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Company Registration No. 02719699

The Football Association Premier League Limited

Report and Financial Statements

For the year ended 31 July 2018



The Football Association Premier League Limited
Company Registration No. 02719699

Report and financial statements 2018

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The Football Association Premier League Limited
Company Registration No. 02719699

Report and financial statements 2018

Officers and professional advisers

Directors

R C Scudamore	Executive Chairman
C I Arney	Non Executive Director
K S Beeston	Non Executive Director

Company Secretary

K M Plumb

Chief Financial Officer

S R Christie

Registered Office

30 Gloucester Place
London
W1U 8PL

Bankers

Barclays Bank PLC
1 Churchill Place
London
E14 5HP

Solicitors

DLA Piper UK LLP
3 Noble Street
London
EC2V 7EE

Auditor

Deloitte LLP
London
United Kingdom

The Football Association Premier League Limited

Company Registration No. 02719699

Strategic report

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

Principal activities and business review

The Company is a company limited by share capital. Its share ownership is restricted to Premier League clubs and the Football Association.

The principal activity of the Company is to manage the Premier League competition and to exploit broadcasting and other commercial rights granted to the Company by its member clubs for the benefit of the rights holders. There have been no significant changes in the Company's principal activities in the year under review. The directors do not envisage any major changes in the Company's activities in the foreseeable future.

Consistent with prior years, the Company uses foreign currency forward contracts to minimise the risk arising from foreign currency movements on cash flows available for distribution to the member clubs. This is seen as the equitable way to manage the business which has three clubs being promoted to and relegated from the League each year. The movement in fair value of these foreign currency forward contracts is taken to the profit and loss account resulting in profit before tax of £144.8m (2017: £26.1m). However, these fair value movements are the valuation of the contracts at a point in time and do not form part of the funds available for club distribution. Therefore, the directors believe the presentation of the Underlying¹ results provide additional guidance to statutory measures to help understand the Company's performance and reflects the basis on which the Company makes payments to member clubs. The Company has recorded an Underlying¹ loss after tax of £81k (2017: £146k) in the year.

The period under review is the second year of a three year cycle of broadcasting and other commercial rights contracts. Turnover has risen by 3%, which is largely due to contracted increases in broadcasting revenue. Cost of sales has risen accordingly as a result of increased fee payments to clubs and the cost of additional services to broadcasters. Operating expenses have also increased by 4% to reflect additional activities supporting Premier League programmes. A full analysis appears in note 4 to the accounts.

The directors are satisfied with the business prospects of the Company for the foreseeable future given the existence of broadcasting commercial rights contracts for the next four years. Over the last year, the Company has secured the majority of its broadcasting contracts for Seasons 2019/20-2021/22.

The Company's principal financial assets are bank balances and cash, trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Company's credit risk profile has exposure spread over a large number of counterparties and customers and the existence of financial security where warranted. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

¹ Underlying is defined as total FRS 102 results adjusted to reflect the impact of Currency Remeasurements. Currency Remeasurements represent the fair value movements on derivative financial instruments, the revaluation of monetary assets and liabilities from forward contract rate to spot rate and the revaluation of revenue from achieved forward contract rate to spot rate.

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Strategic report (continued)

Principal risks and uncertainties

Risk area	Potential Impact	Mitigation strategy
Credit risk of broadcasters	The Company sells Broadcasting Rights globally including to broadcasters based in countries where the economy is less stable. A risk exists over the ability for broadcasters to meet contractual commitments.	The Company performs credit checks on potential broadcasters before entering into contracts and will deal with reputable and established companies. Where management deem a potential broadcaster to be greater than normal risk, a parent company guarantee, a letter of credit from the broadcaster's bank or an accelerated payment schedule is agreed which means cash is received by the Company well in advance of the broadcasting period. Furthermore, the Company has a contractual right to switch off the broadcasting feed to any broadcaster failing to meet scheduled payments.
Fluctuation of foreign exchange rates	A significant amount of the Company's revenue is derived in US Dollars and Euros whilst payment to the Premier League Clubs is denominated in Sterling. Any movement in the exchange rates between these currencies would have a significant impact on revenue and the amounts the Company pays to Clubs.	The Company manages its exposure to foreign currency risks by entering into foreign currency derivative contracts designed to achieve, as far as possible, a minimum target exchange rate over the life of the broadcasting cycles. This target rate is set by the Company in consultation with the Audit and Remuneration Committee which monitors the process and results of the foreign exchange strategy.
Illegal broadcasting of Premier League football matches	The Company exploits the Intellectual Property (IP) in Premier League matches to generate revenues for Premier League Clubs. The existence of illegal broadcasting may diminish the value of this IP.	The Company has an extensive anti-piracy programme in place to restrict the damage caused by illegal use of Premier League IP.

