

Company No: 3070670

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

30 JUNE 2004

Charity Number 1050792



THE NATIONAL FOOTBALL MUSEUM

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THE NATIONAL FOOTBALL MUSEUM

COMPANY INFORMATION

Chairman

Trustees

Mr H Parker
Mr M Burns
Ms C Long
Mr M Johnstone
Mr D Fleming (resigned 1 July 2003)
Mr B M Gray (resigned 1 July 2003)
Ms M Stevenson (appointed 1 July 2003)
Mr P Dermody (appointed 1 July 2004)
Mr C Elliott (appointed 1 July 2004)
Mr D Will (appointed 1 September 2004)

Secretary

Ms M Seed (appointed 1 August 2004)

Registered Office

Deepdale Stadium
Sir Tom Finney Way
Preston
Lancashire
PR1 6RU

Company Number

3070670

Charity Number

1050792

Auditors

Moore and Smalley
Chartered Accountants
& Registered Auditors
Richard House
Winckley Square
Preston
PR1 3HP

Bankers

HSBC Bank Plc
PO Box 70
40 Fishergate
Preston
Lancashire
PR1 2AD

Solicitors

Brabners Chaffe Street
7-8 Chapel Street
Preston
PR1 8AN

THE NATIONAL FOOTBALL MUSEUM

TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2004

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 2004.

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 2004

Organisation/Management of the Museum

The Trustees who have served during the year are detailed on page 1.

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 appointed for their relevant skills and experience for the development of the Museum. The Trustees are drawn from the museums sector, the business community, football bodies and key local and regional stakeholders. The Board Bank Scheme, operated by Business in the Arts: North West has been an invaluable source of candidates for appointment to the Board. Trustees receive appropriate induction and training on appointment.

Details of the current Trustees and the organisations for which they work are as follows:

Name	Position	Organisation	Date of Appointment	Date of Retirement
Mr H Parker	Councillor	Preston City Council	10 Dec 2002	9 Dec 2005
Ms C Long	Head of Customer Strategy	The FA Premier League	17 Sep 2002	16 Sep 2005
Mr M Johnstone	Councillor	Lancashire County Council	18 Mar 2003	17 Mar 2006
Ms M Stevenson	Assistant Director	Manchester Art Gallery	1 Nov 2003	30 Oct 2006
Mr P Dermody	Chair	England's North West	1 July 2004	30 June 2007
		Tourism and Skills Network		
Mr C Elliott	Head of Programme	Scottish Water Solutions	1 July 2004	30 June 2007
	Development			
Mr D Will	Vice President	FIFA	1 July 2004	30 June 2007

The Trustees were greatly saddened by the death, after a sudden illness, of Brian Booth, Chair of Trustees of the Museum, on 24th 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.

THE NATIONAL FOOTBALL MUSEUM

TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2004

Business Review

This has been a year of excellent progress for the National Football Museum.

Revenue support from the Department for Culture, Media and Sport (DCMS) and the Football Foundation has enabled the Museum to continue to offer free access for all visitors. In the year to 30 June 2004, the Museum attracted over 87,000 visitors, an increase of 60 percent on the 54,000 visitors in the year ended 30 June 2003.

The Museum is also grateful for the financial support received during the year from a number of organisations, including: the North West Regional Development Agency, the Heritage Lottery Fund, the Professional Footballers Association, Birse Build Limited, Preston City Council, Lancashire County Council, Lancashire Tourism Partnership and many others.

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

The National Football Museum Hall of Fame held a second highly successful Annual Awards Ceremony for inductees in November 2003. The event is now firmly established as one of the leading occasions in the football calendar.

As well as updating and refreshing its exhibitions, the Museum is engaged in a number of exciting new initiatives to take its collections to a wider audience, both in the UK and around the world. Building on the success of exhibitions in Japan, Germany and Portugal, the Museum is in discussions for displays in a number of countries.

