

**THE WEMBLEY NATIONAL STADIUM TRUST**  
**(A Company Limited by Guarantee)**

**ACCOUNTS FOR THE PERIOD**  
**01 JANUARY 2005 TO 31 DECEMBER 2005**

**REGISTERED COMPANY NUMBER 3667982**  
**REGISTERED CHARITY NUMBER 1072392**



# **THE WEMBLEY NATIONAL STADIUM TRUST**

**(A Company Limited by Guarantee)  
Registered No. 3667982**

## **CONTENTS**

## **Page No.**

1.	Company Information	3
2.	Trustees' Report	4 – 9
3.	Independent Auditors' Report	10 - 11
4.	Statement of Financial Activities including Income and Expenditure Account	12
5.	Balance Sheet	13
6.	Notes to the Accounts	14 - 16

# **THE WEMBLEY NATIONAL STADIUM TRUST**

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## **1. COMPANY INFORMATION**

### **1.1 Trustees**

Lord Harris of Haringey  
Ian Douglas Peacock  
Clive Richard Sherling  
Sir Rodney Walker  
Councillor Ann John

### **1.2 Secretary and Solicitor**

Andrew James Colvin  
Comptroller and City Solicitor  
Corporation of London  
PO Box 270, Guildhall  
London EC2P 2EJ

### **1.3 Accountant**

Peter Derrick  
The Chamberlain of London  
Corporation of London  
PO Box 270, Guildhall  
London EC2P 2EJ

### **1.4 Banker**

Lloyds TSB Bank plc  
City Office, PO Box 72  
Bailey Drive  
Gillingham  
Kent ME8 0LS

### **1.5 Registered Office**

PO Box 270  
Guildhall, Guildhall Yard  
London EC2P 2EJ

### **1.6 Auditors**

Deloitte & Touche LLP  
Stonecutter Court  
1 Stonecutter Street  
London EC4A 4TR

# **THE WEMBLEY NATIONAL STADIUM TRUST**

**(A Company Limited by Guarantee)**

**Registered No. 3667982**

## **2.1 TRUSTEES' REPORT**

### **Trustees**

Lord Harris of Haringey  
Ian Douglas Peacock  
Clive Richard Sherling  
Sir Rodney Walker  
Councillor Ann John

The Trustees, who also act as Directors of the Company, present their report and the accounts of the Trust for the year ended 31 December 2005.

### **Background and History of the Trust**

On 11 November 1998, the English National Stadium Trust, a company limited by guarantee not having a share capital, was incorporated with registered number 3667982. It was incorporated with charitable objects and has also been registered with the Charity Commission with registered number 1072392. On 24 October 2002, the Company changed its name to Wembley National Stadium Trust (hereinafter referred to as "the Trust")

The Trust was formed in conjunction with the award of lottery funding by English Sports Council ("ESC"), now known as Sport England ("SE"), to Wembley National Stadium Limited ("WNSL"), formerly the English National Development Company - a subsidiary of the Football Association (FA). This funding is for the purpose of the purchase and redevelopment of Wembley Stadium as the new national stadium.

Until otherwise determined by a General Meeting, the number of trustees shall not be less than two nor more than ten. The first trustees were appointed by SE as set out in the Company's Articles of Association. The trustees have the power of appointment of further trustees, subject to the prior written consent of SE. As part of the terms agreed between SE and WNSL for the grant of the lottery award, the Trust:

- (a) acquired one 'A' Share of £1 in the capital of WNSL and 200 'A' Shares of £1 in English National Stadium Property Company Limited ("Propco") - both companies are subsidiaries of the FA (these shares are referred to as "golden shares");
- (b) receives an annual donation for charitable purposes of £5,000 per annum from WNSL until receipt of an intended turnover rental; and
- (c) is eligible to receive a grant of exchequer funding from SE of up to a maximum of £100,000 to meet the Trust's administrative expenses, at an anticipated level of not more than £5,000 - £8,000 per annum. This obligation

## **THE WEMBLEY NATIONAL STADIUM TRUST**

**(A Company Limited by Guarantee)  
Registered No. 3667982**

has been assumed by WNSL until such time as the Exchequer Funding Agreement has been executed.

