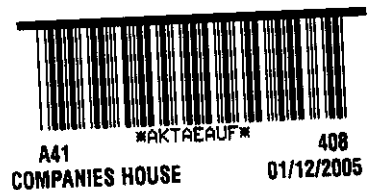


**Company No: 3070670**

**THE NATIONAL FOOTBALL MUSEUM  
TRUSTEES' REPORT AND ACCOUNTS  
FOR THE YEAR ENDED**

**30 JUNE 2005**

**Charity Number 1050792**



# THE NATIONAL FOOTBALL MUSEUM

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# THE NATIONAL FOOTBALL MUSEUM

## COMPANY INFORMATION

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<b>Chairman</b>	Mr P Dermody (appointed 1 July 2005)
<b>Trustees</b>	Mr S Barker (appointed 1 November 2004) Mr P Dermody (appointed 1 July 2004) Ms M Digby (appointed 20 July 2005) Mr C Elliott (appointed 1 July 2004) Ms C Long Mr A McNee (appointed 20 July 2005) Mr H Parker Ms M Stevenson Mr D Will (appointed 1 September 2004)
<b>Secretary</b>	Ms M Seed (appointed 1 August 2004)
<b>Registered office</b>	Deepdale Stadium Sir Tom Finney Way Preston Lancashire PR1 6RU
<b>Company number</b>	3070670
<b>Charity number</b>	1050792
<b>Auditors</b>	Moore and Smalley Chartered Accountants & Registered Auditors Richard House Winckley Square Preston PR1 3HP
<b>Bankers</b>	HSBC Bank Plc PO Box 70 40 Fishergate Preston Lancashire PR1 2AD
<b>Solicitors</b>	Brabners Chaffe Street 7-8 Chapel Street Preston PR1 8AN

# THE NATIONAL FOOTBALL MUSEUM

## TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2005

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The Trustees, who are also Directors for the purpose of the Companies Act, have pleasure in presenting their report and the accounts of the charity for the year ended 30 June 2005.

### **Legal status**

The Museum is a charitable company limited by guarantee with registered charity number 1050792 and company number 3070670. Not having a share capital, the Museum is governed by its Memorandum and Articles of Association dated 31 October 1996

### **Objectives and activities of the museum**

The objectives and activities of the Museum are summarised by the following mission statement:

#### **Why does the Museum exist ?**

The National Football Museum exists to explain how and why football has become "the peoples game", a key part of England's heritage and way of life. It also aims to explain why England is the home of football, the birthplace of the world's most popular sport.

#### **Who is the Museum for ?**

The Museum is for everyone, football fans and non-fans alike. People without a keen interest in football will enjoy finding out why so many people are so passionate about the game.

#### **How does the Museum achieve its goals ?**

The Museum seeks to achieve these by undertaking the following seven key aims:

*Developing* the finest and most significant collection of objects and associated evidence connected with the development of football around the world.

*Protecting* this important part of our cultural heritage for the benefit of all, both now and in the future.

*Researching* the collection to explain how and why football has become the most popular sport in the world.

*Interpreting* the collection in an entertaining and informative way, primarily through exhibitions, events and publications.

*Providing* a range of educational opportunities based on the collection, for learners of all ages and levels of attainment.

*Satisfying* customers with a level of visitor care which exceeds their expectations.

*Managing* our resources effectively and creatively, to be innovative and to continue to improve the services we offer.

The Museum has a Strategic Plan, which is updated on an annual basis. This plan sets out the objectives for the next three years in terms of visitor numbers, staffing requirements, financial performance and future exhibitions. Performance by the Museum is measured against the Strategic Plan on an annual basis.

# THE NATIONAL FOOTBALL MUSEUM

## TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2005

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### Organisation/management of the Museum

The Trustees meet three times per year. Reports from the Museum Director and the Finance Director are submitted to, and discussed at, each of these meetings. New Trustees can be appointed by ordinary resolution at these meetings. Trustees are appointed for a period of three years.

The Trustees of the Museum are selected according to their skills and knowledge in order to aid the management of the Museum. This has been achieved in the past through working with Arts and Business who have recruited three Trustees for the organisation. Recent additions to the Board have brought personnel and HR management expertise, marketing and legal specialisms. Trustees receive appropriate induction and training on appointment.

The current Trustees are detailed on page 1. The Trustees who served during the year are as follows:

Name	Date of Appointment	Date of Retirement
Mr B Booth	15 April 1996	24 October 2004
Mr H Parker	10 December 2002	9 December 2005
Ms C Long	17 September 2002	16 September 2005
Mr M Burns	17 September 2002	1 July 2004
Mr M Johnstone	18 March 2003	30 May 2005
Ms M Stevenson	1 November 2003	30 October 2006
Mr P Dermody	1 July 2004	30 June 2007
Mr C Elliott	1 July 2004	30 June 2007
Mr D Will	1 July 2004	30 June 2007
Mr S Barker	1 November 2004	31 October 2007
Mr A McNee	20 July 2005	20 July 2008
Ms M Digby	20 July 2005	20 July 2008

The Trustees were greatly saddened by the death, after a sudden illness, of Brian Booth, Chair of Trustees of the Museum, on 24<sup>th</sup> October 2004. Brian had given outstanding service to the Museum as a Trustee from 1995, and as Chair of Trustees from October 2001. Under Brian's leadership as Chair, the Museum secured national museum registration status with the Museums, Libraries and Archives Council, the Government body for promoting standards in museums. Subsequently the Museum secured funding from the Football Foundation and the Department for Culture, Media and Sport (DCMS) to allow free access to all visitors to the Museum. Brian made an enormous contribution to the development of the Museum and will be greatly missed.