Sir Bobby Charlton has been appointed as the first President of the Museum.

In September 2004, Joseph S. Blatter, the President of FIFA, visited the National Football Museum to unveil the FIFA Museum Collection at its permanent home. Mr Blatter commented that: "this outstanding collection is finally at the right place: The National Football Museum in Preston".

Mr Blatter also unveiled the FIFA Centenary Exhibition at the Museum. Mr Blatter commented 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 has been working in partnership with UEFA, to create the official exhibition commemorating the 50th Anniversary of UEFA. UEFA's Jubilee Exhibition opened in the European Parliament in Brussels in September 2004, before being moved to a public venue in Brussels. The exhibition opened at The National Football Museum in October 2004.

THE NATIONAL FOOTBALL MUSEUM

TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2004

Financial Review

The results for the year, and the charity's financial position at the end of the year are shown in the attached accounts.

The format of the accounts has been changed from previous years to reflect the recommendations of the new exposure draft, which will eventually take the form of a new charity SORP. The changes in presentation enable a better understanding of the accounts.

The main effects of these changes are:

- To separately identify collections as "Heritage Assets" on the face of the Balance Sheet.
- To split the balance sheet between restricted and unrestricted funds on the face of the statement rather than in the notes to the accounts. It is hoped that in adopting this format it will provide a clearer indication of the funds available to the museum.
- Income and Expenditure items in the accounts have been analysed in greater detail within the notes than in prior years to assist with an understanding of the activities of the Museum.

A prior year adjustment has been processed in order to re-analyse the funds of the Museum. In addition we have determined that all collection items, leasehold improvements and permanent exhibitions included within fixed assets have restrictions placed on them and, as such should be represented by restricted funds in the balance sheet.

In this financial year we have taken the decision that stocks owned by the company amounting to £13,844 should be reflected in the current years accounts. Previous year's stock was on a sale or return basis or only cost £1, therefore no value was attributed to stocks in prior years.

The major component of the grants and donations received relate to £311,161 from the Northwest Development Agency to fund the outstanding balance on the FIFA Museum Collection, £300,000 from The Football Foundation and £100,000 from DCMS. The funding from Football Foundation and DCMS has allowed the Museum to provide free access.

In expenditure terms the Museum remained within its budget constraints despite the significant strain placed upon us by the failure to secure section 33a VAT status. This placed an enormous strain upon the museum's financial position and is an issue which needs to be resolved in the very near future if parity with other national museums is to be enjoyed.

The museum was very fortunate to once again receive funding of £25,000 from Preston City Council and £25,000 from Lancashire County Council in relation to the financial year 30th June 2004.

Depreciation has been calculated on the same basis as in 2003, in accordance with the accounting policy. Depreciation on all leasehold improvements and permanent exhibitions has been treated as restricted expenditure within the accounts. As in previous years accounts, additions have been depreciated on the basis of half a years depreciation in the year of purchase.

THE NATIONAL FOOTBALL MUSEUM

TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2004

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 2004 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 three 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 204 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.

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.

The Trustees have yet to set a target level for unrestricted reserves but intend to do so once the outcome of the discussions on VAT with HM Treasury and HM Customs and Excise have been concluded.

THE NATIONAL FOOTBALL MUSEUM

TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2004

Risk Management

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

The main risk the Museum faces is the financial implications of the current discussions with the Government regarding the potential section 33a status of the Museum, as detailed in note 22 to the accounts. The Trustees have prepared prudent cashflow projections for the coming years based on the worst case scenario that the status will not be awarded.

Due to the location of the Museum, in an area central to the origins of football, with excellent access facilities by road, rail and air, and ever increasing visitor numbers, the Trustees are confident that this risk can be eliminated and the Museum will continue to operate.

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 on2.11.4..... and signed on its behalf

Ms M Seed - Secretary

Deepdale Stadium
Sir Tom Finney Way
Preston
Lancashire
PR1 6RU



THE NATIONAL FOOTBALL MUSEUM

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

FOR THE YEAR ENDED 30 JUNE 2004

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.