The golden shares in WNSL and in Propco (referred to in (a) above) are to secure rights of board appointment in favour of the Trust and certain negative restrictions over the respective companies to ensure their role in the project. The golden share rights include provision precluding change of business of the respective companies, voluntary liquidation or winding up, and transfer of the respective companies' property or assets. They do not permit independent action by the Trust, which must first obtain the consent of SE before it may exercise those rights, although SE may also exercise those rights independently of the Trust.

The Trust was formed for the purpose of obtaining an intended turnover rental (further details of which are set out below). As security for this rental income, the terms agreed for the grant of lottery award also envisaged that SE would, in due course, require the assignment to the Trust of a 999-year lease from WNSL to Propco with the benefit of a 130-year underlease of the Wembley Stadium back to WNSL. The lease would in turn impose on WNSL covenants again reflecting the requirements of SE under its lottery funding agreement. The 999-year lease is, however, terminable on the 50<sup>th</sup> anniversary year following opening of the stadium, whereupon both the lease and the underlease would merge back into the WNSL. This lease structure is in place, but the long lease, together with the benefit of the underlease to WNSL, remains vested in Propco and may only be vested in the Trust by the exercise of SE's rights under the Lottery Funding Agreement - the Trust has no independent right to call for such a transfer.

The terms of the lease to WSNL were intended to provide a turnover rental to the Trust of 1% of the turnover derived from the new Wembley Stadium commencing five years from its opening - therefore anticipated to arise between eight and ten years from now. On the assumption of a turnover for the stadium of £100m per annum, this would provide an income to the Trust of £1m per annum, which would continue for the period expiring 50 years from the date of opening of the stadium. It is the disbursement of this income which is the critical function of the Trust.

### **Recent Developments and Current Position**

Recent developments have led to changed proposals. These arise from difficulties encountered in recent years in financing the project. These changes stem from the proposed lender's preference for a simplified property structure without the leasehold structure that was originally envisaged. Further, in the view of the Trustees, both the proposed lender and Government would prefer the golden shares in WNSL and Propco to be held directly by SE rather than by the Trust as an independent third party. The arrangements were revised as follows:

## **THE WEMBLEY NATIONAL STADIUM TRUST**

**(A Company Limited by Guarantee)  
Registered No. 3667982**

- (a) the golden share held by the Trust in WNSL and one golden share in Propco were transferred to SE, which will continue to act as direct custodian of the "public interest" in the project. The remainder of the shares held by the Trust in Propco were transferred to the FA. The transfers were for a consideration equal to the amount paid up on the shares (being their nominal value). These shares were not previously reflected in the Trust's accounts since they conferred certain legal rights but held no commercial value;
- (b) the assignment of the above-mentioned leasehold property interest in the stadium to the Trust will not take place;
- (c) the £5,000 covenanted donation by WNSL will continue in favour of the Trust;
- (d) the right to the 1% turnover rental will be established by a covenant entered into by WNSL with the Trust (in place of the previously-envisaged transfer of the property interests in the stadium to the Trust). Compliance with WNSL's covenant will be a requirement of an amended Lottery Funding Agreement ("the amended LFA"), default of which will constitute a breach of the amended LFA.
- (e) SE will monitor compliance with the "public interest" obligations embodied in the amended LFA and attaching to the golden shares in WNSL and Propco;
- (f) in due course, membership of the Trust may be widened to include representatives of the stakeholder group concerned with the Project, comprising WNSL, the FA, Department of Culture and Media and Sport, SE, London Development Agency and the London Borough of Brent.

The Trust has been in contact with the Charity Commission to ensure that the Commission has no objection to these proposals, and this was confirmed. The shares were subsequently transferred to Sport England and the FA, and consideration of £201 was received by the Trust on 11 October 2002.

