962</u>
CURRENT ASSETS			
Stocks		170	150
Debtors	13	21,745	11,995
Cash at bank and in hand		44,517	9,186
		<u>66,432</u>	<u>21,331</u>
CREDITORS: amounts falling due Within one year	14	<u>(63,858)</u>	<u>(21,388)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>2,574</u>	<u>(57)</u>
TOTAL ASSETS LESS CURRENT ASSETS		9,734	7,905
PROVISIONS FOR LIABILITIES AND CHARGES	15	<u>-</u>	<u>(81)</u>
NET ASSETS		<u>9,734</u>	<u>7,824</u>
CAPITAL AND RESERVES			
Called up share capital	17	-	-
Profit and loss account	18	9,734	7,824
EQUITY SHAREHOLDERS' FUNDS	18	<u>9,734</u>	<u>7,824</u>

These financial statements were approved by the Board of Directors on 21/8/2001.

Signed on behalf of the Board of Directors


G Thompson - Chairman

THE FOOTBALL ASSOCIATION LIMITED

CONSOLIDATED CASH FLOW STATEMENT 31 December 2000

	Note	2000 £'000	1999 £'000
Net cash inflow from operating activities	19	33,861	7,230
Returns on investments and servicing of finance			
Interest received		2,818	1,201
Net dividends received		62	77
Net cash inflow from returns on investments and servicing of finance		2,880	1,278
Taxation			
Corporation tax paid		(597)	(1,858)
Capital expenditure and financial investment			
Payments to acquire investment assets		(861)	(475)
Payments to acquire tangible fixed assets		(18,428)	(7,033)
New loan advances		(82)	(110)
Receipts from sales of investment assets		926	492
Receipts from sales of tangible fixed assets		7,995	15
Loan repayments		107	121
Net cash outflow from investing activities		(10,343)	(6,990)
Acquisitions			
Payment to acquire Wembley Stadium and related assets		-	(106,000)
Receipt of Sport England grant in connection with purchase of Wembley Stadium		7,459	109,656
Net cash acquired with acquisition		-	427
Net cash inflow from acquisitions		7,459	4,083
Net cash inflow before use of liquid resources	19	33,260	3,743
Management of liquid resources			
(Increase)/decrease in treasury deposits		(36,694)	3,474
Decrease/(increase) in restricted cash		800	(1,200)
Net cash (outflow)/inflow from management of liquid resources		(35,894)	2,274
(Decrease)/increase in cash		(2,634)	6,017

THE FOOTBALL ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Basis of consolidation

The group accounts consolidate the results of The Football Association Limited and all its subsidiaries. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

No profit and loss account is presented for The Football Association Limited, as provided by Section 230 of the Companies Act 1985.

Investments

Fixed asset investments are shown at cost less provisions for impairment. Provisions are made for permanent reductions in value. Provisions for temporary fluctuations in value are not made. Income is included together with the related tax credit in the accounts for the year in which it is receivable.

Intangible assets

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

Tangible fixed assets

No depreciation is charged on land.

The land at Wembley Stadium is included in the accounts at the WNSL's directors' opinion of the apportioned cost arising from the purchase of land and buildings from Wembley plc.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

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

Assets in the course of construction relate to costs associated with the construction of the new stadium. They will be depreciated over their estimated useful lives on completion.

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.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective stocks.

THE FOOTBALL ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

1. ACCOUNTING POLICIES (continued)

Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction (or where appropriate, at the rate of exchange in a related forward exchange contract). Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Turnover

Turnover comprises the value of sales (net of VAT, similar taxes and trade discounts) of goods and services in the normal course of business. Revenue derived from television contracts is recognised as turnover in proportion to the hours made available during the year under such contracts.

Taxation

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

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

Pension costs

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

Grants and deferred income

Grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the assets concerned.

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

THE FOOTBALL ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

2. SEGMENTAL INFORMATION

Turnover, operating profit and net assets by class of business were as follows. All activities arose in the United Kingdom.

	Promotion of Association Football		Stadium and event management		Group	
	2000	1999	2000	1999	2000	1999
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	93,904	85,904	15,882	15,569	109,786	101,473
Operating (loss)/profit	(5,443)	(237)	4,440	(123)	(1,003)	(360)
Investment income	2,993	1,212	757	259	3,750	1,471
Profit on sales of fixed asset	4,287	-	-	-	4,287	-
Profit before tax	1,837	975	5,197	136	7,034	1,111
Net assets	9,734	7,824	3,575	10	13,309	7,834

3. OPERATING EXPENSES

	2000	1999
	£'000	£'000
Payments to the Football Foundation	13,000	-
Payment to The Football Trust	-	5,000
Payment to The Football League	2,378	2,346
Other operating expenses and grants payable	77,224	60,588
	92,602	67,934
Less : Grants released to profit and loss account	(21,307)	(17,865)
	71,295	50,069