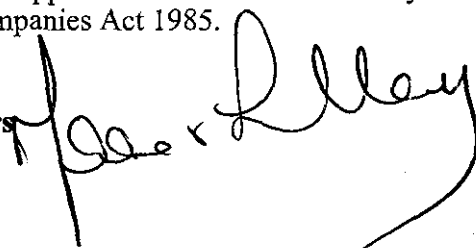
Opinion

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 2004 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

20 November 2004



THE NATIONAL FOOTBALL MUSEUM

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2004

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds £	Total Funds 2003 £
Incoming Resources					
Incoming resources from generated funds:					
Grant and donations	2	535,582	440,812	976,394	2,877,003
Incoming resources from charitable activities	3	<u>132,865</u>	<u>-</u>	<u>132,865</u>	<u>154,908</u>
Total Incoming Resources		<u>668,447</u>	<u>440,812</u>	<u>1,109,259</u>	<u>3,031,911</u>
Resources Expended					
Charitable expenditure:					
Costs in furtherance of charitable objects:					
Costs of generating funds	4	46,092	-	46,092	49,064
Costs of Museum operation	4	329,290	408,358	737,648	710,389
Management and administration	5	<u>129,812</u>	<u>19,639</u>	<u>149,451</u>	<u>164,423</u>
Total Resources Expended	6	<u>505,194</u>	<u>427,997</u>	<u>933,191</u>	<u>923,876</u>
Net Incoming Resources before Transfers	7	163,253	12,815	176,068	2,108,035
Transfers between funds		<u>(14,188)</u>	<u>14,188</u>	<u>-</u>	<u>-</u>
Net Incoming Resources for the Year		149,065	27,003	176,068	2,108,035
Balances brought forward		<u>(82,895)</u>	<u>10,453,544</u>	<u>10,370,649</u>	<u>8,262,614</u>
Balances carried forward		<u>66,170</u>	<u>10,480,547</u>	<u>10,546,717</u>	<u>10,370,649</u>

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 2004

	Note	Unrestricted Funds £	2004 Restricted Funds £	Total Funds £	Restated 2003 Total Funds £
Fixed Assets					
Tangible assets	8	11,205	11,161,460	11,172,665	9,658,325
Heritage assets	9	-	<u>1,505,709</u>	<u>1,505,709</u>	<u>1,505,709</u>
		11,205	12,667,169	12,678,374	11,164,034
Current Assets					
Stocks		13,844	-	13,844	-
Debtors	11	122,812	-	122,812	390,415
Cash at bank and in hand		<u>70,588</u>	-	<u>70,588</u>	<u>22,910</u>
		207,244	-	207,244	413,325
Creditors: Amounts falling due within one year	12	<u>(149,227)</u>	<u>(283,997)</u>	<u>(433,224)</u>	<u>(503,460)</u>
Net Current liabilities		58,017	(283,997)	(225,980)	(90,135)
Total Assets Less Current Liabilities		69,222	12,383,172	12,452,394	11,073,899
Creditors: Amounts falling due after More than one year	13	<u>(3,052)</u>	<u>(1,902,625)</u>	<u>(1,905,677)</u>	<u>(703,250)</u>
Net Assets		<u>66,170</u>	<u>10,480,547</u>	<u>10,546,717</u>	<u>10,370,649</u>
Funds					
Unrestricted funds	14	66,170	-	66,170	(82,895)
Restricted funds	15	-	<u>10,480,547</u>	<u>10,480,547</u>	<u>10,453,544</u>
		66,170	10,480,547	10,546,717	10,370,649

Approved by the Board of Trustees on 2nd November 2004 and signed on its behalf by:

H Parker
Trustee

Trustee

THE NATIONAL FOOTBALL MUSEUM

BALANCE SHEET OF THE COMPANY (LIMITED BY GUARANTEE)