Following the death of Brian Booth, Paul Dermody became Acting Chair for the remainder of the financial year. In July 2005, Paul Dermody was appointed as Chair. The Board of Trustees has recently been strengthened with the addition of Simon Barker, Mandy Digby and Alsidair McNee.

# THE NATIONAL FOOTBALL MUSEUM

## TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2005

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### Business review

This has been a year of excellent progress for the National Football Museum. The Museum continues to go from strength to strength in its development and delivery of services to a wide range of users.

Revenue support from the Department for Culture, Media and Sport (DCMS) and the Football Foundation has been secured to 31 March 2008, allowing the Museum to continue to offer free access to all visitors. In the year to 30 June 2005, the Museum attracted over 106,000 visitors, an increase of 22 per cent on the 87,000 visitors in the year ending 30 June 2004.

The Museum is grateful for the financial support received during the year from DCMS, the Football Foundation, and a number of other organisations, including: Arts and Business; the Heritage Lottery Fund (HLF); Lancashire County Council; Lancashire Tourism Partnership, MLA North West; Northwest Regional Development Agency; Preston City Council; the Professional Footballers' Association (PFA); UEFA (the Union of European Football Associations); and the University of Central Lancashire. The Museum would also like to thank the following companies for their support: A. D. Varley & Co.; Aga Food Services Group plc; Barclays Bank; Birse Build Limited; Conlon Construction Limited; HSBC Bank and Littlewoods Football Pools.

The Museum continued to benefit greatly from the contributions of a team of highly skilled and committed volunteers, of all ages and backgrounds.

The Museum's displays have been developed and updated significantly. This has included creating the FIFA Centenary Exhibition, in partnership with FIFA, and introducing further exhibition enhancements, funded by the HLF.

In September 2004 Joseph S. Blatter, the President of FIFA, visited the Museum to open the FIFA Centenary Exhibition. Mr Blatter also unveiled the FIFA Museum Collection at the Museum, which is the permanent home of this collection. Mr Blatter wrote in the Museum's Visitors Book that:

"The National Football Museum merits my admiration as a footballer and as the President of FIFA – it is a superb realisation, a real jewel!"

The Museum worked in partnership with UEFA to create the UEFA Jubilee exhibition, which opened in the European Parliament in Brussels, before moving to the National Football Museum. The Museum also worked with UEFA to create the world's first exhibition dedicated to women's football, to coincide with the UEFA Euro 2005 Women's Championship.

The National Football Museum Hall of Fame held a third highly successful Annual Awards Ceremony in November 2004. The event is now firmly established as one of the leading occasions in the football calendar.

The Museum is constantly seeking to take its collections to a wider audience both in the UK and around the world. This year objects were loaned to three exhibitions in the UK and four overseas, in Germany, Portugal, Switzerland and Belgium. The Museum is working with partners to develop exhibitions to celebrate the 2006 FIFA World Cup, in China, Hong Kong, Japan and Germany.

# THE NATIONAL FOOTBALL MUSEUM

## TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2005

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### Financial review

The format of the financial statements for 2005 have been prepared to reflect the recommendations of the new exposure draft which has now taken the form of the new Charity SORP. We hope that these changes will enhance the reader's understanding of the Museum's "business".

The results for the financial year of the subsidiary "The National Football Museum Trading Limited" are summarised in note 17 to the financial statements. The results of the trading subsidiary have been consolidated into the statement of financial activities for the year ended 30<sup>th</sup> June 2005.

The major financial worry throughout the year was the inability to persuade HM Revenue and Customs to grant Section 33a status under the VAT Act 1994 to the Museum. This situation resulted in the Museum having to make large payments to HM Revenue and Customs to repay VAT claimed on capital expenditure and also meant that the Museum was unable to recover the VAT incurred on day to day expenditure. On 1<sup>st</sup> September 2005 the Museum received written confirmation from HM Treasury that Section 33a status had been granted to the Museum. This was the single most significant financial event for the Museum since it secured funding from the Department for Culture, Media and Sport (DCMS) and the Football Foundation to allow free admission to all visitors. The Museum is now able to remove the creditor of £1.8m relating to HM Revenue and Customs shown in last year's accounts. It will significantly improve the cash flow of the Museum and allow us to settle our overdraft with the bank. On this point the Museum is very grateful to the HSBC Bank for its support during this period as without their help we would have faced severe financial difficulties.

Despite these financial pressures the Museum managed its financial affairs rigorously and some difficult financial decisions had to be taken during the year to ensure that we remained within our financial constraints. The Museum continues to secure external grants from a range of public and private sector sponsors and we are grateful for their financial support. In addition our trading and commercial income continues to grow and over £200,000 was raised through this activity during the year. One contributing factor is the increasing popularity of the Hall of Fame awards.

Debtors for the year remain under control with the majority of debtors relating to VAT paid to HM Revenue and Customs. This amount will now be recovered as a result of Section 33a status being achieved. Creditors are under control and the reduction in creditors during the year relate primarily to VAT on capital purchases now being reversed out of the accounts.

The total income for the year of £1,097,350 includes grants from the Northwest Regional Development Agency of £151,621, the majority of which were used by the Museum to install 'The Splash' sculpture at the entrance of the Museum, in partnership with Preston North End Football Club. Other major funding was received from the Football Foundation (£300,000) and DCMS (£100,000). In addition the Museum has received very welcomed support from Preston City Council and Lancashire County Council in the form of grants of £25,000 each.

Overall the Museum ended the year with renewed optimism for the future and the priority now is to secure long-term funding from DCMS.

