Company Registration No. 02523346

National Football Centre Limited

Report and Financial Statements

Year ended 31 July 2020

National Football Centre Limited

Report and financial statements 31 July 2020

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National Football Centre Limited

Report and financial statements 31 July 2020

Officers and professional advisers

Directors

M Bullingham (appointed 1 August 2019)
M Burrows

Secretary

R McDermott

Registered office

Wembley Stadium
Wembley
London
HA9 0WS

Independent Auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ

National Football Centre Limited

Strategic report

The directors, in preparing this Strategic Report, have complied with s414C 'contents of strategic report' of the Companies Act 2006.

Principal activity

The principal activity of the National Football Centre Limited (NFC) is to operate the sports and hotel facilities at St George's Park and to organise and deliver educational activities, principally in the fields of coaching, refereeing, medical, exercise science and child protection to the workforce in grassroots and professional football.

Review of business and future prospects

St George's Park is the training home of the 28 England teams and a national coach education, development and sports medicine centre for football, sport and business.

St George's Park comprises: (i) a 228 bedroom Hilton hotel which offers a range of accommodation options; (ii) a football centre which comprises a full size indoor 3G pitch, a multipurpose sports hall, doping control and related facilities; (iii) medical and exercise science facilities which include a full hydrotherapy suite, consulting and physio rooms, a human performance laboratory, a rehabilitation room and a cardio vascular gym; and (iv) 12 full-size outdoor pitches (including two replicas of the Desso Wembley pitch), a specialised playing surface for the blind and visually impaired and related sporting infrastructure.

Turnover during the current season was £11.2 million (2019: £16.9 million). The decrease was primarily driven by the impact of COVID-19, meaning the Hilton hotel at St George's Park was closed between March and July 2020. The loss for the year increased by £0.8 million to £7.0 million (2019: loss of £6.2 million) as a result of the COVID-19 impact. In the current year, management has assessed the carrying value of the St George's Park hotel assets. Taking into consideration the impairment in 2017/18, management believe no further adjustment is required.

The future prospects of NFC are to continue to provide world class facilities to aid the development of the England teams.

Liquidity and financing

NFC activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. All revenue is generated in Sterling and therefore is not impacted by changes in foreign currency exchange rates.

NFC credit risk is primarily attributable to its trade receivables. The amounts presented in the Statement of financial position are net of allowances for doubtful receivables.

NFC is in a net current liabilities position of £41.6 million (2019: net current liabilities £35.0 million) and is reliant on its parent company Football Association Limited ("The FA") to provide it with financial resources when required in order to enable NFC to meet its obligations as they fall due.

At 31 July 2020 The FA had sufficient ability to provide NFC with this financial support. Alongside this the directors of The FA have concluded that The FA remains a going concern after considering the principal risks and uncertainties, including the impact of COVID-19 as disclosed within The FA consolidated financial statements.

Principal risks and uncertainties

There are a number of potential risks and uncertainties including those in relation to financial risk management objectives and policies which could have a significant impact on the company's long-term performance.

The FA Group's senior management team actively review existing risks across the Group and identify new risks on a monthly basis. Suitable controls are put in place and action plans are established to mitigate risks. The risk management process is overseen by the Group Audit Committee, as described in the Directors' report.

These principal risks and uncertainties have been disclosed in full within The FA consolidated financial statements.

Directors' section 172(1) statement

The directors of NFC are common with those of the ultimate parent company, Football Association Limited. Board decisions are taken at the FA Group level, and therefore the section 172(1) statement for the FA Group has been included as follows:

The directors have sought, collectively and individually, to conduct themselves at all times honestly, fairly, impartially and in accordance with the highest ethical standards. These behaviours are considered central to promoting the success of The FA, and in exhibiting them the Board have had careful regard to the matters set out in section 172(1)(a-f) of the Companies Act 2006. Examples of how the directors have had regard to each of these matters is set out below, with reference to information found elsewhere in this Strategic report.

National Football Centre Limited

Strategic report

Making Decisions in the Long Term

Securing the long-term health of football in England, at all levels, is vital to the success of the organisation and is therefore central to the decision-making processes of the Board. As a result, consideration of the likely consequences of a decision in the long term permeates the Board's thinking on all issues. Whilst day-to-day management is delegated to the Senior Management Team, the Board retains oversight of matters of strategic importance, including the long-term objectives and overall strategic policy of the FA.

Considering Employees

Directors maintain a close regard for the interests of the company's employees by spending time meeting with senior employees to understand and discuss their areas. The directors provide feedback as a result of those meetings and use the knowledge gained when making relevant decisions.