4. DIRECTORS' EMOLUMENTS

	2000	1999
	£'000	£'000
Directors' emoluments	460	-
Directors' benefits in kind	33	-
Directors' pension payments	18	-
	511	-
	No.	No.
The number of directors to whom retirement benefits are accruing in respect of qualifying services in respect of defined benefit schemes	1	-

THE FOOTBALL ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

4. DIRECTORS' EMOLUMENTS (Continued)

	2000 £'000	1999 £'000
Details of highest paid director		
Total emoluments and benefits in kind	418	-
The amount of the highest paid director's accrued pension in respect of the company's defined benefit pension scheme is an annual amount on retirement of:	44	-

5. EMPLOYEE INFORMATION

	2000 No.	1999 No.
Details of employees are shown below:		
Average monthly number of persons employed by the group during the year	314	251
	£'000	£'000
Their aggregate remuneration comprised:		
Wages and salaries	13,657	9,707
Social security costs	1,213	826
Other pension costs	1,206	827
	16,076	11,360

6. INVESTMENT INCOME

	2000 £'000	1999 £'000
Income from fixed asset investments listed in the UK	68	89
Interest receivable	3,352	1,212
Profit on sale of fixed asset investments	330	170
	3,750	1,471

THE FOOTBALL ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

7. OPERATING LOSS

The operating loss is after charging/(crediting):

	2000 £'000	1999 £'000
Depreciation – owned assets	20,848	17,375
Loss on sale of fixed assets	1,782	15
Auditors' remuneration – audit services	71	38
– non audit services	766	-
Hire of plant and machinery under operating leases	107	69
Other operating lease rentals	1,654	501
Grant income	(21,307)	(17,789)
World Cup 2006 bid costs (net of contributions from The FA Premier League and Sport England)	881	1,295

8. TAXATION

	2000 £'000	1999 £'000
UK corporation tax	1,311	694
Deferred taxation	(81)	(9)
Adjustment in respect of prior year	329	1
Tax attributable to Franked Investment Income	-	9
	1,559	695

9. INTANGIBLE FIXED ASSETS

The intangible assets of £250,000 represents the cost attributed to intellectual property on the acquisition of Wembley Stadium. In accordance with Financial Reporting Standard 10, this intangible is not subject to an annual amortisation charge on the grounds of its expected durability.

10. TANGIBLE FIXED ASSETS

Group	Land and buildings £'000	Leasehold improvements £'000	Plant and machinery £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Assets in the course of construction £'000	Total £'000
Cost:							
At 1 January 2000	106,777	-	3,022	169	3,299	7,335	120,602
Additions	-	2,509	99	27	2,413	13,378	18,426
Disposals	(4,553)	-	(2,251)	(56)	(2,868)	-	(9,728)
At 31 December 2000	102,224	2,509	870	140	2,844	20,713	129,300
Accumulated depreciation:							
At 1 January 2000	16,204	-	529	73	2,378	-	19,184
Charge for the year	19,118	79	609	37	1,005	-	20,848
Disposals	(98)	-	(861)	(54)	(2,432)	-	(3,445)
At 31 December 2000	35,224	79	277	56	951	-	36,587
Net book value							
At 31 December 2000	67,000	2,430	593	84	1,893	20,713	92,713
At 31 December 1999	90,573	-	2,493	96	921	7,335	101,418

THE FOOTBALL ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

10. TANGIBLE FIXED ASSETS (continued)

Group

Included within land and buildings is freehold land which has been valued by the directors of WNSL on the acquisition of Wembley Stadium at £64.5 million. This valuation was determined taking account of the special purpose and nature of the land at Wembley Stadium

Also included in land and buildings are leasehold property costs. These comprise of a long leasehold interest cost of £2.5 million which has not been depreciated, and a short leasehold interest of £3 million which has been fully depreciated.

Company

	Land and Buildings £'000	Leasehold improvements £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 1 January 2000	3,758	-	3,012	51	6,821
Additions	-	2,509	2,256	27	4,792
Disposals	(3,758)	-	(2,821)	(51)	(6,630)
At 31 December 2000	-	2,509	2,447	27	4,983
Accumulated depreciation:					
At 1 January 2000	89	-	2,300	51	2,440
Charge for the year	9	79	909	7	1,004
Disposals	(98)	-	(2,421)	(51)	(2,570)
At 31 December 2000	-	79	788	7	874
Net book value					
At 31 December 2000	-	2,430	1,659	20	4,109
At 31 December 1999	3,669	-	712	-	4,381