### **Change of Name**

The English National Stadium Trust, having by special resolution of the Members passed at a general meeting of the Trust on 21 October 2002, changed its name to Wembley National Stadium Trust. This was incorporated and certified by Companies House on 24 October 2002.

## **THE WEMBLEY NATIONAL STADIUM TRUST**

**(A Company Limited by Guarantee)**

**Registered No. 3667982**

### **2.2 Principal Activities and Business Review**

The objects of the Trust are:-

"The advancement of education of children and young persons who are pupils of schools, universities and other training establishments in the United Kingdom, by organising or providing facilities for coaching and training to enable, assist and encourage them to play football ("the first element"), and other sports ("the second element") particularly (but without prejudice to the forgoing) through providing:

- funding for sports equipment at schools universities and other educational establishments;
- coaching and training for deprived children young persons and disabled people; and
- sporting facilities to enable and encourage children, young people and disabled people to participate in team games and sports and thereby assist in ensuring that due attention is given to the physical education and development of young persons through football and other sports, as well as to the development and occupation of their minds provided always that the application of any income and property of the company applied in furtherance of the objects of the company shall be applied 75% in furtherance of the first element (football) and 25% in furtherance of the second element (other sports).

The organisation, or provision of, or assistance in, the organisation of facilities for the recreation and benefit in the interests of social welfare (with the object of improving conditions of life for the persons for whom the facilities are primarily intended) of those who by reason of their youth, age, infirmity, or disablement, poverty, or social and economic circumstances have need of such facilities."

A donation of £5,000 per annum for charitable purposes is receivable from WNSL for distribution to organisations in pursuit of the above objectives. At the trustee-directors meeting held on 20 September 2005, it was agreed to commit total resources of £5,037 in respect of charitable grants to three organisations within the London Borough of Brent. Grants were agreed to be paid to Baliktan (for basketball) £630, Brent Schools' Football Association (for football) £3,777 and Shree Kutch Leva Patel Cricket Club (for cricket) £630. Following confirmation of the financial status of the organisations concerned, a payment of £5,037 was made to the London Borough of Brent on 14 February 2006 for distribution to the charities concerned.

## **THE WEMBLEY NATIONAL STADIUM TRUST**

**(A Company Limited by Guarantee)  
Registered No. 3667982**

### **2.3 Revised Arrangements**

The position with regard to the Exchequer Funding Agreement between Sport England and the Trust has been finalised. Sport England will continue to meet the Trust's administrative expenses.

The annual charitable donation of £5,000 from WNSL will continue to be distributed to charitable causes approved by the trustees in accordance with the objects of the Trust. The revised deed of covenant relating to future charitable purposes has also been finalised. This provides for a 1% share of the new Wembley National Stadium's turnover in each year to be passed to the Trust commencing five years after the date of completion of the works.

The Reserves policy of the Trust is to retain sufficient resources to meet its commitments in respect of the annual charitable donation, and any liabilities in respect of administrative expenses not met by Sport England.

### **2.4 Statement of Trustees' Responsibilities**

The trustees are responsible for preparing the Trustees Report and the financial statements. The trustees have chosen to prepare accounts for the charity in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the trustees to prepare such financial statements for each financial year which give a true and fair state of affairs of the charity and of the result for that period and comply with UK GAAP and the Companies Act 1985. In preparing these financial statements, the trustees 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 the going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a Trustees Report which comply with the requirements of the Companies Act 1985.



**THE WEMBLEY NATIONAL STADIUM TRUST**

**(A Company Limited by Guarantee)  
Registered No. 3667982**

**2.5 Risk Management**

The Trustees, in conjunction with the Trust's legal advisers, undertake a continuous programme of identifying the major risks which could impact on the activities of the Trust, and systems are in place to mitigate any risks identified.