Fostering Relationships with Suppliers, Customers and Stakeholders

The Board is very conscious of the importance of lasting relationships with stakeholder groups within football. Board members are aware of and actively consider the interests of stakeholders as part of the decision-making process.

Community and Environment

Contributing to the community is a key part of the FA Group's activities, especially with regard to football at grassroots levels. The FA runs various projects and initiatives to support the community and works to mitigate the impact of football on the environment.

Maintaining a Reputation for High Standards of Conduct

The Board aspires to the highest ethical standards in its management of the organisation. The Board achieves this internally by strict adherence to the company's codes of conduct, conflict of interest and anti-bribery policies and by prioritising the integrity of The FA in each decision it makes. The Board considers that the reputation of the company and operating it in accordance with high standards of conduct is of paramount importance to safeguarding football in the long-term in England.

Acting fairly between Members

The members of the company are all stakeholders in football. The Board is always aware of the importance of acting fairly between the stakeholders and this is considered whenever a decision is being made which affects one or more of the members. The Board engages with its stakeholders to ensure that it is aware of their views and to assist it in complying with its duty to act fairly between them.

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

Mark Bullingham

Director
National Football Centre Limited
10 December 2020

National Football Centre Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 July 2020.

As permitted under section 414C(11) of the Companies Act 2006, the disclosures required by regulations made under section 416(4) in relation to financial risk management objectives and policies have been included in the Strategic report and form part of this report by cross-reference.

Going concern

The directors have considered the principal risks and uncertainties as disclosed within its parent company accounts, including the impact of COVID-19. The profit impact of COVID-19 will be fully mitigated over a 4-year period to 2024 by reducing the FA Group cost base by £75 million per annum. In order to deal with the immediate cash impact, The FA increased it's bank borrowing facility to £250 million. The directors have taken account of these measures in their forecasts and concluded that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Further, The FA has provided written confirmation to the directors of NFC of its intention to provide any financial support that is necessary to enable NFC to meet its obligations as they fall due, for a period of 12 months from the date of signing the report and financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing this report and financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

Dividends

The directors do not recommend the payment of a dividend for the period (2019: £nil).

Equal opportunities

At The FA Group, equality, diversity and inclusion mean valuing and celebrating our differences. Differences can include protected characteristics, but also go far beyond this. Additionally, differences can be visible or invisible. Irrespective of any differences, we are committed to treating all our employees and prospective employees fairly and respectfully. We have policies, practices and checks and balances in place to ensure this happens. In addition to this we have an Inclusion Advisory Board with a remit that includes advising The FA on widening diversity in The FA's wider football workforce alongside partnerships with all the football bodies and campaign groups such as Kick It Out with the aim of eradicating discrimination. In 2018 we published a three-year diversity and inclusion plan called 'In Pursuit of Progress' covering all areas of our work across football; from highlighting our commitment to broaden our talent pipeline, to our work on increasing representation in elite coaching, to supporting LGBT+ people in football.

Disabled employees

As an inclusive employer, we welcome applications from all candidates and are focussed on recruiting based on merit so that the best person for the role is always appointed. As part of our recruitment approach, our resourcing team works with candidates to make reasonable adjustments wherever requested and as appropriate. In the event of members of staff becoming disabled during their employment with The FA Group, or declaring their disability after being appointed, we provide individual and team training and resources, ensuring every effort is made to ensure that their employment with the Group continues in a supportive way.

Employee consultation

As an inclusive employer, we welcome applications from all candidates and are focussed on recruiting based on merit so that the best person for the role is always appointed. As part of our recruitment approach, our resourcing team works with candidates to make reasonable adjustments wherever requested and as appropriate. In the event of members of staff becoming disabled during their employment with The FA Group, or declaring their disability after being appointed, we provide individual and team training and resources, ensuring every effort is made to ensure that their employment with the Group continues in a supportive way.

Corporate governance

The Board

The main functions of the Board are to formulate the strategy, objectives and major policies of the company. The Board did not meet formally during the reporting period. Statutory matters may be dealt with by way of a written resolution of the Board.

Where directors, in the furtherance of their duties, need to take independent professional advice they may do so at the company's expense. They also have access to the advice and service of The FA Group's Company Secretary.