# **THE NATIONAL FOOTBALL MUSEUM**

## **TRUSTEES ANNUAL REPORT**

**YEAR ENDED 30 JUNE 2005**

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### **Donations**

During the year the Museum made a partnership contribution of £5,000 to the John Charles touring exhibition.

Also during the year, with the aid of funds from the Northwest Regional Development Agency, the Museum contributed £116,010 towards the "Splash" sculpture which is located at the Museum's entrance concourse.

### **Subsidiary company**

The Museum owns the whole of the issued share capital of The National Football Museum (Trading) Limited, a company registered in England and Wales. The subsidiary undertakes a number of commercial activities for the Museum. They include retail, catering, corporate hospitality, commercial sponsorship, image rights and licensing and publication royalties.

The results for the subsidiary for the year ended 30 June 2005 are summarised in note 17 to the accounts. All activities of the Museum and its subsidiary have been consolidated on a line by line basis in the SOFA.

### **Heritage assets**

The Museum holds ten distinct collections of major historical significance. Details of the individual collections are included within note 9 to the accounts.

### **Future plans**

A great deal has been achieved in the first four years since the opening of the Museum. However, there remains enormous potential for new developments in meeting the Museum's mission.

Future galleries are already planned in outline, including:

- A Hall of Fame Gallery, building on the success of the Museum's Hall of Fame.
- A display to explain how the game has spread from England to 205 member countries of FIFA – more than are in the United Nations.
- An interactive gallery of football skills, building on the success of "Goalstriker", the penalty shoot-out interactive.

The Museum's collections will be made available to a worldwide audience through the development of a "virtual museum" website. However, there is no substitute for the experience of seeing real artefacts within a high quality display. Building on the success of the Museum's displays in Japan, Portugal, Germany and Belgium, the collections will also be made available to the widest possible audience, through exhibitions both in this country and around the world.



# THE NATIONAL FOOTBALL MUSEUM

## TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2005

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### Reserves policy

The Museum has a number of restricted funds, the majority of which relate to specific capital expenditure and collections. The purpose of these funds is detailed in note 15 in the financial statements and summarises the year's movements on each fund.

The Trustees are aware that the level of unrestricted funds needs to be increased. A target level for unrestricted reserves has yet to be set but the Trustees intend to do so once the outcome of the discussions on VAT with HM Treasury and HM Customs and Excise have been concluded.

### Risk management

The Museum has a detailed Risk Management Strategy and Risk Register, which is reviewed regularly, at least on an annual basis.

The financial risk imposed by the Section 33a status discussions has now been eliminated as the status was achieved on 1 September 2005, enabling the Museum to reclaim VAT previously disallowed.

### Trustees responsibilities

Company law requires the trustees to prepare the accounts for each financial year which give a true and fair view of the state of affairs of the charity at the end of the year and of the incoming and outgoing resources for the year then ended.

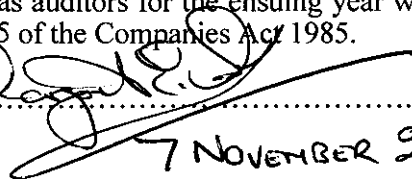
In preparing those accounts, the trustees are required to select suitable accounting policies and then apply them consistently, making judgements and estimates that are reasonable and prudent. The trustees must also prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

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

### Auditors

A resolution to re-appoint Moore and Smalley as auditors for the ensuing year will be proposed at the Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

This report was approved by the board on ..... and signed on its behalf



7 NOVEMBER 2005

**Ms M Seed** - Secretary

Deepdale Stadium  
Sir Tom Finney Way  
Preston  
Lancashire  
PR1 6RU

# THE NATIONAL FOOTBALL MUSEUM

## INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES

FOR THE YEAR ENDED 30 JUNE 2005

We have audited the accounts on pages 9 to 29 which have been prepared under the historical cost convention and the accounting policies set out on pages 13 to 15.

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

### Respective responsibilities of directors and auditors

The trustees' (who also act as Directors for the charitable activities of the company) responsibilities for preparing the Trustees Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' responsibilities on page 7.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees Annual Report is not consistent with the accounts, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

### Basis of audit opinion

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

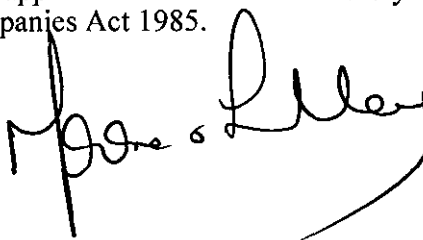
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error.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

### Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs and of the group as at 30 June 2005 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Moore and Smalley  
Chartered Accountants and Registered Auditors  
Preston

7 November 2005



# THE NATIONAL FOOTBALL MUSEUM

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2005

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds £	Total Funds 2004 £
<b>Incoming resources</b>					
Incoming resources from generated funds:					
Grant and donations	2	501,857	331,658	833,515	976,394
Incoming resources from charitable activities	3	262,619	-	262,619	132,865
Interest received		1,216	-	1,216	-
<b>Total incoming resources</b>		765,692	331,658	1,097,350	1,109,259
<b>Resources expended</b>					
Charitable expenditure:					
Costs in furtherance of charitable objects:					
Costs of generating funds	4	119,182	-	119,182	46,092
Costs of Museum operation	4	559,838	592,018	1,151,856	841,181
Governance costs	5	35,972	764	36,736	45,918
<b>Total resources expended</b>	6	714,992	592,782	1,307,774	933,191
<b>Net incoming resources before transfers</b>	7	50,700	(261,124)	(210,424)	176,068
Transfers between funds		8,490	(8,490)	-	-
<b>Net incoming resources for the year</b>		59,190	(269,614)	(210,424)	176,068
Balances brought forward		66,170	10,480,547	10,546,717	10,370,649
Balances carried forward		125,360	10,210,933	10,336,293	10,546,717

The group has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the group are classed as continuing.