**2.6 Provision of Information to Auditors**

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

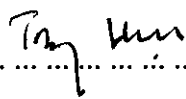
- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish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

This confirmation is given and should be interpreted in accordance with the provisions of s234zA of the Companies Act 1985.

**2.7 Auditors**

The Trustees will place a resolution before the forthcoming meeting to re-appoint Deloitte & Touch LLP as auditors.

SIGNED on BEHALF of the BOARD  
of TRUSTEES of the WEMBLEY  
NATIONAL STADIUM TRUST  
by LORD HARRIS OF HARINGEY

.....  .....  
Date ... 2 October ..... 2006

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WEMBLEY NATIONAL STADIUM TRUST**

We have audited the financial statements of the Wembley National Stadium Trust for the year ended 31 December 2005 which comprise the statement of financial activities, the balance sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company'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 company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As described in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purposes of company law, are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the trustees' report is not consistent with the financial statements, 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 other transactions is not disclosed.

We read the trustees' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 trustees in the preparation of the financial statements and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

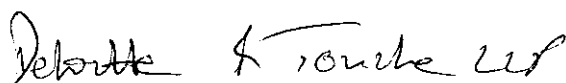
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE WEMBLEY  
NATIONAL STADIUM TRUST (CONTINUED)**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 December 2005 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors  
St. Albans

*18 October* 2006

# THE WEMBLEY NATIONAL STADIUM TRUST

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Registered No. 3667982

## STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

		Year ended 31 December 2005	Year ended 31 December 2004
RESTRICTED FUNDS		£	£
	Note		
<b>INCOMING RESOURCES</b>			
<b>Incoming Resources from Generated Funds</b>			
<b>Voluntary Income</b>			
Charitable Grant from Wembley National Stadium		5,000	5,000
<b>Investment Income</b>			
Interest Receivable	3	566	747
<b>Total Incoming Resources</b>		<u>5,566</u>	<u>5,747</u>
<b>RESOURCES EXPENDED</b>			
Charitable Activities	7.1	(5,037)	(6,310)
Governance Costs	7.2	(1,320)	(1,291)
<b>Total Resources Expended</b>		<u>(6,357)</u>	<u>(7,601)</u>
<b>Net Movement in Funds</b>	9	<u>(791)</u>	<u>(1,854)</u>
Fund balances brought forward at 1 January		<u>3,321</u>	<u>5,175</u>
Fund balances carried forward at 31 December		<u>2,530</u>	<u>3,321</u>

The net loss for the year for Companies Act purposes comprises the net movement in funds and was £791 (2004: loss of £1,854). All incoming resources and resources expended in the year are derived from continuing operations. There are no gains or losses other than those shown above, accordingly no statement of total recognised gains and losses is provided.

# THE WEMBLEY NATIONAL STADIUM TRUST

(A Company Limited by Guarantee)

Registered No. 3667982

BALANCE SHEET AT 31 DECEMBER		2005	2004
		£	£
	Note		
<b>CURRENT ASSETS</b>			
Debtors	10	373	577
Cash on deposit	3	8,874	14,541
		<u>9,247</u>	<u>15,118</u>
<b>CREDITORS</b> (Amounts falling due within one year)	11	(6,717)	(11,797)
<b>NET CURRENT ASSETS</b>		<u>2,530</u>	<u>3,321</u>
<b>RESTRICTED FUNDS</b>	9	<u>2,530</u>	<u>3,321</u>

Signed on behalf of the Board  
of Directors of the Wembley  
Stadium Trust by Lord Harris  
of Haringey

\_\_\_\_\_  
Director/Chairman  
Date  
2/10/2006

# **THE WEMBLEY NATIONAL STADIUM TRUST**

**(A Company Limited by Guarantee)  
Registered No. 3667982**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 Accounting Convention and Basis of Preparing the Financial Statements**

- a) The financial statements have been prepared in accordance with the historical cost convention and in accordance with the Statement of Recommended Practice (SORP) "Accounting by Charities 2005" and with applicable United Kingdom accounting standards.
- b) Cash Flow Statement - The company is not required under Financial Reporting Standard 1 to prepare a cash flow statement.