The Company carries out an annual risk assessment of its principal risks and uncertainties and is confident that it is managing its risk profile satisfactorily. The Company's risk register is updated annually and independently reviewed by the Audit and Remuneration Committee.

Approved by the Board of Directors
and signed on behalf of the Board on 13 December 2018



R C Scudamore
Director

The Football Association Premier League Limited

Company Registration No. 02719699

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 2018.

Information set out in the Strategic report

Disclosures relating to likely future developments in the business of the Company and financial risk management objectives can be found in the Strategic report on page 2.

Charitable and other contributions

During the year the Company made charitable donations of £75.1m (2017: £74.1m), principally to football related charities.

Additionally, the Company contributed £127.8m (2017: £125.2m) towards wider football support and other good causes.

Dividends

The directors do not recommend the payment of a dividend for the year (2017: £nil).

Directors

The directors who served throughout the year and up to the date of signing the accounts are shown on page 1.

Environment

The Company recognises the importance of its environmental responsibilities and monitors the impact of its activities and those of its member clubs on the environment and proactively champions "green practices". At its offices, recycling, low energy consumption and water conservation measures are in force.

Employees

Details of the number of employees and related costs can be found in note 6 to the Financial Statements on page 17.

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal communications. Employees or Senior Managers are regularly consulted on a wide range of matters affecting their current and future interests. In addition, certain employees can receive a discretionary bonus related to their performance.

The Premier League is an equal opportunities employer and welcomes job applicants from all sections of society. Applications for employment of disabled persons are always fully and fairly 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.

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Directors' report (continued)

Audit and Remuneration committee

In accordance with best practice, but in keeping with the size and nature of the organisation, the Premier League Board has established an independent Audit and Remuneration Committee with specific written terms of reference which deal with its authority and duties. It meets at least twice a year with the Chief Financial Officer and with the external auditor attending by invitation. The Committee oversees the monitoring of the adequacy of the Company's internal controls, accounting policies and financial reporting. It provides a forum through which the Company's external auditor may report to the Board.

The Committee also agrees the remuneration and terms and conditions of employment of senior management. Such remuneration consists of a package of basic salary, benefits and bonuses which are linked to corporate and individual performance achievements.

The Committee presently comprises Bruce Buck (Chairman), Susan Whelan and Mike Garlick. Members of the Committee are not directors of the Company.

Disclosure of information

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 in order 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.

Auditor

Deloitte LLP will continue to be deemed reappointed as auditor in the absence of a Company resolution to the contrary.

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



K M Plumb
Secretary

13 December 2018

The Football Association Premier League Limited
Company Registration No. 02719699

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, subject to any material departures disclosed and explained in the financial statements;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent auditor's report to the members of
The Football Association Premier League Limited**
Company Registration No. 02719699

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2018 and of its profit 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 of The Football Association Premier League Limited (the 'company') which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 20.

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 of 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 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.

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

Company Registration No. 02719699

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 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 Financial Reporting Council'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.



Jeremy Black ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
13 December 2018

The Football Association Premier League Limited
Company Registration No. 02719699

Profit and loss account
For the year ended 31 July 2018

		Underlying 2018 £'000	Currency Remeasurements ⁽¹⁾ 2018 £'000	Total 2018 £'000	Underlying 2017 £'000	Currency Remeasurements ⁽¹⁾ 2017 £'000	Total 2017 £'000
Continuing operations	Notes						
Turnover	1, 3	3,052,671	135,760	3,188,431	2,970,250	126,722	3,096,972
Cost of sales		(2,797,229)	-	(2,797,229)	(2,721,316)	-	(2,721,316)
Gross profit		255,442	135,760	391,202	248,934	126,722	375,656
Operating expenses	4	(262,078)	-	(262,078)	(251,934)	-	(251,934)
Operating profit/(loss)		(6,636)	135,760	129,124	(3,000)	126,722	123,722
Fair value movement in derivative financial instruments and foreign exchange gains/(losses)	5	-	3,651	3,651	-	(105,739)	(105,739)
Finance income		12,036	-	12,036	8,085	-	8,085
Profit before taxation	5	5,400	139,411	144,811	5,085	20,983	26,068
Tax on profit/(loss)	7	(5,481)	(26,265)	(31,746)	(5,231)	(3,690)	(8,921)
Profit/(loss) after taxation	20	(81)	113,146	113,065	(146)	17,293	17,147

There are no recognised gains or losses other than as disclosed in the profit and loss account. Accordingly, a separate statement of other comprehensive income is not presented.