AS AT 30 JUNE 2004

	Note	Unrestricted Funds £	2004 Restricted Funds £	Total Funds £	Restated 2003 Total Funds £
Fixed Assets					
Tangible assets	8	11,205	11,161,460	11,172,665	9,658,325
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>
		11,206	12,667,169	12,678,375	11,164,034
Current Assets					
Stocks		-	-	-	-
Debtors	11	256,344	-	256,344	408,909
Cash at bank and in hand		<u>64,670</u>	<u>-</u>	<u>64,670</u>	<u>17,169</u>
		321,014	-	321,014	426,078
Creditors: Amounts falling due within one year	12	<u>(138,644)</u>	<u>(283,997)</u>	<u>(422,641)</u>	<u>(491,859)</u>
Net Current liabilities		182,370	(283,997)	(101,627)	(65,781)
Total Assets Less Current Liabilities		193,576	12,383,172	12,576,748	11,098,253
Creditors: Amounts falling due after More than one year	13	<u>(427,405)</u>	<u>(1,902,625)</u>	<u>(2,330,030)</u>	<u>(1,127,604)</u>
Net Assets		<u>(233,829)</u>	<u>10,480,547</u>	<u>10,246,718</u>	<u>9,970,649</u>
Funds					
Unrestricted funds	14	(233,829)	-	(233,829)	(482,895)
Restricted funds	15	<u>-</u>	<u>10,480,547</u>	<u>10,480,547</u>	<u>10,453,544</u>
		(233,829)	10,480,547	10,246,718	9,970,649

Approved by the Board of Trustees on 20 November 2004 and signed on its behalf by:

H Parker
Trustee

Trustee

THE NATIONAL FOOTBALL MUSEUM

CONSOLIDATED CASH FLOW STATEMENT

AS AT 30 JUNE 2004

	Note	£	2004 £	£	2003 £
Net Cash Inflow From Operating Activities	18		469,161		1,819,961
Returns on Investments and Servicing Of Finance					
Interest paid			(3,447)		(5,031)
Capital Expenditure					
Payments to acquire tangible fixed assets			(75,445)		(1,945,524)
Cash inflow/(outflow) before financing			390,269		(130,594)
Financing					
Net (outflow)/inflow from bank loans		(342,591)		332,591	
Net (outflow)/inflow from other long term creditors		-		(237,500)	
Net cash (outflow)/inflow from financing			(342,591)		95,091
Increase/(decrease) in cash	20		47,678		(35,503)

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2004

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 2000) 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 2004

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 2004

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 2004

2. Grants and donations

	Unrestricted Funds £	Restricted Funds £	Total Funds £	Total funds 2003 £
HLF grant	-	91,551	91,551	190,242
NWDA grant	-	311,160	311,160	2,000,000
Football Foundation	300,000	-	300,000	150,000
Preston City Council – Year to March 2004	25,000	-	25,000	33,000
Preston City Council – Year to March 2005	25,000	-	25,000	-
Lancashire County Council	25,000	-	25,000	25,000
Lancashire Tourism Partnership	-	33,074	33,074	4,000
DCMS grant	100,000	-	100,000	-
NWMS grant	-	3,827	3,827	-
Arts & Business	13,000	-	13,000	-
Other grants and donations	34,623	1,200	35,823	473,487
Friends of the Museum	583	-	583	165
Gift aid	12,376	-	12,376	1,109
	<u>535,582</u>	<u>440,812</u>	<u>976,394</u>	<u>2,877,003</u>

