

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

ACCOUNTS FOR THE YEAR
01 JANUARY 2006 TO 31 DECEMBER 2006

REGISTERED COMPANY NUMBER 3667982
REGISTERED CHARITY NUMBER 1072392

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THE WEMBLEY NATIONAL STADIUM TRUST

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<u>CONTENTS</u>	<u>Page No.</u>
1 Company Information	3
2 Trustees' Report	4 – 9
3 Independent Auditors' Report	10 - 11
4 Statement of Financial Activities	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 (Chris Bilsland from February 2007)
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

Structure, governance and management

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 2006

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 (here in after 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

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

THE WEMBLEY NATIONAL STADIUM TRUST

(A Company Limited by Guarantee)
Registered No. 3667982

Trustees Report (continued)

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 50th 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 WNSL 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 in 2012. 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:

- (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;

THE WEMBLEY NATIONAL STADIUM TRUST

(A Company Limited by Guarantee)

Registered No. 3667982

Trustees Report (continued)

- (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

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

THE WEMBLEY NATIONAL STADIUM TRUST

(A Company Limited by Guarantee)

Registered No. 3667982

Trustees Report (continued)

2 2 Objectives and Activities

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 "

2 3 Achievement and Performance

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 2 October 2006, it was agreed to commit total resources of £5,000 in respect of charitable grants to two organisations within the London Borough of Brent. Grants were agreed to be paid to the Alpha and Omega Christian Fellowship Youth Football Club towards the cost of football coaching £2,500 and to the Tamil Association of Brent £2,500, for football coaching £1,250 and for netball coaching £1,250. Following confirmation of the financial status of the organisations concerned, a payment of £2,500 was made to the London Borough of Brent

THE WEMBLEY NATIONAL STADIUM TRUST

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

Trustees Report (continued)

on 2 November 2006 for distribution to the Tamil Association of Brent, and a further £2,500 to London Borough of Brent on 2 February 2007 for distribution to the Alpha and Omega Christian Fellowship Youth Football Club

2 4 Financial Review

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 5 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 Charity is not required to produce an enhanced business review as it is exempt from the requirement under s246(4)(a) of the Companies Act 1985.

THE WEMBLEY NATIONAL STADIUM TRUST

(A Company Limited by Guarantee)

Registered No. 3667982

Trustees Report (continued)

2 6 Enhanced Business Review

The Charity is not required to produce an enhanced business review as it is exempt from the requirement under s246 (4) (a) of the companies act 1985

2 7 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.

2.8 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

.. *Ly Ann* ..
Date *2 October* 2007

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE WEMBLEY NATIONAL STADIUM TRUST

We have audited the financial statements of the Wembley National Stadium Trust for the year ended 31 December 2006 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

The responsibility of the trustees (who are also the directors of the charity for the purposes of company law) for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees Responsibilities.

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 and are properly prepared in accordance with the Companies Act 1985. We also report whether in our opinion the information given in the Trustees Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company 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 directors' remuneration and other transactions is not disclosed.

We read the trustees' report and consider the implications for our report, if we become aware of any apparent misstatements within it.

Basis of audit option

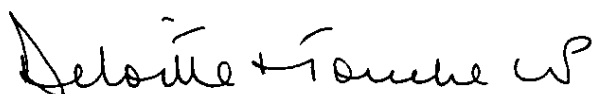
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

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 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the trustees' report is consistent with the financial statements



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
St Albans
United Kingdom

17 October 2007.

THE WEMBLEY NATIONAL STADIUM TRUST

(A Company Limited by Guarantee)

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STATEMENT OF FINANCIAL ACTIVITIES

		Unrestricted Funds Year ended 31 December 2006	Unrestricted Funds Year ended 31 December 2005
		£	£
	Note		
INCOMING RESOURCES			
Incoming Resources from Generated Funds			
Voluntary Income			
Charitable Grant from Wembley National Stadium		5,000	5,000
Investment Income			
Interest Receivable	3	373	566
Total Incoming Resources		<u>5,373</u>	<u>5,566</u>
RESOURCES EXPENDED			
Charitable Activities	7.1	(5,000)	(5,037)
Governance Costs	7.2	(1,955)	(1,320)
Total Resources Expended		<u>(6,955)</u>	<u>(6,357)</u>
Net Movement in Funds	11	<u>(1,582)</u>	<u>(791)</u>
Fund balances brought forward		<u>2,530</u>	<u>3,321</u>
Fund balances carried forward		<u>948</u>	<u>2,530</u>

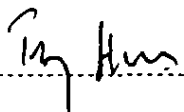
The net loss for the year for Companies Act purposes comprises the net movement in funds and was £1,582 (2005. loss of £791). All incoming resources and resources expended in the year are derived from continuing operations. There are no gains or losses other than those shown above. Accordingly, no statement of total recognised gains and losses is provided.

THE WEMBLEY NATIONAL STADIUM TRUST

(A Company Limited by Guarantee)
Registered No. 3667982

BALANCE SHEET		2006	2005
		£	£
	Note		
CURRENT ASSETS			
Debtors	9	249	373
Cash on deposit		<u>6,519</u>	<u>8,874</u>
		6,768	9,247
CREDITORS (Amounts falling due within one year)	10	(5,820)	(6,717)
NET CURRENT ASSETS		<u>948</u>	<u>2,530</u>
UNRESTRICTED FUNDS	11	<u>948</u>	<u>2,530</u>

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


 Director/Chairman
 Date
 2 October 2007

THE WEMBLEY NATIONAL STADIUM TRUST

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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 2 October 2006, it was agreed to commit total resources of £5,000 in respect of charitable grants to two organisations within the London Borough of Brent. Grants were agreed to be paid to the Alpha and Omega Christian Fellowship Youth Football Club towards the cost of football coaching £2,500, and to the Tamil Association of Brent £2,500, for football coaching £1,250 and for netball coaching £1,250. Following confirmation of the financial status of the organisations concerned, a payment of £2,500 was made to the London Borough of Brent on 2 November 2006 for distribution to the Tamil Association of Brent and a further £2,500 was paid to the London Borough of Brent on 2 February 2007 for distribution to the Alpha and Omega Christian Fellowship Youth Football Club

7.2 The total charge for governance costs amounting to £1,955 (2005 £1,320) includes provision for auditors' remuneration of £1,610 (2005 £907), charity Trustees' indemnity insurance of £315 (2005 £398) and Companies House annual return fee of £30 (2005 £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 Debtors

This balance comprises interest receivable of £249 (2005 £373) due from the City of London Corporation, received on 31 March 2007, at the end of the Corporation's accounting period

10 Creditors

Creditors comprise auditor's remuneration of £3,290 (2005 £1,680) including value added tax, and grants approved in principle but not paid until 2 February 2007 of £2,500 (2005 £5,037), and Companies House registration fee £30

The auditors' fee relating to 2004 and 2005, amounting to £1,880, was paid on 1 January 2007, the provision for 2006 being £1,410, including value added tax

11 Statement of Funds

	Balance at 1 January 2006 £	Net Outgoing Resources £	Balance at 31 December 2006 £
Funds			
Sport England	2,530	(1,582)	948
TOTAL UNRESTRICTED FUNDS	2,530	(1,582)	948