



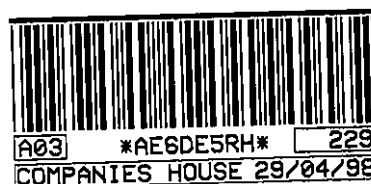
**ENGLAND AND WALES CRICKET BOARD  
LIMITED**

(A company limited by guarantee)

**Report and Financial Statements**

**31 December 1997**

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



**REPORT AND FINANCIAL STATEMENTS 1997**

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**REPORT AND FINANCIAL STATEMENTS 1997**

**OFFICERS AND PROFESSIONAL ADVISERS**

**BANKERS**

Barclays Bank PLC  
North London Corporate Banking Centre  
PO Box 16300  
1/2 Trinity Way  
Chingford  
London E4 8UT

**SOLICITORS**

Slaughter and May  
35 Basinghall Street  
London  
EC2V 5DB

Denton Hall  
Five Chancery Lane  
Clifford's Inn  
London EC4A 1BU

**AUDITORS**

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

**REGISTERED OFFICE**

Lord's Cricket Ground  
St John's Wood  
London  
NW8 8QZ



## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the period ended 31 December 1997 which is the first accounting period from the date of incorporation.

## **PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS**

The company is the governing body for cricket in England and Wales. The directors are pleased the merger of the Test and County Cricket Board, the National Cricket Association and the Cricket Council was effected smoothly on 1 January 1997 and the company has operated from this date.

In the opinion of the directors all the company's turnover is derived solely from cricket related activities, carried out in the UK and in respect of England Cricket Team Tours.

## **FUTURE DEVELOPMENTS**

Broadcasting income is the single largest source of income to the game. Increased investment in promoting cricket at all levels depends upon central income continuing to grow, and in particular on the outcome of the Government review of listed events legislation and the subsequent negotiation of broadcasting contracts.

## **RESULTS**

The company made a profit on ordinary activities before taxation of £174,000. Retained profits of £81,000 have been transferred to reserves.

## **DIRECTORS AND THEIR INTERESTS**

The following directors have served the company from date of incorporation to the date of approving these financial statements:

### **On incorporation**

F W Neate (appointed 10 September 1996, resigned 17 December 1996)  
M E M Hattrell (appointed 10 September 1996, resigned 17 December 1996)

### **Members of the management board**

Lord MacLaurin Chairman (appointed 17 December 1996)  
D L Acfield (appointed 17 December 1996)  
R Bennett (appointed 17 December 1996)  
A J Cross (appointed 17 December 1996)  
B G K Downing (appointed 17 December 1996)  
P J Edwards (appointed 17 December 1996)  
F H Elliott (appointed 17 December 1996)  
P W Gooden (appointed 17 December 1996)  
R Jackson (appointed 17 December 1996)  
R D V Knight (appointed 17 December 1996)  
F D Morgan (appointed 17 December 1996)  
M P Murray (appointed 17 December 1996, resigned 31 December 1997)  
J B Pickup (appointed 17 December 1996)  
A Wheelhouse (appointed 17 December 1996)  
B G Ford (appointed 1 January 1998)

No directors had, at any time during the period, any material interest in a contract with the company.

## **DIRECTORS' REPORT**

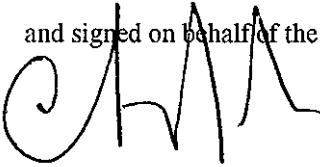
### **AUDITORS**

Deloitte & Touche were appointed auditors on 16 January 1997.

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 8 April 1998

and signed on behalf of the Board of Directors



C A Barker

Company Secretary

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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



## Chartered Accountants

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

Telephone: National 0171 936 3000  
International + 44 171 936 3000  
Telex: 884739 TRLNDN G  
Fax (Gp. 3): 0171 583 8517  
LDE: DX 599

## AUDITORS' REPORT TO THE MEMBERS OF ENGLAND AND WALES CRICKET BOARD LIMITED (A company limited by guarantee)

We have audited the financial statements on pages 6 to 17 which have been prepared under the accounting policies set out on pages 9 and 10.

### Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

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

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

### Qualified opinion arising from departure from accounting standards

As set out in note 10, the directors have not made a fair value adjustment in respect of the tangible fixed assets acquired at nil value from TCCB on 1 January 1997, which would have amounted to £359,000. This accounting treatment is not in accordance with Financial Reporting Standard 7 ("FRS 7") which requires the fair value of these fixed assets to be recognised as tangible fixed assets. The effects, had FRS 7 been complied with, are set out in note 10.