# THE NATIONAL FOOTBALL MUSEUM

## CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2005

	Note	Unrestricted Funds £	2005 Restricted Funds £	Total Funds £	2004 Total Funds £
<b>Fixed assets</b>					
Tangible assets	8	3,992	9,105,224	9,109,216	11,172,665
Heritage assets	9	-	1,505,709	1,505,709	1,505,709
		3,992	10,610,933	10,614,925	12,678,374
<b>Current assets</b>					
Stocks		16,201	-	16,201	13,844
Debtors	11	217,655	-	217,655	122,812
Cash at bank and in hand		406	-	406	70,588
		234,262	-	234,262	207,244
<b>Creditors: amounts falling due within one year</b>	12	(112,894)	-	(112,894)	(433,224)
<b>Net current assets/(liabilities)</b>		121,368	-	121,368	(225,980)
<b>Total assets less current liabilities</b>		125,360	10,610,933	10,736,293	12,452,394
<b>Creditors: amounts falling due after more than one year</b>	13	-	(400,000)	(400,000)	(1,905,677)
<b>Net assets</b>		125,360	10,210,933	10,336,293	10,546,717
<b>Funds</b>					
Unrestricted funds	14	125,360	-	125,360	66,170
Restricted funds	15	-	10,210,933	10,210,933	10,480,547
		125,360	10,210,933	10,336,293	10,546,717

Approved by the Board of Trustees on 7 November 2005 and signed on its behalf by:

H Parker.....  
Trustee

P Dermody.....  
Trustee

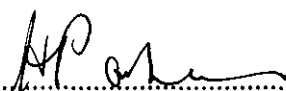
# THE NATIONAL FOOTBALL MUSEUM

## BALANCE SHEET OF THE COMPANY (LIMITED BY GUARANTEE)

AS AT 30 JUNE 2005

	Note	Unrestricted Funds £	2005 Restricted Funds £	Total Funds £	2004 Total Funds £
<b>Fixed assets</b>					
Tangible assets	8	3,992	9,105,224	9,109,216	11,172,665
Heritage assets	9	-	1,505,709	1,505,709	1,505,709
Investments	10	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>
		3,993	10,610,933	10,614,926	12,678,375
<b>Current assets</b>					
Stocks		-	-	-	-
Debtors	11	359,913	-	359,913	256,344
Cash at bank and in hand		<u>406</u>	<u>-</u>	<u>406</u>	<u>64,669</u>
		360,319	-	360,319	321,013
<b>Creditors: amounts falling due within one year</b>	12	<u>(114,599)</u>	<u>-</u>	<u>(114,599)</u>	<u>(422,641)</u>
<b>Net current assets/(liabilities)</b>		245,720	-	245,720	(101,628)
<b>Total assets less current liabilities</b>		249,713	10,610,933	10,860,646	12,576,748
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(324,352)</u>	<u>(400,000)</u>	<u>(724,352)</u>	<u>(2,330,029)</u>
<b>Net assets</b>		<u>(74,639)</u>	<u>10,210,933</u>	<u>10,136,294</u>	<u>10,246,718</u>
<b>Funds</b>					
Unrestricted funds	14	(74,639)	-	(74,639)	(233,829)
Restricted funds	15	<u>-</u>	<u>10,210,933</u>	<u>10,210,933</u>	<u>10,480,547</u>
		(74,639)	10,210,933	10,136,294	10,246,718

Approved by the Board of Trustees on 7 November 2005 and signed on its behalf by:

H Parker   
Trustee

P Dermody   
Trustee

# THE NATIONAL FOOTBALL MUSEUM

## CONSOLIDATED CASH FLOW STATEMENT

AS AT 30 JUNE 2005

	Note	£	2005	£	£	2004	£
<b>Net cash inflow from operating activities</b>	<b>18</b>		20,363			469,161	
<b>Returns on investments and servicing of finance</b>							
Interest received			1,216			-	
Interest paid			(958)			(3,447)	
<b>Capital expenditure</b>							
Payments to acquire tangible fixed assets			(90,803)			(75,445)	
<b>Cash inflow/(outflow) before financing</b>			(70,182)			390,269	
<b>Financing</b>							
Net (outflow)/inflow from bank loans		-		(342,591)			
Net (outflow)/inflow from other long term creditors		-					
<b>Net cash (outflow)/inflow from financing</b>			-			(342,591)	
<b>Increase/(decrease) in cash</b>	<b>20</b>		(70,182)			47,678	

# **THE NATIONAL FOOTBALL MUSEUM**

## **NOTES TO THE ACCOUNTS**

**YEAR ENDED 30 JUNE 2005**

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### **1. Accounting policies**

#### **Basis of accounting**

The accounts have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) and the Companies Act 1985, and in accordance with applicable accounting standards.

The Statement of Financial Activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The charity has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for the charity alone as permitted by Section 230 of the Companies Act 1985 and paragraph 304 of the SORP.

#### **Company status**

The charity is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

#### **Incoming resources**

Grant and other similar income is credited to the statement of financial activities as it becomes due, gross of income tax where applicable. Restricted income relates to amounts which are received for a specific purpose and is matched to related expenditure in the statement of financial activities.

Grants relating to fixed asset purchases are credited in full to the statement of financial activities in the year in which they are receivable. This treatment is not in accordance with SSAP 4, however it does comply with the charity SORP, which the trustees consider to be most applicable. Where the obligation attached to the grant income is fully met by purchasing the relevant capital items, the fund balance is transferred to unrestricted funds.