National Football Centre Limited

Directors' report

The directors of the company during and after the period were, as follows:

Name	Role
M Burrows	Executive Director
M Bullingham	Executive Director

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Group Audit Committee

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

- governance, including risk management and internal control
- external audit arrangements
- internal audit arrangements
- the appropriateness of financial reporting
- compliance, whistleblowing and fraud

The GAC's remit includes all operations and activities undertaken by The FA, covering the consolidated Group and the individual entities: Football Association Limited, Wembley National Stadium Limited and National Football Centre Limited.

The GAC is comprised of an independent chairman, Tim Score, alongside Stacey Cartwright and Kate Tinsley (FA independent non-executive board directors) and two independent members, Mary Reilly and Jill Ainscough.

The independent chairman and independent members have no connections with The FA companies such as through a material business relationship or by representing a shareholder. As well as bringing independence and objectivity, these members are appointed onto the GAC in view of the skills, experience and professional qualifications they can bring to the role. The GAC typically meets four times per year, with one meeting including the review of the financial statements of the Group.

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

The Remuneration Committee

The Remuneration Committee comprises FA Board directors Peter McCormick OBE (Chair), Kate Tinsley and Jack Pearce. It is responsible for advising the Board on the pay and terms and conditions of the Chief Executive Officer, members of senior management and the Chair and non-executive directors of FA Group companies. In discharging its duties, the Remuneration Committee takes independent advice where appropriate. The remuneration policy is designed to attract, retain and motivate executive directors to deliver the business strategy. Remuneration arrangements for senior positions incorporate performance measures which link to the business plan and individual performance criteria.

Health and Safety Committee

The Health and Safety Committee is responsible for overseeing health and safety matters across The FA Group and to ensure that The FA is discharging its statutory and regulatory obligations. The Committee is chaired by FA Board director Bob Cotter and comprises other members of The FA's executive.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Directors' report

Deloitte LLP has indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting. As permitted under section 414C(11) of the Companies Act 2006, the disclosures required by regulations made under section 416(4) in relation to financial risk management objectives and policies have been included in the Strategic report and form part of this report by cross-reference.

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

Mark Bullingham

Director

National Football Centre Limited

10 December 2020

Directors' responsibilities statement

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of National Football Centre Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of National Football Centre Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 July 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors

Independent auditor's report to the members of National Football Centre Limited

determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Judith Tacon (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

10 December 2020

National Football Centre Limited

Profit and loss account
Year ended 31 July 2020

	Notes	2020 £'000	Restated* 2019 £'000
Turnover	3	**11,181**	16,870
Cost of sales		**(1,676)**	(2,848)
Gross profit		**9,505**	14,022
Administrative expenses		**(14,589)**	(18,096)
Operating loss		**(5,084)**	(4,074)
Finance costs (net)	4	**(3,398)**	(3,388)
Loss before taxation	5	**(8,482)**	(7,462)
Tax credit on loss	7	**1,508**	1,272
Loss for the financial period		**(6,974)**	(6,190)

There are no remeasured items in either the current year or previous financial period other than the loss disclosed in the profit and loss account. Accordingly, no separate statement of comprehensive income is presented.

All transactions are derived from continuing operations.

* Please refer to Note 17 of the financial statements for further details of changes to the presentation of profit and loss items above Operating profit.

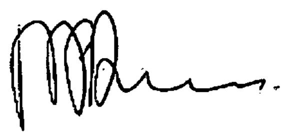
National Football Centre Limited

Statement of financial position
As at 31 July 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	8	**51,400**	52,154
Current assets			
Stock		**137**	158
Debtors due within one year	9	**705**	3,279
Cash at bank and in hand		**2,050**	3,204
		2,892	6,641
Creditors: amounts falling due within one year	10	**(44,474)**	(41,602)
Net current liabilities		**(41,582)**	(34,961)
Total assets less current liabilities		**9,818**	17,193
Creditors: amounts falling due after one year	11	**(64,439)**	(65,093)
Deferred tax liability	12	**(873)**	(620)
Net liabilities		**(55,494)**	(48,520)
Capital and reserves			
Called up share capital	13	-	-
Other reserves	13	**18,541**	18,541
Profit and loss account		**(74,035)**	(67,061)
Shareholders' deficit		**(55,494)**	(48,520)

These financial statements of National Football Centre Limited, company number 02523346, were approved by the Board of Directors.