Except for this failure to account for the acquisition of tangible fixed assets from the TCCB in accordance with FRS 7, in our opinion the financial statements give a true and fair view of the state of the affairs of the company as at 31 December 1997 and of its profit for the period from 10 September 1996 to 31 December 1997 and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Deloitte & Touche  
Chartered Accountants and  
Registered Auditors

8 April 1998


**PROFIT AND LOSS ACCOUNT**
**For the period ended 31 December 1997**

	Note	1997 £'000
<b>TURNOVER ON CONTINUING OPERATIONS</b>		43,599
Cost of sales		(36,566)
Gross Profit		7,033
Surplus on acquisition of National Cricket Association	10	213
<b>EXPENSES</b>		
Administration		(4,692)
Donations to the Cricket Foundation		(2,550)
<b>OPERATING PROFIT ON CONTINUING OPERATIONS</b>		4
Interest receivable and similar income	8	170
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	174
Taxation on profit on ordinary activities	9	(93)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR TRANSFERRED TO RESERVES</b>		81

Movements in members' funds and on reserves are shown in note 14.

All activities derive from operations acquired on 1 January 1997.

There are no recognised gains and losses for the period or movements in reserves other than as stated in the profit and loss account.

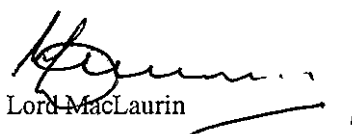


**BALANCE SHEET**  
**31 December 1997**

	Note	1997 £'000
<b>FIXED ASSETS</b>		
Tangible fixed assets	10	236
Investments	10	-
		<hr/> 236
<b>CURRENT ASSETS</b>		
Stocks	11	166
Debtors	12	4,760
Cash at bank and in hand		504
		<hr/> 5,430
<b>CREDITORS: amounts falling due within one year</b>	13	<hr/> (5,585)
<b>NET CURRENT LIABILITIES</b>		<hr/> (155)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> 81
<b>NET ASSETS</b>		<hr/> 81
<b>RESERVES</b>		
Profit and loss account	14	<hr/> 81
<b>MEMBERS' FUNDS</b>	14	<hr/> 81

These financial statements were approved by the Board of Directors on 8 April 1998.

Signed on behalf of the Board of Directors

  
Lord MacLaurin  
Director


**CASH FLOW STATEMENT**
**For the period ended 31 December 1997**

	Note	1997 £'000
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	15	(32)
<b>Returns on investments and servicing of finance</b>		
Interest received		170
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		138
<b>Taxation paid</b>		-
<b>Capital expenditure and financial investment</b>		
Acquisition of businesses	4	647
Purchase of tangible fixed assets	10	(281)
<b>NET CASH INFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		366
<b>INCREASE IN CASH DURING THE PERIOD</b>	16	504
<b>Reconciliation of net cash flow to movement in net funds</b>		
Increase in cash during the period	16	504
Opening net funds at incorporation		-
Closing net funds at 31 December 1997	16	504

All operating cashflows derive from operations acquired on 1 January 1997.

**NOTES TO THE ACCOUNTS****For the period ended 31 December 1997****1. PERIOD OF ACCOUNT**

The company was incorporated on 10 September 1996 and started trading on 1 January 1997 following the acquisition of the businesses of the Test and County Cricket Board ("TCCB"), the National Cricket Association ("NCA") and the Cricket Council ("CC"). This is the first period of account for which financial statements have been prepared. The Company had no accounting balances on incorporation.

**2. ACCOUNTING POLICIES**

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

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover**

The amount reported as turnover represents revenue from gross ticket income, sponsorship, television and radio, perimeter advertising, promotions and sundry income after deduction of Value Added Tax.

**Goodwill**

The directors have adopted early compliance with FRS 10 "Goodwill and Intangible Assets" in respect of accounting for goodwill. The effects of complying with FRS 10 are set out in note 10 to these financial statements.

**Tangible fixed assets**

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Leasehold improvements	10 % per annum
Fixtures, fittings and office equipment	20% - 33 1/3 % per annum

**Stocks**

Stocks are stated at the lower of cost and net realisable value.

**Investments**

Investments held are stated at cost less provision for any permanent diminution in value.

**Accounting for overseas tours**

The income and expenditure in respect of individual tours for the 1997/98 winter overseas tour programme are recognised in the profit and loss account in the accounting period in which the tour occurs.

**Translation of foreign currencies**

Transactions denominated in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Amounts receivable and payable in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Exchange gains and losses, arising on both settled and unsettled foreign currency transactions, are included in the results on ordinary activities before taxation.


**NOTES TO THE ACCOUNTS**

For the period ended 31 December 1997

**2. ACCOUNTING POLICIES (continued)**
**Leases**

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases.

**Pensions**

The company operates a defined benefit pension scheme and a defined contribution scheme.