#### **Resources expended**

Expenditure has been charged to the statement of financial activities on an accruals basis. Expenditure relating directly to the objects of the charitable group is allocated as costs of operating the museum with central administration costs allocated to the management and administration of the charitable group.

Exhibition costs which relate to short term or temporary exhibitions are expended in the statement of financial activities in the year in which they arise.

# THE NATIONAL FOOTBALL MUSEUM

## NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2005

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### 1. Accounting policies (continued)

#### **Tangible fixed assets and depreciation**

Tangible fixed assets costing more than £500 are capitalised and included at cost including any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and office equipment	Over 3 years
Leasehold improvements	Over the remaining life of the lease
Permanent exhibition stands	Over 10 years

Exhibition costs which relate to long term museum exhibition stands and displays are capitalised in the balance sheet.

#### **Heritage assets**

Heritage assets comprise collection items displayed throughout the museum. Purchased items are capitalised and included at cost. Donated collection items are capitalised at their estimated market value.

*It is the responsibility of the museum to preserve collection items for the benefit of the nation and due to their nature they are expected to have a long life. Depreciation is therefore not charged on collection items which have been capitalised since this is deemed to be immaterial. Impairment reviews are carried out annually in respect of such assets.*

#### **Stocks**

The cost of books, guides and publications produced are valued at the lower of cost and net realisable value.

#### **Pension costs**

The charitable group pays contributions to personal money purchase schemes for eligible employees and accounts for the amount due each year in the SOFA.

#### **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the SOFA.



# THE NATIONAL FOOTBALL MUSEUM

## NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2005

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### 1. Accounting policies (continued)

#### **Fund accounting**

Funds held by the charitable group are either:

Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the trustees and have not been designated for other purposes.

Designated funds - these are the funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the charitable group. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Where a grant or donation is received to fund a capital item or where an asset is donated, if there is an obligation relating to the future use or retention of the relevant asset, the balance relating to that asset is held within restricted funds as long as that restriction exists. Where there is no such restriction, the restricted income relating to the purchase of capital items is transferred to unrestricted funds in the statement of financial activities.

# THE NATIONAL FOOTBALL MUSEUM

## NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2005

### 2. Grants and donations

	Unrestricted Funds £	Restricted Funds £	Total Funds £	Total funds 2004 £
HLF grant	-	58,952	58,952	91,551
NWDA grant	-	151,621	151,621	311,160
Football Foundation	300,000	-	300,000	300,000
Preston City Council – Year to March 2004	-	-	-	25,000
Preston City Council – Year to March 2005	-	-	-	25,000
Lancashire County Council	25,000	-	25,000	25,000
Lancashire Tourism Partnership	-	52,926	52,926	33,074
DCMS grant	100,000	-	100,000	100,000
NWMS grant	-	-	-	3,827
Arts & Business	17,750	-	17,750	13,000
Other grants and donations	34,066	-	34,066	35,823
UCLAN	-	22,485	22,485	-
UEFA	-	45,674	45,674	-
Barclays Bank	15,210	-	15,210	-
MLA North West	5,777	-	5,777	-
Friends of the Museum	415	-	415	583
Gift aid	3,639	-	3,639	12,376
	501,857	331,658	833,515	976,394

### 3. Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds £	Total funds 2004 £
Front of house income	6,688	-	6,688	2,500
Royalties received	4,773	-	4,773	4,915
Sponsorship	3,000	-	3,000	11,000
Corporate sales	31,960	-	31,960	18,979
Image sales	2,346	-	2,346	1,417
Hall of Fame income	89,599	-	89,599	12,144
Shop takings	61,102	-	61,102	46,850
Events and exhibitions	2,700	-	2,700	29,286
Café rent	10,000	-	10,000	1,308
Goalstriker	32,589	-	32,589	1,217
Miscellaneous	17,862	-	17,862	3,249
	262,619	-	262,619	132,865

# THE NATIONAL FOOTBALL MUSEUM

## NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2005

### 4. Costs in furtherance of charitable objects

	Unrestricted Funds £	Restricted Funds £	Total Funds £	Total funds 2004 £
<b>Costs of generating funds:</b>				
Purchases for resale	32,924	-	32,924	11,156
Hall of Fame costs	65,937	-	65,937	23,479
Image sales	-	-	-	30
Cost of events	<u>20,321</u>	<u>-</u>	<u>20,321</u>	<u>11,427</u>
	119,182	-	119,182	46,092
	<u>119,182</u>	<u>-</u>	<u>119,182</u>	<u>46,092</u>
<b>Costs of Museum operation:</b>				
Wages and national insurance	314,867	42,659	357,526	269,298
Pension costs	10,279	-	10,279	6,243
Training and education	-	4,400	4,400	4,914
Rates and water	9,555	-	9,555	11,366
Heat & light	50,113	-	50,113	39,950
Insurance	22,582	-	22,582	24,709
Repairs and maintenance	30,317	2,256	32,573	24,298
Contribution to "Splash" sculpture	-	116,010	116,010	-
Cleaning	18,690	-	18,690	18,550
Exhibition and marketing costs	48,310	64,824	113,134	68,799
Telephone	11,576	-	11,576	14,980
Printing, postage and stationery	8,353	-	8,353	19,557
Motor and travel expenses	4,677	545	5,222	7,472
Bad debts	13,432	-	13,432	367
Donations	5,550	-	5,550	-
General expenses	5,487	4,582	10,069	4,577
Software support	-	-	-	15,000
Bank charges	3,359	-	3,359	2,427
Interest payable and similar charges	958	-	958	3,447
Depreciation – leasehold improvements	-	151,796	151,796	151,512
Depreciation – permanent exhibitions	-	204,946	204,946	198,319
Depreciation – plant and equipment	<u>1,733</u>	<u>-</u>	<u>1,733</u>	<u>7,051</u>
	559,838	592,018	1,151,856	892,836
Foreign currency gains	-	-	-	(11,773)
Discretionary rates rebate	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,882)</u>
	<u>679,020</u>	<u>592,018</u>	<u>1,271,038</u>	<u>841,181</u>