Signed on behalf of the Board of Directors



Mark Burrows
Director

10 December 2020

National Football Centre Limited

Statement of changes in equity
As at 31 July 2020

	Share capital £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
Balance at 31 July 2018	-	18,541	(60,871)	(42,330)
Loss for the year	-	-	(6,190)	(6,190)
Balance at 31 July 2019	-	18,541	(67,061)	(48,520)
Loss for the year	-	-	(6,974)	(6,974)
Balance at 31 July 2020	**-**	**18,541**	**(74,035)**	**(55,494)**

Notes to the financial statements
Year ended 31 July 2020

1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding period.

a) General information and basis of accounting

National Football Centre Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic report.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates. The company's financial statements are therefore presented in pounds sterling.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

The results of the company are included in the consolidated accounts of its ultimate parent company, Football Association Limited.

b) Going concern

The company's business activities and review of business are set out in the Strategic report. In particular, the Strategic report includes a summary of the principal risks and uncertainties affecting the company, including the impact of COVID-19.

With respect to going concern, the company has net current liabilities of £41.6 million (2019: £35.0 million) and is in a net liabilities position. It has received a letter of support from The FA and therefore 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 financial statements.

c) Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are provided to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income.

Turnover for the company's primary classes of business is accounted for as follows:

- Sponsorship – These are recognised in line with the rights provided, under each contract
- Hotel and sports facilities – Turnover from the use of hotel, conference and sports facilities is recognised in line with when the facilities are used
- Educational activities – Turnover from FA Education activity is recognised in line with the course dates for educational courses and on physical delivery of the goods to the customers for educational materials

Notes to the financial statements
Year ended 31 July 2020

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 Statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of financial position 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 Statement of financial position date. Timing differences are differences between the company's taxable profit 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 profit 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 substantively enacted by the Statement of financial position date. Deferred tax is measured on a non-discounted basis.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if the company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

e) 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. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as assets at the fair value of the leased asset and are depreciated over the shorter of the lease terms and their useful lives. In respect of the finance lease entered into in relation to the hotel at St George's Park, the lessor provided funding at the inception of the lease in order for the company to construct the hotel. At inception of the lease the asset was recorded in other debtors. As construction occurred, amounts were drawn down from an escrow account, reducing the other debtor, and construction costs incurred were capitalised as part of the assets under construction within tangible fixed assets.

The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

1. Accounting policies (continued)

f) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. No depreciation is charged in respect of 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:

Land and buildings	No depreciation is charged in respect of land. Building assets are categorised into operating classes and depreciated accordingly over their useful economic lives which range from 30 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	15 years.
Plant, machinery, furniture and fittings	3 to 5 years for plant and machinery and 8 to 10 years for furniture and fittings.
Computer equipment	3 years.
Assets in the course of construction	Not depreciated until brought into use.

g) Stock

Stock is 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.

h) Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the Statement of financial position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

i) 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.

Notes to the financial statements
Year ended 31 July 2020

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical accounting judgements

No critical accounting judgements have been made during the current financial year.

Key sources of estimation uncertainty in applying the company's accounting policies

The following are the key sources of estimations that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment review of tangible assets

There are a number of assumptions management have considered in performing the impairment review of the company's tangible assets, the most significant of which is the hotel (see note 8 for details of the carrying value). The determination of whether the assets are impaired requires an estimation of the value in use of the assets, based upon an estimate of the future cash flows expected to arise from the assets and a suitable discount rate in order to calculate present value.

A number of assumptions have been used in estimating future cash flows namely the forecast room occupancy rates of the hotel and future capital investment. The impact of COVID-19 across all of these assumptions has been factored in.

The discount rate used within the calculation is the interest rate charged on the hotel's finance lease.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. Turnover

An analysis of the company's turnover by class of business is set out below.

	2020 £'000	Restated* 2019 £'000
Turnover		
Sponsorship	**102**	52
Hotel	**6,725**	10,363
Sports facilities	**851**	1,194
Educational activities	**2,830**	3,985
Grant income	**615**	1,166
Other income	**58**	110
	11,181	16,870

The company's entire turnover is generated in the UK.

Notes to the financial statements
Year ended 31 July 2020

3. Turnover (continued)

An analysis of the company's turnover by type is as follows:

	2020 £'000	Restated* 2019 £'000
Sale of goods	**4**	15
Rendering of services	**10,519**	15,639
Rental income	**43**	50
Grant income	**615**	1,166
	11,181	16,870

* Please refer to Note 17 of the financial statements for further details of changes to the presentation of profit and loss items above Operating profit

4. Finance costs (net)

	2020 £'000	2019 £'000
Finance lease interest payable	**(3,403)**	(3,393)
Other interest receivable	**5**	5
Net finance charges	**(3,398)**	(3,388)

5. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	2020 £'000	2019 £'000
Depreciation of tangible fixed assets – owned	**2,094**	1,758
Depreciation of tangible fixed assets – held under finance lease	**1,158**	2,010
Amortisation of deferred capital grants	**(615)**	(948)
Operating lease rentals	**56**	55

The analysis of the auditor's remuneration is as follows:

	2020 £'000	2019 £'000
Fees payable for the audit of the company's annual accounts	**37**	25
Taxation compliance services	**2**	2
Total fees	**39**	27

No services were provided pursuant to contingent fee arrangements.