3. Income from Charitable Activities

	Unrestricted Funds £	Restricted Funds £	Total Funds £	Total funds 2003 £
Front of house income	2,500	-	2,500	71,328
Royalties received	4,915	-	4,915	4,002
Sponsorship	11,000	-	11,000	22,249
Corporate sales	18,979	-	18,979	10,651
Image sales	1,417	-	1,417	1,907
Hall of Fame sales	12,144	-	12,144	17,178
Shop takings	46,850	-	46,850	11,414
Events and exhibitions	29,286	-	29,286	1,787
Income from café	1,308	-	1,308	-
Goalstriker	1,217	-	1,217	-
Miscellaneous	3,249	-	3,249	14,392
	<u>132,865</u>	<u>-</u>	<u>132,865</u>	<u>154,908</u>

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2004

4. Costs in Furtherance of Charitable Objects

	Unrestricted Funds £	Restricted Funds £	Total Funds £	Total funds 2003 £
Costs of generating funds:				
Purchases for resale	11,156	-	11,156	15,393
Hall of Fame costs	23,479	-	23,479	24,576
Image sales	30	-	30	-
Cost of events	<u>11,427</u>	<u>-</u>	<u>11,427</u>	<u>9,095</u>
	46,092	-	46,092	49,064
	<u><u>46,092</u></u>	<u><u>-</u></u>	<u><u>46,092</u></u>	<u><u>49,064</u></u>
Costs of Museum operation:				
Wages and national insurance	213,947	-	213,947	141,228
Pension costs	1,111	-	1,111	2,817
Rates and water	11,366	-	11,366	31,031
Heat & light	39,950	-	39,950	54,271
Insurance	26,809	-	26,809	23,235
Repairs and maintenance	17,406	2,375	19,781	15,715
Cleaning	18,550	-	18,550	7,424
Exhibition and marketing costs	32,561	36,238	68,799	95,664
Software support	-	15,000	15,000	-
Motor and travel expenses	7,472	-	7,472	6,280
Training and education	-	4,914	4,914	1,767
Depreciation – leasehold improvements	-	151,512	151,512	134,200
Depreciation – permanent exhibitions	<u>-</u>	<u>198,319</u>	<u>198,319</u>	<u>196,757</u>
	369,172	408,358	777,530	710,389
	<u>369,172</u>	<u>408,358</u>	<u>777,530</u>	<u>710,389</u>
Discretionary rates rebate	<u>(39,882)</u>	<u>-</u>	<u>(39,882)</u>	<u>-</u>
	329,290	408,358	737,648	710,389
	<u><u>329,290</u></u>	<u><u>408,358</u></u>	<u><u>737,648</u></u>	<u><u>710,389</u></u>

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2004

5. Management and Administration

	Unrestricted Funds £	Restricted Funds £	Total Funds £	Total funds 2003 £
Wages and national insurance	63,766	-	63,766	80,381
Pension costs	5,132	-	5,132	3,893
Redundancy costs	-	-	-	2,394
Telephone	14,980	-	14,980	15,158
Printing, postage and stationery	19,557	-	19,557	8,845
Repairs and maintenance	4,517	-	4,517	2,795
Legal and professional	189	19,639	19,828	430
Audit and accountancy	15,575	-	15,575	16,631
Bank charges	2,427	-	2,427	5,096
Interest payable and similar charges	3,447	-	3,447	5,031
Bad debts	367	-	367	17
General expenses	4,577	-	4,577	5,521
Depreciation	<u>7,051</u>	<u>-</u>	<u>7,051</u>	<u>18,231</u>
	141,585	19,639	161,224	171,847
Foreign currency gains	<u>(11,773)</u>	<u>-</u>	<u>(11,773)</u>	<u>-</u>
	129,812	19,639	149,451	171,847
	<u><u>129,812</u></u>	<u><u>19,639</u></u>	<u><u>149,451</u></u>	<u><u>171,847</u></u>