Contributions, as recommended by a qualified actuary, are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**3. LIABILITY OF MEMBERS**

England and Wales Cricket Board Limited ("ECB") is a company limited by guarantee and has no share capital. Each member has guaranteed to contribute a sum not exceeding £10 for payment of the company's debts and liabilities should the company be wound up. There are 39 members as at 31 December 1997.

**4. ACQUISITION OF BUSINESSES**

On 1 January 1997, ECB acquired the assets, liabilities and trade of the TCCB, the NCA and the CC for £3 cash total consideration. The net book value of the assets acquired is £213,000, all of which relates to NCA.

	<b>TCCB</b>	<b>NCA</b>	<b>CC</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Net assets acquired</b>				
Tangible fixed assets	-	6	-	6
Stock	-	27	-	27
Debtors	1,428	602	93	2,123
Cash	602	1	44	647
Creditors	(2,030)	(423)	(137)	(2,590)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets acquired	-	213	-	213
Negative goodwill credited to intangible fixed assets (note 10)	-	(213)	-	(213)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Satisfied by</b>				
Cash				-
				<hr/>



**NOTES TO THE ACCOUNTS**

**For the period ended 31 December 1997**

**5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION IS STATED AFTER CHARGING/ (CREDITING):**

	1997 £'000
Loss on foreign currency exchange	23
Operating leases	
Land and Buildings	160
Other equipment	90
Auditors' remuneration	
Audit fees	29
Other services	60
Amortisation of negative goodwill (note 10)	(213)
Depreciation of tangible fixed assets (note 10)	51
	<u>51</u>

**6. EMPLOYEES**

The average number of persons employed by the company during the period was 128.

All staff were employed in cricketing activities.

	1997 £'000
Aggregate costs:	
Wages and salaries	3,343
Social security	326
Other pension costs	449
	<u>4,118</u>

**7. DIRECTORS' EMOLUMENTS**

Total directors' emoluments for the period were £nil.

**8. INTEREST RECEIVABLE AND SIMILAR INCOME**

	1997 £'000
Interest received	170
	<u>170</u>



## NOTES TO THE ACCOUNTS

For the period ended 31 December 1997

### 9. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1997 £'000
United Kingdom corporation tax at 31½%	93
	<u>93</u>

The high tax charge is due to a high level of expenditure which is not deductible for tax purposes.

### 10. FIXED ASSETS

#### Tangible fixed assets

	Leasehold improve- ments £'000	Fixtures, fittings and office equipment £'000	Total £'000
Cost			
Cost of tangible fixed assets acquired with businesses	-	6	6
Additions	39	242	281
At 31 December 1997	<u>39</u>	<u>248</u>	<u>287</u>
Accumulated depreciation			
Charge for the year	3	48	51
At 31 December 1997	<u>3</u>	<u>48</u>	<u>51</u>
Net book value			
At 31 December 1997	<u>36</u>	<u>200</u>	<u>236</u>



## NOTES TO THE ACCOUNTS

For the period ended 31 December 1997

### 10. FIXED ASSETS (continued)

#### Negative goodwill

	Total £'000
Cost	
Negative goodwill arising on acquisition of businesses	(213)
At 31 December 1997	(213)
Accumulated amortisation Credited to profit and loss account for the period	213
At 31 December 1997	213
Net book value At 31 December 1997	-

Negative goodwill of £213,000 has been credited to the profit and loss account for the period, in accordance with FRS 10, because it arises wholly on assets which have been realised for cash by 31 December 1997.

Contrary to FRS 7 "Fair Values in Acquisition Accounting" the directors have made no fair value adjustments in respect of leasehold improvements and fixtures and fittings which had been written off by TCCB in 1996 as they do not consider such adjustments would assist in the understanding of the Accounts.

#### Effect of non compliance with FRS 7

Had the directors complied with FRS 7, the value of tangible fixed assets acquired on 1 January 1997 from the TCCB, with reference to depreciated replacement cost, would have been £359,000. This would have resulted in additional negative goodwill of £359,000 arising on the acquisition. In accordance with FRS 10, this negative goodwill would have been reflected in the balance sheet as an intangible fixed asset immediately below tangible fixed assets. Accordingly, the total net book value of tangible fixed assets and intangible fixed assets arising as a result of the fair value exercise would have been £nil.

Furthermore, at 31 December 1997, the net book value of tangible fixed assets acquired from the TCCB would have been £298,000 after charging depreciation for the period of £61,000. At 31 December 1997, the net book value of intangible fixed assets, representing negative goodwill in respect of the acquisition of the TCCB, would have been £(298,000) after crediting amortisation for the period of £61,000. The requirement to measure the tangible fixed assets acquired from TCCB at their fair value, with reference to their depreciated replacement cost, in compliance with FRS 7, has no effect on either the net book value of fixed assets at 31 December 1997 or on the profit on ordinary activities before taxation.