Notes to the financial statements
Year ended 31 July 2020

6. Staff numbers and costs

	2020 £'000	Restated* 2019 £'000
Wages and salaries	**5,151**	6,136
Social security costs	**171**	190
Other pension costs	**98**	94
	5,420	6,420

The average monthly number of employees during the year was 270 (2019: 272).

NFC directors are remunerated through the ultimate parent company, Football Association Limited.

During the year NFC took advantage of the UK Government's Coronavirus Job Retention Scheme. Wages and salaries costs disclosed above are shown net of contributions of £0.7 million from the UK Government.

* Please refer to Note 17 of the financial statements for further details of changes to the presentation of profit and loss items above Operating profit.

7. Tax on loss from ordinary activities

The tax credit comprises:

	2020 £'000	2019 £'000
Current tax on loss on ordinary activities		
UK Corporation tax	**1,772**	1,390
Adjustment in respect of prior years	**(11)**	63
Total current tax	**1,761**	1,453
Deferred tax		
Origination and reversal of timing differences	**(116)**	(121)
Effect of current year changes to statutory tax rate	**(80)**	-
Adjustments in respect of prior years	**(57)**	(60)
Total deferred tax	**(253)**	(181)
Total tax credit on loss on ordinary activities	**1,508**	1,272

7. Tax on loss from ordinary activities (continued)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2020 £'000	2019 £'000
Loss on ordinary activities before tax	**(8,482)**	(7,462)
Tax on loss on ordinary activities at the standard rate of UK corporation tax of 19.00% (2019: 19.00%)	**1,612**	1,418
Effects of:		
Expenses not deductible for tax purposes	**(31)**	(224)
Non-taxable release of grant income	**75**	75
Effect of current year changes to the statutory tax rate	**(80)**	-
Adjustment in respect of prior years	**(68)**	3
Total tax credit for the period	**1,508**	1,272

The standard rate of tax applied to reported loss on ordinary activities is 19.00% (2019: 19.00%).

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for IFRS and UK GAAP purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Deferred taxes have been re-measured to 19%, the rate at which the majority of items making up the deferred tax balance are expected to reverse.

There is no expiry date on timing differences, unused tax losses or tax credits.

8. Tangible fixed assets

	Land and buildings £'000	Leasehold improvements £'000	Plant, machinery, furniture and fittings £'000	Computer equipment £'000	Total £'000
Cost					
At 1 August 2019	68,650	4,866	24,337	3,697	101,550
Additions	775	-	914	809	2,498
At 31 July 2020	**69,425**	**4,866**	**25,251**	**4,506**	**104,048**
Accumulated depreciation					
At 1 August 2019	23,920	2,256	20,736	2,484	49,396
Charge for the year	1,075	326	1,488	363	3,252
At 31 July 2020	**24,995**	**2,582**	**22,224**	**2,847**	**52,648**
Net book value					
At 31 July 2020	**44,430**	**2,284**	**3,027**	**1,659**	**51,400**
At 31 July 2019	44,730	2,610	3,601	1,213	52,154

Notes to the financial statements
Year ended 31 July 2020

8. Tangible fixed assets (continued)

The tangible fixed assets relate to the sports facility and hotel at St George's Park, the site of the National Football Centre. These assets are being held at cost less depreciation.

Included within the above assets is £25.5 million (2019: £26.0 million) of assets held under finance leases. This relates to a lease and leaseback arrangement to fund the construction of the hotel at St George's Park, which has been classified as a finance lease. The minimum lease term is 30 years. These assets are held at cost of £49.0 million (2019: £48.7 million) less accumulated depreciation of £23.5 million (2019: £22.7 million).

As part of our annual impairment assessment of the carrying value of the hotel, we determined that the recoverable amount of this asset is in excess of the carrying amount and therefore no provision for impairment has been recognised in 2020.

9. Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year		
Trade debtors	**378**	2,824
Other debtors	**136**	290
Prepayments and accrued income	**191**	165
	705	3,279

10. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Obligations under finance lease	**555**	452
Trade creditors	**344**	1,141
Amounts owed to Parent	**39,579**	34,641
Other creditors	**620**	821
Accruals	**1,680**	2,379
Deferred grants	**436**	948
Deferred income	**1,260**	1,220
	44,474	41,602

All amounts owed to Parent are non-interest bearing and are repayable on demand.

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

	2020 £'000	2019 £'000
Obligations under finance lease	**47,885**	48,441
Deferred grants	**15,375**	15,221
Deferred income	**1,179**	1,431
	64,439	65,093

Obligations under finance leases arise from the lease and leaseback arrangement in relation to the St George's Park development agreement with Legal & General.

Notes to the financial statements
Year ended 31 July 2020

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

Finance leases

At 31 July 2020 the company had annual commitments under non-cancellable finance leases as set out below

	2020 £'000	2019 £'000
Finance lease		
Less than one year	**3,621**	3,550
Between one and two years	**3,694**	3,621
Between two and five years	**11,530**	14,925
More than five years	**71,803**	75,723
	90,648	97,819
Less: Finance charges allocated to future periods	**(42,208)**	(48,926)
	48,440	48,893

Deferred grants

Deferred grants greater than one year comprise the following amounts:

	2020 £'000	2019 £'000
Football Association Limited	**6,313**	5,962
Sport England	**2,460**	2,520
Department of Culture, Media and Sport ("DCMS")	**2,460**	2,520
Other	**4,142**	4,219
	15,375	15,221

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 £0.6 million (2019: £0.9 million).

The Sport England and DCMS grant funding both relate to the initial funding of the capital expenditure in relation to the design, build, operation and maintenance of the sports facilities at St George's Park.

12. Deferred tax liability

	Deferred tax £'000
At 1 August 2019	620
Charged to profit and loss account	253
At 31 July 2020	**873**

Notes to the financial statements
Year ended 31 July 2020

12. Deferred tax liability (continued)

Deferred tax is provided as follows:

	2020 £'000	2019 £'000
Accelerated capital allowances	**874**	621
Other short-term timing differences	**(1)**	(1)
Deferred tax liability	**873**	620

Deferred tax assets and liabilities are offset only where the company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the same group.

13. Called-up share capital and reserves

	2020 £'000	2019 £'000
Allotted, called up and unpaid:		
2 ordinary shares of £1 each	**2**	2

The profit and loss account represents the cumulative profits or losses of the company.

The other reserve represents the £18.5 million released in 2013 by Football Association Limited, which was part of the debt payable that was in excess of the open market value of the National Football Centre.

14. Financial commitments

Total future minimum lease payments under operating leases are as follows:

	2020 £'000	2019 £'000
Operating leases which expire:		
Within one year	**12**	37
Within two to five years	**-**	12
	12	49

The company has entered into non-cancellable operating leases in respect of plant and machinery. The rents payable under these leases are subject to renegotiations at various intervals specified in the leases.

15. Related party transactions

No related party transactions requiring disclosure have been identified.

16. Controlling party

The ultimate and immediate parent company and parent company of the largest and smallest group of which the company is a member and which prepares group accounts is Football Association Limited, a company incorporated in the United Kingdom and Wales and registered office at Wembley Stadium, Wembley, London, HA9 0WS. Copies of the consolidated accounts of Football Association Limited (company number 00077797) may be obtained from the Company Secretary, Wembley Stadium, Wembley, London, HA9 0WS.

Notes to the financial statements
Year ended 31 July 2020

17. Restatement

In 2019/20 the NFC Chart of Accounts (CoA) was redesigned, resulting in changes to the classification of certain profit and loss items. These changes are considered to provide more reliable and relevant information about the effects of certain transactions and in certain cases, align the treatment of similar costs across the Group. There is no impact on Operating loss, Loss for the year or Net liabilities.

	Original	Adjustments	Restated
	2019	**2019**	**2019**
	£'000	**£'000**	**£'000**
Turnover	16,870	-	16,870
Cost of sales	(4,145)	1,297	(2,848)
Gross profit	**12,725**	**1,297**	**14,022**
Administrative expenses	(16,799)	(1,297)	(18,096)
Operating loss	**(4,074)**	-	**(4,074)**
Finance costs (net)	(3,388)	-	(3,388)
Loss before taxation	**(7,462)**	-	**(7,462)**
Tax credit on loss	1,272	-	1,272
Loss for the financial period	**(6,190)**	-	**(6,190)**