### **2 Taxation**

The Wembley National Stadium Trust is a registered charity and is thus exempt from taxation of its income and gains falling within Section 505 of the Income and Corporation Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gain Act 1992 to the extent that they are applied to its charitable objectives. No tax charge has arisen in the year.

### **3 Interest Receivable**

Surplus cash balances are invested with the Chamberlain of London at competitive interest rates.

### **4 Company Limited by Guarantee**

The Wembley National Stadium Trust is a company limited by guarantee, each member being liable for a maximum sum of £1 on winding up.

### **5 Incoming Resources**

Grants receivable are credited to the financial year in which they are due to be paid to the Trust.

#### **5.1 *Grant Aid from Sport England***

This is provided for the following purposes:

- a) to meet the costs of the Wembley National Stadium Trust's annual audit, company secretarial and other general administrative expenses;
- b) to meet legal costs properly incurred by the Trust associated with the development of proposals for the Wembley National Stadium Project at Wembley, specifically in relation to the role of the Trust. Also, to meet legal costs incurred in enforcing

## **THE WEMBLEY NATIONAL STADIUM TRUST**

**(A Company Limited by Guarantee)**

**Registered No. 3667982**

or defending rights held by it relating to the use and/or ownership of the existing Wembley Stadium or the new National Stadium at Wembley in circumstances where Sport England is satisfied that the course of action proposed by the Wembley National Stadium Trust is proper and reasonable and neither frivolous nor vexatious.

### **5.2 *Charitable Grant from Wembley National Stadium***

This grant is made for distribution to specified charitable causes.

### **6 Administrative and Support Services**

No staff are currently employed by the Wembley National Stadium Trust in either year. Company secretarial services, banking facilities, accounting services and other support services are provided by the Corporation of London at no charge. The value of these services, based on average Corporation departmental costs, is considered to be immaterial in both years, and no allocation is made to the Trust.

### **7 Resources Expended**

7.1 At the Trustee-Directors meeting held on 20 September 2005, it was agreed to commit total resources of £5,037 in respect of charitable grants to three organisations within the London Borough of Brent. Grants were agreed to be paid to Baliktan (for Basketball) £630, Brent Schools' Football Association (for football) £3,777 and Shree Kutch Leva Patel Cricket Club (for cricket) £630. Following confirmation of the financial status of the organisations concerned, a payment of £5,037 was made to the London Borough of Brent on 14 February 2006 for distribution to the charities concerned.

7.2 The total charge for governance costs amounting to £1,320 (2004 £1,291) includes provision for auditors' remuneration of £907 (2004 £878), charity and charity Trustees' indemnity insurance of £398 (2004 £398) and Companies House annual return fee of £15 (2004 £15).

### **8 Trustees' Remuneration**

The Trustees received no remuneration or out of pocket expenses during the accounting period or in the prior year.

# **THE WEMBLEY NATIONAL STADIUM TRUST**

(A Company Limited by Guarantee)

Registered No. 3667982

## 9 **Statement of Funds**

	<b>Balance at 1 January 2005 £</b>	<b>Net Outgoing Resources £</b>	<b>Balance at 31 December 2005 £</b>
<b>Funds</b>			
Sport England	3,284	(754)	2,530
Wembley National Stadium Fund	37	(37)	0
<b>TOTAL RESTRICTED FUNDS</b>	<b>3,321</b>	<b>(791)</b>	<b>2,530</b>

## 10 **Debtors**

This balance comprises interest receivable of £373 (2004 £577) due from the Corporation of London, received on 31 March 2006, at the end of the Corporation's accounting period.

## 11 **Creditors**

Creditors comprise auditor's remuneration of £1,680 (2004 £772) including value added tax, and grants approved in principle but not paid until 14 February 2006 of £5,037 (2004 £11,010).