⁽¹⁾ The Company makes payments to clubs calculated on the basis of Underlying performance. Underlying performance is defined as total results adjusted to exclude the impact of Currency Remeasurements, which have been disclosed as a separate column on the income statement. Items representing Currency Remeasurements are explained below:

As the Company has not adopted hedge accounting under Sections 11 and 12 of FRS 102, total turnover presented is £135.8m higher (2017: £126.7m higher) than Underlying turnover. This is due to the difference between foreign currency denominated broadcasting income being translated at the spot rate on the date of receipt for total turnover and to the forward contract rate for Underlying turnover. This remeasurement is recognised as a reclassification between Turnover and foreign exchange gains/(losses).

Fair value movement in derivative financial instruments and foreign exchange gains/(losses) predominantly relates to the movement in fair value of derivative financial instruments, creating a £45.6m loss, (2017: £59.2m loss) which is offset by a net gain in other foreign exchange rate movements of £49.2m (2017: £46.6m net loss). This offsetting net gain (2017: net loss) represents the revaluation of monetary assets and liabilities (cash, debtors and deferred income) to spot rate at the balance sheet date whereas the Underlying results include the monetary assets and liabilities revalued to the forward contract rate (note 16).

The tax charge of £26.3m (2017: £3.7m charge) arises due to the reduction in deferred tax asset recognised in relation to the adjustments noted above.

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Balance sheet
As at 31 July 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible fixed assets	8	1,710	2,436
Fixed asset investments	9	-	-
Total non-current assets		<u>1,710</u>	<u>2,436</u>
Current assets			
Trade debtors and other receivables	11	921,762	887,732
Cash at bank and in hand		1,703,649	1,598,683
Deferred tax asset	10	30,015	56,566
Derivative financial instruments	17	32,890	26,915
		<u>2,688,316</u>	<u>2,569,896</u>
Creditors due within one year			
Trade creditors and other payables	12	(202,020)	(101,015)
Derivative financial instruments	17	(206,452)	(298,069)
Deferred income		(1,819,533)	(1,860,611)
		<u>(2,228,005)</u>	<u>(2,259,695)</u>
Net current assets		<u>460,311</u>	<u>310,201</u>
Creditors due in more than one year			
Deferred income		(578,129)	(541,810)
Net liabilities		<u>(116,108)</u>	<u>(229,173)</u>
Equity			
Called up share capital	14	-	-
Retained earnings		(116,108)	(229,173)
Shareholders' deficit		<u>(116,108)</u>	<u>(229,173)</u>

These financial statements were approved by the Board of Directors on 13 December 2018.

Signed on behalf of the Board of Directors



R C Scudamore
Director

The Football Association Premier League Limited
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Statement of changes in equity
For the year ended 31 July 2018

	Share capital £'000	Retained earnings £'000	Total £'000
At 1 August 2016	-	(246,320)	(246,320)
Profit for the financial year	-	17,147	17,147
At 31 July 2017	-	(229,173)	(229,173)
Profit for the financial year	-	113,065	113,065
At 31 July 2018	-	(116,108)	(116,108)

The underlying retained earnings of the Company is £323k (2017: £404k) (note 20).

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Cash flow statement
For the year ended 31 July 2018

	Note	2018 £'000	2017 £'000
Net cash inflow from operating activities	15	44,687	333,216
Cash flows from investing activities			
Purchase of tangible fixed assets		(628)	(1,155)
Interest received		12,036	8,085
Net cash flows from investing activities		<u>11,408</u>	<u>6,930</u>
Net increase in cash and cash equivalents		<u>56,095</u>	<u>340,146</u>
Cash and cash equivalents at beginning of year		1,598,683	1,305,697
Effect of foreign exchange rate changes		<u>48,871</u>	<u>(47,160)</u>
Cash and cash equivalents at end of year		<u><u>1,703,649</u></u>	<u><u>1,598,683</u></u>

The Football Association Premier League Limited

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Notes to the financial statements

For the year ended 31 July 2018

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding years.