THE FOOTBALL ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

11. INVESTMENTS – SHARES IN GROUP COMPANIES

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

Name	Activity	Country of incorporation
The English National Stadium Property Company Limited	Property company	England and Wales
Wembley National Stadium Limited	Event management	England and Wales

12. FIXED ASSET INVESTMENTS

Listed investments

	Group and Company	
	2000	1999
	£'000	£'000
(a) Government stocks, at cost		
£ 300,000 2.5% (1999: £300,000) Treasury index Linked Stock 2003	317	317
£570,000 6.75% Treasury Loan 2004	612	-
£486,000 9% Treasury Loan 2008	-	502
	<u>929</u>	<u>819</u>
(b) Equity investments, at cost	2,121	1,966
	<u>2,121</u>	<u>1,966</u>
Total investments	<u>3,050</u>	<u>2,785</u>

The market value of these investments at 31 December 2000 was £5,930,930 (1999: £6,257,672).

THE FOOTBALL ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2000

13. DEBTORS

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Amount falling due after one year				
Loans to clubs	431	450	431	450
Sundry loans	42	47	42	47
	<u>473</u>	<u>497</u>	<u>473</u>	<u>497</u>
Amount falling due within one year				
Trade debtors	14,497	6,184	13,632	4,675
VAT receivable	865	447	-	447
UK corporation tax receivable	111	637	110	-
Other debtors	414	1,262	361	1,153
Prepayments and accrued income	7,307	5,957	7,169	5,223
	<u>23,194</u>	<u>14,487</u>	<u>21,272</u>	<u>11,498</u>
Total debtors	<u>23,667</u>	<u>14,984</u>	<u>21,745</u>	<u>11,995</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank overdraft	1,021	222	1,021	222
Trade creditors	7,017	6,379	5,647	4,439
Amount due to subsidiary undertakings	-	-	906	-
Other creditors				
- UK corporation tax payable	1,111	3,285	110	3,283
- Social security and other taxes	2,392	770	2,231	525
- Other	6,395	1,002	1,288	1,002
Accruals and deferred income	52,655	15,690	52,655	11,917
	<u>70,591</u>	<u>27,348</u>	<u>63,858</u>	<u>21,388</u>

THE FOOTBALL ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
This comprises fully provided deferred taxation attributable to:				
Excess of tax allowances over book depreciation of fixed assets	-	64	-	64
Other timing differences	-	17	-	17
	<u>-</u>	<u>81</u>	<u>-</u>	<u>81</u>
Movement on deferred taxation:				
At beginning of year	81	90	81	90
(Credited)/charged to profit and loss in respect of:				
- capital allowances	(64)	(69)	(64)	(69)
- other timing	(17)	60	(17)	60
	<u>-</u>	<u>81</u>	<u>-</u>	<u>81</u>
At end of year	-	81	-	81
Other provisions	7,000	7,548	-	-
	<u>7,000</u>	<u>7,629</u>	<u>-</u>	<u>81</u>

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

The amount of unprovided deferred tax in the financial statements:

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
This comprises fully provided deferred taxation attributable to:				
Excess of tax allowances over book depreciation of fixed assets	(374)	(52)	(338)	-
Other timing differences	959	45	959	-
	<u>585</u>	<u>(7)</u>	<u>621</u>	<u>-</u>
Unprovided deferred tax liability/(asset)				

THE FOOTBALL ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

16. DEFERRED GRANTS

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

Movement on deferred grants is detailed below:

	Group	
	2000	1999
	£'000	£'000
At beginning of year	92,846	-
Grants acquired on acquisition of subsidiary	-	229
Grants awarded in the year	7,459	110,482
Grants released to profit and loss account	(21,307)	(17,865)
At end of year	<u>78,998</u>	<u>92,846</u>

17. CALLED UP SHARE CAPITAL

The company has an authorised share capital of £101 represented by 2,000 ordinary equity shares of 5p each and one Special Rights Preference share of £1.

At 31 December 2000, 1,614 ordinary shares (1999: 1,614) had been issued, nil paid.

18. MOVEMENTS ON RESERVES

	Profit and loss account £'000	Equity shareholders' funds £'000
Group		
At 1 January 2000	7,834	7,834
Retained profit for the year	5,475	5,475
At 31 December 2000	<u>13,309</u>	<u>13,309</u>
Company		
At 1 January 2000	7,824	7,824
Retained profit for the year	1,910	1,910
At 31 December 2000	<u>9,734</u>	<u>9,734</u>

No profit and loss account is presented for the company as provided by S230 of the Companies Act 1985.