6. Total Resources Expended

	Staff Costs £	Depreciation £	Other costs £	Total Funds £	Total Funds 2003 £
Direct charitable expenditure	215,058	349,831	218,851	783,740	759,453
Management and administration	<u>68,898</u>	<u>7,051</u>	<u>73,502</u>	<u>149,451</u>	<u>164,423</u>
	283,956	356,882	292,353	933,191	923,876
	<u><u>283,956</u></u>	<u><u>356,882</u></u>	<u><u>292,353</u></u>	<u><u>933,191</u></u>	<u><u>923,876</u></u>

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2004

6. Total Resources Expended (Continued)

The aggregate payroll costs were:

	2004 £	2003 £
Wages and salaries	257,547	206,362
Social security costs	20,166	15,247
Pension costs	<u>6,243</u>	<u>6,710</u>
	<u>283,956</u>	<u>228,319</u>

Particulars of employees

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

	2004 £	2003 £
Research and collections development	3	3
Front of house	9	9
Management and administration	<u>3</u>	<u>2</u>
	<u>15</u>	<u>14</u>

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

The trustees received no remuneration from the charitable group. A total of £17 (2003: £562) was paid to two (2003: two) 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 £2,100.

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2004

7. Net Incoming Resources

Net incoming resources is stated after charging

	2004 £	2003 £
Pension costs	6,243	6,710
Depreciation	356,882	349,188
Auditors remuneration	15,575	16,631
Foreign currency gains	(11,773)	-
	<u>366,927</u>	<u>372,529</u>

8. Tangible Fixed Assets

Group and charitable company

	Restricted Leasehold Improvements £	Permanent Exhibitions £	Unrestricted Plant & Equipment £	Total £
Cost				
At 1 July 2003	8,937,691	1,950,560	54,692	10,942,943
Additions	<u>1,463,835</u>	<u>396,371</u>	<u>11,016</u>	<u>1,871,222</u>
At 30 June 2004	<u>10,401,526</u>	<u>2,346,931</u>	<u>65,708</u>	<u>12,814,165</u>
Depreciation				
At 1 July 2003	657,065	580,101	47,452	1,284,618
Charge for the year	<u>151,512</u>	<u>198,319</u>	<u>7,051</u>	<u>356,882</u>
At 30 June 2004	<u>808,577</u>	<u>778,420</u>	<u>54,503</u>	<u>1,641,500</u>
Net Book Value				
At 30 June 2004	<u>8,137,439</u>	<u>1,237,399</u>	<u>2,050</u>	<u>9,376,888</u>
At 30 June 2003	<u>8,280,626</u>	<u>1,370,459</u>	<u>7,240</u>	<u>9,658,325</u>

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2004

8. Tangible Fixed Assets (Continued)

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 addition in the year comprises the "Goalstriker" interactive exhibit which will generate a significant source of income for the charity.

9. Heritage Assets

Group and charitable company

	Collection Items £	Total £
Cost		
At 1 July 2003	1,505,709	1,505,709
Additions	-	-
At 30 June 2004	1,505,709	1,505,709
Net Book Value		
At 30 June 2004	1,505,709	1,505,709
At 30 June 2003	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 16th to the 21st centuries.

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 2004

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 People's 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 2004

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 2004

10. Investments

<i>Charitable Company</i>	2004 £	2003 £
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

	2004 £	Group 2003 £	Charitable Company 2004 £	2003 £
Trade debtors	16,906	7,179	12,897	1,642
Taxation and social security	86,786	360,328	86,786	360,371
Gift aid receivable	-	-	137,638	23,988
Other debtors	3,291	288	3,291	288
Accrued income	11,300	-	11,300	-
Prepayments	4,529	22,620	4,432	22,620
	122,812	390,415	256,344	408,909

12. Creditors: Amount falling due within one year

	Group 2004 £	2003 £	Charitable Company 2004 £	2003 £
Bank loans and overdrafts	-	342,591	-	342,591
Trade creditors	101,547	140,854	93,504	129,253
Taxation and social security	297,906	4,419	296,366	4,419
Other creditors	19,224	-	19,224	-
Accruals	14,547	15,596	13,547	15,596
	433,224	503,460	422,641	491,859