General information and basis of accounting

The Football Association Premier League Limited (the “Company”) is a company incorporated in England and Wales within the United Kingdom under the Companies Act. The registered office is disclosed on page 1.

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 financial statements are also presented in pounds sterling.

Going concern

The directors have considered the financial position, resources and revenue streams of the Company. The Company has considerable financial resources and has a full portfolio of broadcasting and commercial contracts in place for broadcasting rights income for seasons 2016-17 to 2018-19. In addition, broadcasting contracts are also in place for the UK and majority of overseas territories for the next broadcasting cycle (2019-20 to 2021-22). These facts, along with its operating cost structure and basis for payments to clubs means that the Company is well placed to manage its business risks successfully. Therefore, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts. The directors note that the Company has net liabilities of £116.4m at 31 July 2018 (2017: net liabilities £229.2m). However, this is predominantly driven by the recognition of the fair value liability in derivative financial instruments which will unwind on maturity. Furthermore, the significant deferred income balance reflects advanced cash receipts which does not have a significant impact on going concern.

Turnover

Turnover comprises the value of sales (excluding VAT) from sponsorship monies and revenue derived from television broadcasting contracts. Turnover is recognised in the season to which it relates in accordance with the contract unless this does not reflect the economic substance of the transaction. Amounts invoiced but not yet received in relation to the following season are included in debtors and deferred income. Payments to clubs are recorded as cost of sales in the year in which the related revenue is recognised. The Company records revenue at the spot rate at the date of receipt but continues to make payments to Clubs based on Underlying results where revenue is recognised at the actual exchange rates achieved through the use of derivative financial instruments.

Joint ventures and associates

In accordance with Sections 14 and 15 of FRS 102, entities that are joint ventures and associates are held at cost value and tested for impairment.

The Football Association Premier League Limited
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Notes to the financial statements
For the year ended 31 July 2018

1. Accounting policies (continued)

Pension costs

The Company is fully compliant with the “auto enrolment” pension regulations. The Company contributes to defined contribution pension schemes on behalf of employees. The amount charged in the profit and loss account is the amount payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Operating lease arrangements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits equally over the life of the lease, even if payments are not made on such a basis.

Finance Income

Finance income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

Taxation

Corporation tax payable is provided at amounts expected to be paid using the tax rates and laws that have been substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise 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.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants relating to revenue are recognised in income over the period in which the related costs are recognised.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided at rates calculated to write-off their cost less estimated residual value on a straight-line basis over their estimated useful lives as follows:

Short-term leasehold improvements	Over term of lease
Office furniture and computer equipment	3 - 7 years

Investments

Fixed asset investments are shown at cost less provision for impairment.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Other exchange differences are recognised in profit or loss in the period in which they arise.

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Notes to the financial statements
For the year ended 31 July 2018

1. Accounting policies (continued)

Financial assets and liabilities

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).

Financial assets and liabilities are only offset in the balance sheet 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.

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

2. Critical accounting judgements

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.

The directors do not consider there to be any key estimates. However, they have made a critical judgement 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.

Revenue recognition

The Company's broadcasting income is agreed in three year cycles and the allocation of revenue across the three year period is a critical judgement made by the directors. UK broadcasting income is recognised on a straight-line basis over the three year contract period. For overseas broadcasting contracts, revenue recognition is stepped over the three year period, to reflect the economic substance and contractual arrangements with the broadcasters.

The Company terminated two broadcasting contracts during the current year as a result of the original counterparty breaching the financial covenants of the contract. The Company subsequently entered into new contracts for the remaining period of the broadcasting cycle with a new broadcaster. The new broadcaster originally sub-licensed these rights from the original counterparty. The accounting for the revenue for each contract represents a significant judgement in the current year. The Company has accounted for this as a novation of the original contract as this reflects the substance of the arrangement. The revenue recognition profile remains consistent with the original contract and any changes to the total contract value are accounted for prospectively.

3. Turnover

Turnover derives from the activities of managing The Football Association Premier League and is all derived from the sale of broadcasting and commercial sponsorship rights. Turnover arises in the United Kingdom, other than £1,297.7m (2017: £1,211.2m) which arises from the sale of audio visual rights to worldwide broadcasters for worldwide transmission. All of the Company's assets are held in the United Kingdom.