# THE NATIONAL FOOTBALL MUSEUM

## NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2005

### 5. Governance costs

	Unrestricted Funds £	Restricted Funds £	Total Funds £	Total funds 2004 £
Wages and national insurance	8,668	-	8,668	8,415
Legal and professional	9,230	764	9,994	19,828
Audit and accountancy	15,869	-	15,869	15,575
Insurance	<u>2,205</u>	<u>-</u>	<u>2,205</u>	<u>2,100</u>
	<u>35,972</u>	<u>764</u>	<u>36,736</u>	<u>45,918</u>

### 6. Total resources expended

	Staff Costs £	Depreciation £	Other costs £	Total Funds £	Total Funds 2004 £
Direct charitable expenditure	367,805	358,475	544,758	1,271,038	887,273
Governance costs	<u>8,668</u>	<u>-</u>	<u>28,068</u>	<u>36,736</u>	<u>45,918</u>
	<u>376,473</u>	<u>358,475</u>	<u>572,826</u>	<u>1,307,774</u>	<u>933,191</u>

### The aggregate payroll costs were:

	2005 £	2004 £
Wages and salaries	337,974	257,547
Social security costs	28,220	20,166
Pension costs	<u>10,279</u>	<u>6,243</u>
	<u>376,473</u>	<u>283,956</u>

# THE NATIONAL FOOTBALL MUSEUM

## NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2005

### 6. Total resources expended (continued)

#### Particulars of employees

The average number of employees, calculated on a full-time equivalent basis, analysed by function was:

	2005 £	2004 £
Research and collections development	3	3
Front of house	11	9
Management and administration	<u>4</u>	<u>3</u>
	18	15

There were no employees earning more than £50,000.

The trustees received no remuneration from the charitable group. A total of £Nil (2004: £17) was paid to trustees in relation to the reimbursement of travelling expenses incurred attending trustee meetings.

The cost of insurance to indemnify the trustees against the consequences of any neglect or default on their part amounted to £2,205.

### 7. Net incoming resources

Net incoming resources is stated after charging

	2005 £	2004 £
Pension costs	10,279	6,243
Depreciation	358,475	356,882
Auditors remuneration	15,869	15,575
Foreign currency gains	<u>-</u>	<u>(11,773)</u>
	384,623	366,927

# THE NATIONAL FOOTBALL MUSEUM

## NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2005

### 8. Tangible fixed assets

#### *Group and charitable company*

	Restricted Leasehold Improvements £	Permanent Exhibitions £	Unrestricted Plant & Equipment £	Total £
<b>Cost</b>				
At 1 July 2004	10,401,526	2,346,931	65,708	12,814,165
Additions	19,964	67,164	3,675	90,803
Reduction in cost	(1,455,510)	(331,112)	(9,155)	(1,795,777)
<b>At 30 June 2005</b>	<b>8,965,980</b>	<b>2,082,983</b>	<b>60,228</b>	<b>11,109,191</b>
<b>Depreciation</b>				
At 1 July 2004	808,577	778,420	54,503	1,641,500
Charge for the year	151,796	204,946	1,733	358,475
<b>At 30 June 2005</b>	<b>960,373</b>	<b>983,366</b>	<b>56,236</b>	<b>1,999,975</b>
<b>Net book value</b>				
<b>At 30 June 2005</b>	<b>8,005,607</b>	<b>1,099,617</b>	<b>3,992</b>	<b>9,109,216</b>
At 30 June 2004	9,592,949	1,568,511	11,205	11,172,665

Apart from general plant and office equipment, all of the above fixed assets are used for direct charitable purposes.

Leasehold improvements comprise all works carried out at the Deepdale Stadium in constructing the Museum, including the cost of acquiring the 60-year lease from Preston North End Plc for £1.975 million in March 2003. The vast majority of these improvements have been funded by the Heritage Lottery Fund and the Northwest Regional Development Agency.

Permanent exhibitions relate to the long term stands and displays within the Museum.

# THE NATIONAL FOOTBALL MUSEUM

## NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2005

### 9. Heritage assets

#### *Group and charitable company*

	Collection items £	Total £
<b>Cost</b>		
At 1 July 2004	1,505,709	1,505,709
Additions	-	-
<b>At 30 June 2005</b>	<b>1,505,709</b>	<b>1,505,709</b>
<b>Net Book Value</b>		
<b>At 30 June 2005</b>	<b>1,505,709</b>	<b>1,505,709</b>
At 30 June 2004	1,505,709	1,505,709

The National Football Museum holds ten distinct collections, each of which is of major historical significance in its own right. They include two collections relating to FIFA, football's world governing body; and the collection of the world's oldest Football Association and oldest Football League. Collectively they form the largest publicly held collection of football memorabilia in the world, totalling over 30,000 items. These range in age from the 16<sup>th</sup> to the 21<sup>st</sup> centuries. The insurance value of the collections is £6.2 million.

The Museum has a detailed Acquisitions and Disposal Policy, which has been approved by the Museums, Libraries and Archives Council, the Government body responsible for promoting standards in museums.