#### Investments

The investment represents 2 £1 "B" shares held in Kwik Cricket Limited stated at cost of £2. This investment was transferred from the Cricket Council on 1 January 1997.



## NOTES TO THE ACCOUNTS

For the period ended 31 December 1997

### 11. STOCKS

	1997 £'000
Goods held for resale	166
	<u>166</u>

### 12. DEBTORS

	1997 £'000
Trade debtors	512
Other debtors	786
Payments in respect of World Cup	2,556
Prepayments and accrued income	906
	<u>4,760</u>

In accordance with agreed terms between the International Cricket Council ("ICC") and ECB, ECB is the principal staging the 1999 World Cup and will account for all moneys receivable and payable in respect of staging the World Cup. Income and expenditure will be accounted for in the financial statements for the year ended 31 December 1999. As at 31 December 1997 ECB has received and paid moneys in accordance with the terms of contracts it has entered into in respect of staging the World Cup. Accordingly, included within debtors and creditors are £2,556,000 and £2,480,000 respectively of costs paid in advance and amounts received in advance of the World Cup. The directors are of the opinion that the event will be profitable.

### 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £'000
Trade creditors	1,330
Other creditors	586
Advances received in respect of World Cup (note 12)	2,480
Corporation tax payable	93
Accruals and deferred income	1,096
	<u>5,585</u>





## NOTES TO THE ACCOUNTS

For the period ended 31 December 1997

### 14. COMBINED STATEMENT OF MOVEMENTS IN MEMBERS' FUNDS AND STATEMENT OF MOVEMENT IN RESERVES

	Profit and loss account £'000	Members' Funds £'000
Retained profit for the period	81	81
At 31 December 1997	<u>81</u>	<u>81</u>

### 15. RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	1997 £'000
Operating profit	4
Depreciation of tangible fixed assets	51
Amortisation of negative goodwill	(213)
Increase in stocks	(139)
Increase in debtors	(2,637)
Increase in creditors	2,902
Net cash outflow from operating activities	<u>(32)</u>

### 16. ANALYSIS OF MOVEMENT IN NET FUNDS

	Net funds £'000
Cash acquired with businesses	647
Decrease in cash during period of trading	(143)
Balance at 31 December 1997	<u>504</u>



## NOTES TO THE ACCOUNTS

For the period ended 31 December 1997

### 17. OPERATING LEASE COMMITMENTS

The company has the following commitments to make payments in the next year, under operating leases analysed between those where the commitment expires:

	Land and Buildings £'000	Other £'000	Total £'000
Between one and two years	-	82	82
Between two and five years	-	21	21
After five years	160	-	160
	<u>160</u>	<u>103</u>	<u>263</u>

### 18. PENSIONS

As from 1 January 1997 the company operated a defined benefit pension scheme (the ECB Retirement and Death Benefits Scheme ("the scheme")) whose assets are held in independent trustee administered funds. Contributions payable during the period were £383,000. Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation of the scheme was carried out as at 1 January 1997.

The principal actuarial assumptions used were a rate of return in investments of 8½% per annum, salary increases of 6½% per annum and an allowance for pensions to increase at a rate in accordance with the scheme's rules, depending on the benefits.

At the valuation date the actuarial value of the assets on this basis was sufficient to cover 90% of the benefits that had accrued to members in the scheme. The actuarially assessed value of the scheme's assets was £3,379,000.

The company also made contributions to the ECB Group Pension Plan for Professional Cricketers, a defined contributions scheme, amounting to £66,000.

**NOTES TO THE ACCOUNTS****For the period ended 31 December 1997****19. RELATED PARTY TRANSACTIONS**

The directors have identified a number of cricketing organisations for which payments by the ECB represents a significant source of income.

1. The eighteen first class counties, Marylebone Cricket Club ("MCC") and the Minor Counties Cricket Association have charged ECB amounts totalling £24,364,000, in respect of fees for the provision of ground facilities and cricketers for matches under the control of ECB, and amounts payable under the terms of licence fees and other commercial agreements. As at 31 December 1997 ECB owed these parties £388,000 of unpaid fees.
2. The directors have identified Cambridge University Cricket Club, Irish Cricket Union, Koninklijke Cricket Bond, Kwik Cricket Limited, Oxford University Cricket Club, Professional Cricketers' Association, Scottish Cricket Union and the Women's Cricket Association as being related and to which ECB has made payments. During the period, amounts totalling £581,000 were paid to these organisations.
3. ECB paid £160,000 commercial rent to MCC in respect of the leasehold property.
4. ECB paid premiums of £461,000 to Reigndei Limited, an insurance company owned by the eighteen first class counties, MCC and the MCCA.
5. ECB made donations amounting to £2,550,000 to the Cricket Foundation during the year.
6. ECB has advanced £1,754,000 to the ICC in respect of the 1999 World Cup.