The Football Association Premier League Limited
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Notes to the financial statements
For the year ended 31 July 2018

4. Operating expenses

	2018	2017
	£'000	£'000
<i>Charitable activities</i>		
Football Foundation	17,300	17,401
PFA charitable activities	25,000	25,000
Other charitable	32,790	31,650
<i>Wider football support/Good causes</i>		
Football stadia improvement fund	6,500	6,500
Other wider football support	17,519	19,204
Football League Solidarity, Youth Development and Community	103,800	99,520
<i>Other</i>		
Administrative expenses	59,169	52,659
	<u>262,078</u>	<u>251,934</u>

5. Profit/(loss) on ordinary activities before taxation

	2018	2017
	£'000	£'000
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):		
Auditor's remuneration		
- fees for the audit of financial statements	66	68
- taxation compliance services	11	9
- other taxation advisory services	73	55
- other non-audit services	8	63
Depreciation on owned assets	1,354	805
Operating lease rentals – hire of other assets	1,211	1,131
Government grants	(1,769)	(1,697)
Fair value losses on derivative financial instruments	45,555	59,187
Other (gains)/losses on foreign exchange	(49,206)	46,552
	<u></u>	<u></u>

The Football Association Premier League Limited
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Notes to the financial statements
For the year ended 31 July 2018

6. Staff numbers and costs

	2018	2017
	£'000	£'000
Employee costs (including directors) during the year:		
Wages and salaries	15,968	14,024
Social security costs	2,158	1,969
Other pension costs	897	775
	<u>19,023</u>	<u>16,768</u>
	No.	No.
Average monthly number of persons (including directors) employed by the Company during the year	<u>153</u>	<u>131</u>

Directors' remuneration:

Remuneration in respect of directors of the Company was as follows:

	£'000	£'000
Emoluments	<u>2,757</u>	<u>2,720</u>
	<u>2,757</u>	<u>2,720</u>

Directors' remuneration is included within employee costs.

	£'000	£'000
The above amounts for directors' remuneration include the following in respect of the highest paid director:		
Emoluments	<u>2,592</u>	<u>2,560</u>

Directors' remuneration includes £1.5m (2017: £1.5m) of bonuses paid within the year in respect of securing and maintaining Broadcasting contracts.

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Notes to the financial statements
For the year ended 31 July 2018

7. Tax on profit on ordinary activities

	2018	2017
	£'000	£'000
Current tax		
UK corporation tax charge for the period at 19.0% (2017: 19.67%)	-	3,141
Double tax relief	-	(972)
	-	2,169
Foreign tax		
Withholding tax deducted at source	5,196	4,936
Total current taxation charge	5,196	7,105
Deferred tax		
Origination and reversal of timing differences	26,550	2,187
Adjustment to tax charge in respect of previous years	-	(371)
Total deferred taxation charge	26,550	1,816
Total tax charge on profit on ordinary activities	31,746	8,921

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

	2018	2017
	£'000	£'000
Profit/(loss) on ordinary activities before tax	144,811	26,068
Tax at 19.0% (2017: 19.67%)	27,514	5,128
Effects of:		
- Expenses not deductible for tax purposes	185	208
- Effect of tax rate changes on deferred tax balances	(162)	(9)
- Foreign tax suffered net of double tax relief	4,209	3,965
- Adjustment to tax charge in respect of previous years	-	(371)
Total tax charge for period	31,746	8,921

The Finance Act 2016 which provided for a reduction in the main rate of UK corporation tax from 20% to 19% effective from 1 April 2017 was enacted on 15 September 2016. A further reduction in the rate of corporation tax to 17% from April 2020 had been substantively enacted at the balance sheet date and is reflected in the tax disclosures where appropriate.

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Notes to the financial statements
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8. Tangible fixed assets

	Short-term leasehold improvements £'000	Office furniture and equipment £'000	Total £'000
Cost			
At 1 August 2017	2,137	3,239	5,376
Additions	-	628	628
Disposals	-	(845)	(845)
At 31 July 2018	2,137	3,022	5,159
Accumulated depreciation			
At 1 August 2017	947	1,993	2,940
Charge for the year	594	760	1,354
Disposals	-	(845)	(845)
At 31 July 2018	1,541	1,908	3,449
Net book value			
At 31 July 2018	596	1,114	1,710
At 31 July 2017	1,190	1,246	2,436

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Notes to the financial statements
For the year ended 31 July 2018

9. Fixed asset investments

Subsidiary undertakings

The Company has a £2 investment in The Football Association Premier League Medical Care Scheme Limited, a company incorporated in Great Britain, whose principal activity is to act as trustee for the Medical Care Scheme. The investment represents 100% of the ordinary share capital of the subsidiary company. The subsidiary is registered at 30 Gloucester Place, London, W1U 8PL and has not traded since incorporation and therefore has not been consolidated within these accounts.