At any time approximately five percent of the collections are on display in the exhibitions at the National Football Museum. The remaining items are held in storage, but can be made available for research purposes. Items are also loaned for display at other museums.

# THE NATIONAL FOOTBALL MUSEUM

## NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2005

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### 9. **Heritage assets** (continued)

The following six collections are owned by the Museum:

#### *The FIFA Museum Collection*

This collection was acquired in 1999 from FIFA with the assistance of a grant from the Heritage Lottery Fund. It consists of over 4,000 items, reflecting all aspects of the history of English football, the ancient and medieval forerunners of the modern game, and also the development of the game around the world. The collection includes paintings, drawings and prints, photographs and posters, playing kit and equipment, metal sculpture, fine metal and ceramic decorative items, toys and games, books and ephemera.

#### *The Peoples' Collection*

This collection consists of over 6,000 items donated by hundreds of supporters, players and other individuals related to the game. It is tangible evidence of the extensive public support which the Museum has attracted. It offers an extraordinarily rich and diverse social history of the game and its role in English society throughout the twentieth century. A number of items in the Peoples' Collection are on loan.

#### *The FIFA Book Collection*

This collection of over 1,200 football books was purchased with the financial assistance of FIFA in 1998. The collection is particularly strong in terms of rare nineteenth century yearbooks and annuals, but also contains early histories of the game, club histories from the 1920's onwards, players' biographies and autobiographies, and football fiction from 1900 onwards.

#### *The Harry Langton Collection*

This collection, created by Harry Langton, the man who created the FIFA Museum Collection, was purchased by the museum in February 2000, with the assistance of a grant from the Heritage Lottery Fund. As with the FIFA Museum Collection, the material includes paintings, drawings and prints, photographs and posters, playing kit and equipment, metal sculpture, fine metal and ceramic decorative items, toys and games, and books and ephemera.

#### *The Preston North End Football Club Collection*

This collection consists of over 2,000 items reflecting all aspects of the club's history from the 1870s onwards, including trophies, medals, caps, jerseys, archive material and supporters' memorabilia.

#### *The Sir Stanley Matthews Collection*

This collection was purchased in 2001 with the assistance of a grant from the Heritage Lottery Fund. It consists of items relating to the career of one of the greatest English players of all time, including international caps, badges and associated information relating to Sir Stanley's club career and his international career with England.



# THE NATIONAL FOOTBALL MUSEUM

## NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2005

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### 9. **Heritage assets** (continued)

The following four collections are on long term loan to the Museum, apart from a small number of items in the Football Association Collection, which have been donated. The loaned collections have not been capitalised within the accounts of the Museum.

#### *The Football Association Collection*

This collection of over 1,600 items reflects all aspects of the history of the world's first football association, founded in 1863. The collection consists of trophies and awards from international tournaments, gifts to the FA marking international matches, painting and sculptures, photographs and archive documents. A small number of items in this collection have been donated and these items have been capitalised at their estimated market value.

#### *The Football League Collection*

This collection of over 1,500 items reflects all aspects of the history and development of the world's oldest professional league, founded in 1888. It consists of: trophies and medals; commemorative plaques, shields, pennants, banners, ceramics and glassware; framed photographs, presentation scrolls and artwork; and ephemera, including match programmes, original newspapers and Football League publications.

#### *The Wembley Stadium Collection*

This collection of over 1,000 items reflects aspects of the history of Wembley Stadium from 1923 to 2000. It includes objects and programmes from events held at Wembley; photographs; and archive material.

#### *The Littlewoods Pools Collection*

The Museum holds on loan a collection of over 5,000 items relating to the history of the Littlewoods Pools. Littlewoods Pools has played a key part in the game, both through the significance of football pools in the social history of football since the 1920s, and also through the major investment in the game which has come from the Government's Levy on the football pools.

The Museum has not capitalised the value of items added to the collections during the year. The Museum has comprehensive insurance for all the collections held, both those on loan and those which are owned by the Museum.

# THE NATIONAL FOOTBALL MUSEUM

## NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2005

### 10. Investments

<i>Charitable company</i>	<b>2005</b> £	<b>2004</b> £
Share in subsidiary undertakings	1	1

The share in the subsidiary undertaking is the charitable company's investment in the trading subsidiary, The National Football Museum (Trading) Limited, a company incorporated in England and Wales. The investment represents a holding of 100% of the ordinary share capital of that company.

### 11. Debtors

	<b>2005</b> £	<b>Group</b> <b>2004</b> £	<b>Charitable Company</b> <b>2005</b> £	<b>2004</b> £
Trade debtors	29,241	16,906	12,066	12,897
Taxation and social security	175,306	86,786	184,952	86,786
Gift aid receivable	-	-	149,889	137,638
Other debtors	2,032	3,291	2,032	3,291
Accrued income	8,571	11,300	8,571	11,300
Prepayments	2,505	4,529	2,403	4,432
	<u>217,655</u>	<u>122,812</u>	<u>359,913</u>	<u>256,344</u>

### 12. Creditors: amount falling due within one year

	<b>Group</b> <b>2005</b> £	<b>2004</b> £	<b>Charitable Company</b> <b>2005</b> £	<b>2004</b> £
Bank loans and overdrafts	13,124	-	36,785	-
Trade creditors	52,671	101,547	34,562	93,504
Taxation and social security	8,924	297,906	8,924	296,366
Other creditors	19,224	19,224	19,224	19,224
Accruals	18,951	14,547	15,104	13,547
	<u>112,894</u>	<u>433,224</u>	<u>114,599</u>	<u>422,641</u>

# THE NATIONAL FOOTBALL MUSEUM

## NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2005

### 13. Creditors: amounts falling due after more than one year

	Group		Charitable Company	
	2005	2004	2005	2004
	£	£	£	£
Chattel mortgage	400,000	400,000	400,000	400,000
Taxation and social security	-	1,505,677	-	1,505,677
Amounts owed to subsidiary	-	-	324,352	424,352
	400,000	1,905,677	724,352	2,330,029

The Chattel mortgage from the Football Foundation originated in October 2002 with a £300,000 loan secured against two items in the FIFA Collection (combined value £325,000). In August 2003 the mortgage was further extended by £100,000 with security over another item in the FIFA Collection (value of £50,000). The chattel mortgage will only become repayable should the Museum cease to operate.