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2004

13. Creditors: Amounts falling due after more than one year

	Group		Charitable Company	
	2004	2003	2004	2003
	£	£	£	£
Chattel mortgage	400,000	400,000	400,000	400,000
Taxation and social security	1,505,677	-	1,505,677	-
Trade creditors	-	303,250	-	303,250
Amounts owed to subsidiary	-	-	424,354	424,354
	<u>1,905,677</u>	<u>703,250</u>	<u>2,330,030</u>	<u>1,127,604</u>

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 2003	(82,895)	(482,895)
Net incoming resources	163,253	263,253
Funds transfers	<u>(14,188)</u>	<u>(14,188)</u>
Balance at 30 June 2004	<u>66,170</u>	<u>(233,830)</u>

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2004

15. Restricted Funds

Charitable company

	<i>Restated</i> Balance at 1 July 2003 £	Income £	Expenditure £	Funds Transfers £	Balance at 30 June 2004 £
HLF grant – capital	7,411,273	91,551	(301,582)	2,459	7,203,701
Collections fund	802,459	291,521	-	11,729	1,105,709
NWDA grant – capital	2,216,013	19,639	(85,814)	-	2,149,838
Other grants	23,799	-	(2,500)	-	21,299
Lancashire Tourism Partnership	-	33,074	(33,074)	-	-
North West Museum Society	-	3,827	(3,827)	-	-
John Robinson	-	1,200	(1,200)	-	-
Total restricted funds	10,453,544	440,812	(427,997)	14,188	10,480,547

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 2004

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:

	2004 £	2003 £
Turnover	222,606	253,918
Cost of sales	<u>(45,487)</u>	<u>(44,627)</u>
Gross profit	177,119	209,291
Administration expenses	<u>(39,481)</u>	<u>(79,093)</u>
Net profit	137,638	130,198
Gifted to charity	<u>(137,638)</u>	<u>(130,198)</u>

- -

The aggregate of the assets, liabilities and funds was:

	2004 £	2003 £
Assets	460,044	411,645
Liabilities	<u>(460,043)</u>	<u>(411,644)</u>
	1	1

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2004

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

	2004 £	2003 £
Net incoming resources	176,068	2,108,035
Loan interest paid	3,447	5,031
Depreciation	356,882	349,188
(Increase)/decrease in stocks	(13,844)	-
(Increase)/decrease in debtors	269,143	(276,975)
(Decrease)/increase in creditors	<u>(322,535)</u>	<u>(365,318)</u>
Net cash inflow from operating activities	<u>469,161</u>	<u>1,819,961</u>

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

	2004 £	2003 £
(Decrease)/increase in cash in the year	47,678	(35,503)
Cash flow from movement in net debt	<u>342,591</u>	<u>(95,091)</u>
Movement in net debt in the year	390,269	(130,594)
Net debt at 1 July 2003	<u>(719,681)</u>	<u>(589,087)</u>
Net debt at 30 June 2004	<u>(329,412)</u>	<u>(719,681)</u>

20. Analysis of changes in net funds

	1 July 2003 £	Cash flow £	30 June 2004 £
Cash at bank and in hand	22,910	47,678	70,588
Debt due within one year	(342,591)	342,591	-
Debt due after one year	<u>(400,000)</u>	<u>-</u>	<u>(400,000)</u>
Net (debt)/funds	<u>(719,681)</u>	<u>390,269</u>	<u>(329,412)</u>

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2004

21. Related Party Transactions

Mr B M Gray, who resigned as a trustee on 1 July 2003, was also chairman of the Northwest Regional Development Agency. During the year the Northwest Regional Development Agency provided capital grants to the Museum of £316,821.

Mr H Parker, a trustee of the charitable company, was also a councillor with Preston City Council. During the year Preston City Council provided funding of £25,000 for the year to March 2004, and £25,000 for the year to March 2005.

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.