Joint ventures

The investment in joint venture represents a 50% holding in Football DataCo Limited, a joint venture between The Football Association Premier League Limited and The Football League Limited. The joint venture has been formed for the commercial exploitation of copyright football data owned by the Leagues. The Football Association Premier League Limited owns 100% of the 'A' shares of Football DataCo Limited. The Football League Limited owns 100% of the 'B' shares of Football DataCo Limited. The 'A' and 'B' shares have equal rights. Football DataCo Limited is registered at, and trades from, 30 Gloucester Place, London, W1U 8PL.

The Company's investment is held at cost of £50. The following tables show the impact if the Company was to account for the joint venture using equity method accounting.

	£'000	
Share of net assets		
At 1 August 2017		11
Share of results (see below)		1
		<hr/>
At 31 July 2018		12
		<hr/>
	2018	2017
	£'000	£'000
Company share of results		
Turnover	7,060	6,852
	<hr/>	<hr/>
Operating loss	(3)	(1)
Interest receivable and similar income	4	2
	<hr/>	<hr/>
Result before and after taxation	1	1
	<hr/>	<hr/>
Company share of:		
Current assets	4,019	4,393
Current liabilities – due within one year	(4,007)	(4,382)
	<hr/>	<hr/>
Share of net assets	12	11
	<hr/>	<hr/>

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Notes to the financial statements
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9. Fixed asset investments (continued)

Associates

Investment in associate represents a one third holding in Professional Game Match Officials Limited, a venture between The Football Association Premier League Limited, The Football Association Limited and The Football League Limited. The venture was formed for the provision of referees and refereeing services to The Football Association, The Football Association Premier League Limited and The Football League Limited.

The Football Association Premier League Limited has provided a guarantee in respect of the liabilities of Professional Game Match Officials Limited to a sum not exceeding £1.

Professional Game Match Officials Limited is registered at Wembley Stadium, Wembley, Middlesex, HA9 0WS and trades from 30 Gloucester Place, London, W1U 8PL.

The following tables show the impact if the Company was to account for the associate using equity method accounting.

	£'000	
Share of net assets		
At 1 August 2017		220
Share of results (see below)		136
At 31 July 2018		<u>356</u>
	2018	2017
	£'000	£'000
Company share of results		
Turnover	<u>6,035</u>	<u>5,300</u>
Operating profit before taxation	131	94
Interest receivable and similar income	5	1
Taxation	<u>-</u>	<u>-</u>
Result after taxation	<u>136</u>	<u>95</u>
Company:		
Share of net assets	<u>356</u>	<u>220</u>

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For the year ended 31 July 2018

10. Deferred tax

	2018	2017
	£'000	£'000
Balance at start of year	56,565	58,382
Debit to profit and loss account (note 7)	(26,550)	(1,816)
Balance at end of year	<u>30,015</u>	<u>56,566</u>
	2018	2017
	£'000	£'000
Depreciation in excess of capital allowances	652	490
Timing differences on derivative financial instruments	29,363	56,659
Other timing differences	-	(583)
Balance at end of year	<u>30,015</u>	<u>56,566</u>

A deferred tax asset of £652k has been recognised at 31 July 2018 (2017: £490k) where depreciation charged is in excess of capital allowances claimed on qualifying assets. The directors are of the opinion, based on historic and forecast trading, that it is more likely than not that there will be suitable profits in the future financial years against which the future capital allowances may be claimed.

A deferred tax asset of £29.4m has been recognised at 31 July 2018 (2017: £56.7m) in relation to the net fair value loss of derivative financial instruments of £173.6m (2017: £271.2m) of which £155.9m (2017: £298.2m) has been disregarded in the computation of current tax. This will unwind as the derivative financial instruments mature.