### 14. Unrestricted funds

	Group	Charitable Company
	£	£
Balance at 1 July 2004	66,170	(233,829)
Net incoming resources	50,700	150,700
Funds transfers	8,490	8,490
Balance at 30 June 2005	125,360	(74,639)

# THE NATIONAL FOOTBALL MUSEUM

## NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2005

### 15. Restricted funds

#### *Charitable company*

	<b>Restated Balance at 1 July 2004 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Funds Transfers £</b>	<b>Balance at 30 June 2005 £</b>
HLF grant – capital	7,203,701	25,611	(284,567)	(8,490)	6,936,255
HLF grant – other	-	33,341	(33,341)	-	-
Collections fund	1,105,709	-	-	-	1,105,709
NWDA grant – capital	2,149,838	34,302	(67,890)	-	2,116,250
NWDA grant – other	-	117,319	(117,319)	-	-
Other grants	21,299	35,705	(4,285)	-	52,719
Lancashire Tourism Partnership	-	17,221	(17,221)	-	-
UEFA	-	45,674	(45,674)	-	-
UCLAN	-	22,485	(22,485)	-	-
<b>Total restricted funds</b>	<b>10,480,547</b>	<b>331,658</b>	<b>(592,782)</b>	<b>(8,490)</b>	<b>10,210,933</b>

The "HLF Grant – Capital" fund relates to capital grants received. This fund will be written off over the life of the fixed assets to which it relates by allocating a proportion of the depreciation charge each year.

The Collection Fund relates to amounts received towards the purchase of Collection items which are capitalised in the balance sheet. These assets are not depreciated and as such this fund will remain in perpetuity, which reflects the ongoing restriction.

The "NWDA Grant – Capital" and other grant funds relate to capital grants received in the year. The funds will be written off over the life of the fixed assets to which they relate by allocating a proportion of the depreciation charge each year.

# THE NATIONAL FOOTBALL MUSEUM

## NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2005

### 16. Company limited by guarantee

The National Football Museum is a charitable company limited by guarantee, having no share capital and governed by its Memorandum and Articles of Association dated 31 October 1996.

### 17. Subsidiary company

The National Football Museum owns the whole of the issued capital of The National Football Museum (Trading) Limited, a company registered in England and Wales. The subsidiary is used to generate sponsorship and promotional income for the charitable company. All activities have been consolidated on a line by line basis in the SOFA. The total net profit is gifted to the charity. A summary of the results of the subsidiary is shown below:

	2005 £	2004 £
Turnover	341,876	222,606
Cost of sales	<u>(118,529)</u>	<u>(45,487)</u>
Gross profit	223,347	177,119
Administration expenses	<u>(49,658)</u>	<u>(39,481)</u>
Net profit	173,689	137,638
Gifted to charity	<u>(173,689)</u>	<u>(137,638)</u>
	-	-

The aggregate of the assets, liabilities and funds was:

	2005 £	2004 £
Assets	381,585	460,044
Liabilities	<u>(381,584)</u>	<u>(460,043)</u>
Funds (representing 1 ordinary share of £1)	<u>1</u>	<u>1</u>

# THE NATIONAL FOOTBALL MUSEUM

## NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2005

### 18. Reconciliation of changes in resources to net cash inflow from operating costs

	2005 £	2004 £
Net incoming resources	(210,424)	176,068
Interest received	(1,216)	-
Interest paid	958	3,447
Depreciation	358,475	356,882
(Increase)/decrease in stocks	(2,357)	(13,844)
(Increase)/decrease in debtors	(94,843)	269,143
(Decrease)/increase in creditors	<u>(30,230)</u>	<u>(322,535)</u>
Net cash inflow from operating activities	<u>20,363</u>	<u>469,161</u>

### 19. Reconciliation of net cash flow to movement in net debt

	2005 £	2004 £
(Decrease)/increase in cash in the year	(70,182)	47,678
Cash flow from movement in net debt	<u>(13,124)</u>	<u>342,591</u>
Movement in net debt in the year	(83,306)	390,269
Net debt at 1 July 2004	<u>(329,412)</u>	<u>(719,681)</u>
Net debt at 30 June 2005	<u>(412,718)</u>	<u>(329,412)</u>

### 20. Analysis of changes in net funds

	1 July 2004 £	Cash flow £	30 June 2005 £
Cash at bank and in hand	70,588	(70,182)	406
Debt due within one year	-	(13,124)	(13,124)
Debt due after one year	<u>(400,000)</u>	<u>-</u>	<u>(400,000)</u>
Net (debt)/funds	<u>(329,412)</u>	<u>(83,306)</u>	<u>(412,718)</u>

# THE NATIONAL FOOTBALL MUSEUM

## NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2005

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### 21. **Related party transactions**

Mr M Johnstone, a trustee of the charitable company, was also a councillor with Lancashire County Council. During the year Lancashire County council provided funding of £25,000.

Mr S Barker, a trustee of the charitable company, was also an executive with the Professional Footballers' Association. During the year the Professional Footballers' Association provided funding of £10,000.