THE FOOTBALL ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

19. NOTES TO THE CASH FLOW STATEMENT

Reconciliation of operating loss to net cash inflow from operating activities

	2000 £'000	1999 £'000
Operating loss	(1,003)	(360)
Depreciation charges	20,848	17,375
Decrease/(increase) in stocks	61	(143)
Increase in debtors	(7,900)	(1,046)
Increase in creditors	41,928	1,630
(Decrease)/increase in provisions	(548)	7,548
Release of grant income	(21,307)	(17,789)
Loss on disposal of tangible fixed assets	1,782	15
Net cash inflow from operating activities	33,861	7,230

Analysis of net funds

	At 1 January 2000 £'000	Cash flow £'000	At 31 December 2000 £'000
Cash at bank and in hand	8,763	(1,835)	6,928
Bank overdrafts	(222)	(799)	(1,021)
Short term investments -- treasury deposits	6,026	36,694	42,720
Restricted cash	1,200	(800)	400
NET FUNDS	15,767	33,260	49,027

Reconciliation of net cash flow to movement in net funds

	2000 £'000	1999 £'000
(Decrease)/increase in cash in the year	(2,634)	6,017
Cash outflow/(inflow) from increase/(decrease) in liquid resources	35,894	(2,274)
Net funds brought forward	15,767	12,024
Net funds carried forward	49,027	15,767

20. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

(a) Capital commitments

At the end of the year the group and company had no capital commitments (1999: £nil). Loans totalling £35,000 (1999: £30,000) had been agreed by the company but had not been entered at 31 December 2000 pending adequate security.

(b) Lease commitments

The group has entered into non-cancellable operating leases in respect of plant and machinery. In addition the group leases certain land and buildings on operating leases. The rents payable under these leases are subject to renegotiation at various intervals specified in the leases.

THE FOOTBALL ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

20. GUARANTEES AND OTHER FINANCIAL COMMITMENTS (continued)

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

	Group			
	2000		1999	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
- within one year	23	91	-	91
- between two and five years	-	438	30	67
- after five years	2,150	-	31	-
	<u>2,173</u>	<u>529</u>	<u>61</u>	<u>158</u>
	Company			
	2000		1999	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
- within one year	23	-	-	55
- between two and five years	-	401	30	17
- after five years	2,150	-	31	-
	<u>2,173</u>	<u>401</u>	<u>61</u>	<u>72</u>

(c) Pension scheme

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

Details of the most recent actuarial valuation of the scheme conducted on 1 January 2000 using the projected unit funding method, are as follows:

Main assumptions:	% p a
Rate of increase in pensionable salaries	7.5
Rate of increase of pensions in payment	4.5
Rate of dividend increase	4.5
Return on scheme investments	8.5

Results:

Actuarial value of scheme assets	£12,216,000
Level of funding	96%

The deficit on the scheme will be eliminated over a period no less than the average expected future working lifetime of the current members in accordance with the requirements of SSAP 24.

The pensions cost for the year of the company's defined benefit scheme was £964,479 (1999: £704,000). In addition the group contributed £42,000 (1999: £123,000) to personal pension plans of other employees.

THE FOOTBALL ASSOCIATION LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2000

21. WEMBLEY STADIUM

Plans for the redevelopment of the new stadium at Wembley are ongoing. The initial round of fund raising in November/December 2000 and the subsequent revised funding structure were not successful. The Government has subsequently set up a working party to review the plans for a National Stadium. It is anticipated that this working party will make its recommendations to the Government in August 2001.

The Football Association Limited, as the parent company of Wembley National Stadium Limited ("WNSL"), has pledged its support to the project. The directors of both companies are confident that the required finance should be raised to complete the project with Government support.

These financial statements have been prepared on the basis that appropriate finance for the development of the new Wembley Stadium will be found. However, if the required level of support and finance is not raised, then amounts carried as assets in the course of construction in note 10 will need to be written off. A proportion of the grant paid to WNSL by Sport England may become repayable in the event that Sport England exercises such rights under the Lottery Funding Agreement ("The Agreement") dated 12 January 1999. In the event that Sport England exercises such rights, the directors of WNSL will have to find finance to refund that proportion of the grant.

The retention of the Sport England Grant is contingent upon a number of specific milestones being achieved. The Agreement set out a timetable for meeting these milestones. A number of these milestones have still to be met. Sport England has been kept fully informed of all developments and the grant remains in place. Revised timetables for meeting these milestones are being considered as part of the review. In the opinion of the directors, WNSL have met and will continue to meet the obligations under the Agreement. On this basis, the directors do not believe the grant will be required to be repaid.

22. RELATED PARTY TRANSACTIONS

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 County and other Affiliated Associations, The Football Association Premier League Limited, The Football League Limited, other competitions and football clubs, of which certain members of the Board are directors.

There are no transactions requiring disclosure under the requirements of FRS8 Related Party Disclosures.