

**THE SCOTTISH FOOTBALL  
ASSOCIATION LIMITED**

**CONSOLIDATED FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2002**



Company no SC 005453

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2002

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# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## REPORT OF THE OFFICE BEARERS

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<b>Office Bearers:</b>	President:	J C McGinn
	Vice Presidents:	
	1st Vice President	J F McBeth
	2nd Vice President	Vacant (see below)
	Treasurer:	G W Peat

The Office Bearers have pleasure in presenting their report together with financial statements for the year ended 31 December 2002.

### Principal activities

The principal activity of the Association is the furtherance and control of the game of football in Scotland. In addition a travel agency and a stadium management company are operated through subsidiary undertakings.

### Business review

The surplus for the year after taxation amounted to £424,701 (2001: £1,053,840) and has been transferred to reserves as noted on the consolidated profit and loss account.

### Office Bearers and Council

Mr C P Robinson was appointed as 2nd Vice President following intimation of his nomination by the Scottish Premier League on 26 June 2002. He replaced Mr J Oliver in that position. Mr Robinson resigned on 28 October 2002 and the position of 2nd Vice President has remained vacant from that time.

The Office Bearers with the exception of the position of 2nd Vice President, which is nominated by the Scottish Football League and Scottish Premier League in rotation, and the other members of Council are elected every two years at the Annual General Meeting and are due for re-election in 2003.

### Office Bearers' responsibilities for the financial statements

Company law requires the Office Bearers to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the office bearers are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- *prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.*

The Office Bearers are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

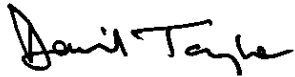
**REPORT OF THE OFFICE BEARERS**

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**Auditors**

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

On behalf of the Office Bearers

A handwritten signature in black ink, appearing to read 'David Taylor'.

Secretary  
16 April 2003

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

We have audited the financial statements of The Scottish Football Association Limited for the year ended 31 December 2002 which comprise the principal accounting policies, the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the 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 auditor's 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 the Office Bearers and auditors**

The Office Bearers' responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of Office Bearers' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements 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 Office Bearers' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the Office Bearers in the preparation of the financial statements, 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 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
THE SCOTTISH FOOTBALL ASSOCIATION LIMITED (CONTINUED)**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company and the group at 31 December 2002 and of the surplus of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

**GLASGOW**

*16 April 2003*

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2002

	Note	2002 £	2001 £
<b>Turnover</b>	1	18,564,342	17,875,855
Cost of sales		<u>11,003,286</u>	<u>9,553,159</u>
<b>Gross profit</b>		7,561,056	8,322,696
<b>Other operating income</b>			
Release from other reserves	11	<u>551,615</u>	<u>871,031</u>
		8,112,671	9,193,727
Grant to The Football Partnership		-	400,000
Administrative expenses		<u>8,573,016</u>	<u>8,288,611</u>
<b>Operating (loss)/profit</b>		(460,345)	505,116
Income from fixed asset investments		165,328	154,251
(Loss)/gain on realisation of fixed asset investments		(157,343)	17,105
Interest receivable		155,933	367,115
Gain on disposal of tangible fixed assets		<u>719,659</u>	<u>-</u>
<b>Surplus for the year before taxation</b>	3	423,232	1,043,587
Taxation	4	<u>1,469</u>	<u>10,253</u>
<b>Surplus for the year after taxation</b>		<u>424,701</u>	<u>1,053,840</u>
<b>Transfer to reserves:</b>			
Community Officers Scheme	11	200,000	350,000
Development Projects Fund	11	267,000	245,000
Scottish Football Association Museum Trust	11	73,000	70,000
National Stadium Sports Medicine Centre	11	62,000	60,000
Accumulated (deficit)/surplus	12	<u>(177,299)</u>	<u>328,840</u>
		<u>424,701</u>	<u>1,053,840</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2002