Deferred taxation is provided for at rates expected to apply when the timing differences reverse, based on current tax rates and law. A fall in the main UK corporation tax rate to 19% from 1 April 2017 and 17% from 1 April 2020 was enacted by the balance sheet date, and therefore the deferred tax balances carried forward reflect these rates.

During the year beginning 1 August 2018, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge for the year by £110k. This is due to the reversal of timing differences expected within the next 12 months.

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Notes to the financial statements
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11. Trade debtors and other receivables

	2018	2017
	£'000	£'000
Trade debtors	27,953	29,340
Amounts owed by joint venture	86	76
Other taxes and social security	51,637	21,870
Other debtors	202	449
Prepayments	806,050	811,752
Accrued income	35,834	24,245
	<u>921,762</u>	<u>887,732</u>

The vast majority of trade debtors are broadcasting fees which relate to turnover of the next financial year which are invoiced ahead of the contractual date of payment.

Prepayments is predominantly payments to Clubs relating to the next financial year which has been paid in advance.

12. Trade creditors and other payables

	2018	2017
	£'000	£'000
Trade creditors	227	833
Corporation tax	-	2,170
Other taxes and social security	1,409	1,239
Other creditors	139,241	69,827
Accruals	61,143	26,946
	<u>202,020</u>	<u>101,015</u>

13. Commitments under operating leases

At 31 July 2018 the Company had total future commitments under non-cancellable operating leases in respect of land and buildings as set out below:

	2018	2017
	£'000	£'000
Within one year	1,199	1,199
Between two and five years	1,199	2,398
	<u>2,398</u>	<u>3,597</u>

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Notes to the financial statements
For the year ended 31 July 2018

14. Called up share capital

	2018 £	2017 £
Authorised		
99 Ordinary shares of £1 each	99	99
1 Preference share of £1	1	1
	<u>100</u>	<u>100</u>
Called up, allotted and fully paid		
20 Ordinary shares of £1 each	20	20
1 Preference share of £1	1	1
	<u>21</u>	<u>21</u>

The ordinary share capital is held by the Premier League clubs in membership of the league in the respective season. The preference share is held by The Football Association Limited. This share carries no right to dividends, is irredeemable, carries no voting rights, and on winding up, entitles the holder of the preference share to receive repayment of capital paid in priority to other classes of shares, but no other right to participate in capital or profits of the Company.

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

	2018 £'000	2017 £'000
Operating profit	129,124	123,722
Adjustment for:		
Depreciation	1,354	805
Operating cash flow before movement in working capital	130,478	124,527
(Increase)/decrease in debtors	(34,030)	4,836
(Decrease)/increase in creditors	(44,395)	209,393
Cash generated by operations	52,053	338,756
Tax paid	(7,366)	(5,540)
Net cash inflow from operating activities	<u>44,687</u>	<u>333,216</u>

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Notes to the financial statements
For the year ended 31 July 2018

16. Financial instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below. These are all measured at undiscounted amounts, except for derivative financial assets and liabilities which are measured at fair value:

	2018 £'000	2017 £'000
Financial assets		
Cash and cash equivalents	1,703,649	1,598,683
Trade debtors and other receivables	27,751	29,865
Derivative financial assets	32,890	26,915
	<u>1,764,290</u>	<u>1,655,463</u>
Financial liabilities		
Trade payables and other payables	139,468	70,660
Derivative financial liabilities	206,452	298,069
	<u>345,920</u>	<u>368,729</u>

The Company's income, expense, gains and losses in respect of financial instruments are summarised below:

	2018 £'000	2017 £'000
Interest income and expense		
Total interest income for financial assets at amortised cost	<u>12,036</u>	<u>8,085</u>
Fair value gains and losses		
On financial assets measured at fair value through profit or loss	<u>45,555</u>	<u>59,187</u>

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Notes to the financial statements
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17. Derivative financial instruments

	Due within one year		Due after one year	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Derivatives accounted for at fair value through profit and loss				
Assets				
Forward foreign currency contracts	-	-	32,890	26,915
	-	-	32,890	26,915
Liabilities				
Forward foreign currency contracts	168,830	163,661	37,622	134,408
	168,830	163,661	37,622	134,408

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the year-end:

Outstanding contracts	Average contractual exchange rate		Notional Value		Net Fair Value Assets/(Liabilities)	
	2018	2017	2018	2017	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Due within one year						
Euros	1.3127	1.3094	266,635	286,395	(46,008)	(50,520)
US Dollars	1.4849	1.4914	980,977	898,485	(122,822)	(113,141)
Due after one year						
Euros	1.0951	1.3165	730,526	246,871	(4,885)	(47,616)
US Dollars	1.3619	1.4112	1,652,138	1,398,346	153	(59,877)
					(173,562)	(271,154)

The Company has entered into contracts to supply overseas broadcasters. The Company has entered into forward foreign currency contracts to manage the risk arising from foreign currency movements on cash flows available for distribution to member clubs. The contracts are measured at fair value through the profit and loss. A loss of £45.6m (2017: £59.2m loss) was recognised during the year.

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18. Subsequent events

On 18 October 2018, the Company signed the lease of a new office premises with the commencement date of 1 April 2019, lease term of 12 years and total rent commitment of £21.4m.

19. Related party transactions

By the Company's nature and in accordance with its rules, The Football Association Premier League Limited enters into a number of transactions in the normal course of business with its member clubs and with The Football Association Limited. Cost of sales, as reported in the profit and loss account, represents amounts payable to the member clubs of the FA Premier League totalling £2,508,777k (2017: £2,455,701k), of which £45,494k (2017: £21,740k) was outstanding at the year end. An advance payment of £687,230k (2017: £696,251k) relating to the next financial year was made to member clubs prior to the year end which has been recognised as a prepayment.

Transactions with the Football Association Limited totalled £750k (2017: £750k) within turnover and £22k (2017: £17k) within operating expenses, of which £nil (2017: £nil) is outstanding at the year end.

Transactions between the Company and its joint venture Football DataCo Limited include £3,361k (2017: £3,248k) within turnover. Accrued income of £1,371k (2017: £1,745k) is outstanding at the year end. A debtor of £86k (2017: £76k) is outstanding in relation to expenses paid by the Company on behalf of Football DataCo Limited which will be recovered after the year end.

Transactions between the Company and its associate Professional Game Match Officials Limited include £8,661k (2017: £6,842k) within operating expenses. A creditor of £nil (2017: £nil) is outstanding at the year end. A debtor of £27k (2017: £308k) is outstanding in relation to expenses paid by the Company on behalf of Professional Game Match Official Limited which will be recovered after the year end.

Mr R C Scudamore serves as a trustee of The Football Foundation, a registered charity, and as a director of The Football Stadia Improvement Fund Limited. In the financial year the Company donated £17,300k (2017: £17,401k) to the Football Foundation of which £nil (2017: £nil) is outstanding at the year end and £6,500k (2017: £6,500k) to The Football Stadia Improvement Fund Limited of which £nil (2017: £nil) is outstanding at the year end.

The total remuneration for key management personnel, being the Board of Directors, for the period totalled £2,757k (2017: £2,720k), being remuneration disclosed in note 6.

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20. Supplementary information

The Company continues to distribute payments to member clubs according to the Underlying results. The financial statements thereof are presented in this note:

Underlying Profit and loss account

For year ended 31 July 2018

	2018	2017
	£'000	£'000
Continuing operations		
Company turnover	3,052,671	2,970,250
Cost of sales	(2,797,229)	(2,721,316)
Gross profit	255,442	248,934
Operating expenses	(262,078)	(251,934)
Operating loss	(6,636)	(3,000)
Interest receivable	12,036	8,085
Profit on ordinary activities before taxation	5,400	5,085
Tax on profit on ordinary activities	(5,481)	(5,231)
Loss on ordinary activities after taxation	(81)	(146)

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Notes to the financial statements
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20. Supplementary information (continued)

Underlying Balance sheet

At 31 July 2018

	2018 £'000	2017 £'000
Non-current assets		
Tangible fixed assets	1,710	2,436
Investments	-	-
Total non-current assets	<u>1,710</u>	<u>2,436</u>
Current assets		
Trade debtors and other receivables	923,877	887,877
Cash at bank and in hand	1,575,009	1,448,863
	<u>2,498,886</u>	<u>2,336,740</u>
Creditors due within one year		
Trade creditors and other payables	(202,287)	(99,217)
Deferred income	(1,719,857)	(1,697,745)
Net current assets	<u>576,742</u>	<u>539,778</u>
Creditors due after one year		
Deferred income	(578,129)	(541,810)
Net assets	<u>323</u>	<u>404</u>
Equity		
Called up share capital	-	-
Retained earnings	323	404
Total equity	<u>323</u>	<u>404</u>