	Note	2002 £	2002 £	2001 £	2001 £
<b>Fixed assets</b>					
Tangible assets	5a		5,707,521		4,297,900
Investments	6		2,455,258		2,620,201
			8,162,779		6,918,101
<b>Current assets</b>					
Debtors	7	3,278,934		3,606,959	
Cash at bank and in hand	15	3,057,153		4,011,765	
		6,336,087		7,618,724	
<b>Creditors: amounts falling due within one year</b>	8	8,971,136		9,124,946	
<b>Net current liabilities</b>			(2,635,049)		(1,506,222)
<b>Total assets less current liabilities</b>			5,527,730		5,411,879
<b>Creditors: amounts falling due after more than one year</b>	9		212,765		-
			5,314,965		5,411,879
<b>Reserves</b>					
General reserve			1,500,000		1,500,000
Investment revaluation reserve	10		448,901		418,901
Other reserves	11		1,875,869		1,825,484
Accumulated surplus	12		1,490,195		1,667,494
			5,314,965		5,411,879

The financial statements were approved by the Office Bearers on 16 April 2003.

President

Vice President

Treasurer

*John G. McQuinn*  
*John McQuinn*  
*George Wheat*

The accompanying accounting policies and notes form an integral part of these financial statements.



# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## COMPANY BALANCE SHEET AT 31 DECEMBER 2002

	Note	2002 £	2002 £	2001 £	2001 £
<b>Fixed assets</b>					
Tangible assets	5b		4,838,537		3,808,695
Investments	6		<u>2,485,260</u>		<u>2,650,203</u>
			7,323,797		6,458,898
<b>Current assets</b>					
Debtors	7	3,797,801		4,050,219	
Cash at bank and in hand		<u>2,084,184</u>		<u>3,184,427</u>	
		5,881,985		7,234,646	
Creditors: amounts falling due within one year	8	<u>8,381,144</u>		<u>8,684,011</u>	
Net current liabilities			<u>(2,499,159)</u>		<u>(1,449,365)</u>
Total assets less current liabilities			4,824,638		5,009,533
Creditors: amounts falling due after more than one year	9		<u>23,765</u>		<u>-</u>
			<u>4,800,873</u>		<u>5,009,533</u>
<b>Reserves</b>					
General reserve			1,500,000		1,500,000
Investment revaluation reserve	10		448,901		418,901
Other reserves	11		1,875,869		1,825,484
Accumulated surplus			<u>976,103</u>		<u>1,265,148</u>
			<u>4,800,873</u>		<u>5,009,533</u>

The financial statements were approved by the Office Bearers on 16 April 2003.

President

Vice President

Treasurer

*John G. G. G.*  
*John G. G. G.*  
*John G. G. G.*

The accompanying accounting policies and notes form an integral part of these financial statements.

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2002

	Note	2002 £	2002 £	2001 £	2001 £
<b>Net cash (outflow)/inflow from operating activities</b>	13		(628,792)		43,339
<b>Returns on investments</b>					
Interest received		155,933		367,115	
Income from investments		<u>165,328</u>		<u>154,251</u>	
<b>Net cash inflow from returns on investments</b>			321,261		521,366
<b>Taxation</b>					
Taxation (paid)/recovered			(3,322)		4,907
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(2,134,304)		(2,198,275)	
Purchase of investments		(186,712)		(93,782)	
Proceeds on disposal of tangible fixed assets		1,225,414		-	
Proceeds on disposal of investments		194,312		100,594	
Receipt of capital grant		<u>257,531</u>		<u>-</u>	
<b>Net cash outflow from capital expenditure and financial investment</b>			<u>(643,759)</u>		<u>(2,191,463)</u>
<b>Net cash outflow before management of liquid resources</b>			(954,612)		(1,621,851)
<b>Management of liquid resources</b>					
Sale/(purchase) of short term deposits			<u>3,000,000</u>		<u>(2,000,000)</u>
<b>Increase/(decrease) in cash in the year</b>	14		<u>2,045,388</u>		<u>(3,621,851)</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

For the year ended 31 December 2002

	Note	2002 £	2001 £
Surplus for the financial year		424,701	1,053,840
<b>Other reserves</b>			
Release to income	11	(551,615)	(871,031)
Surplus arising on revaluation	10	<u>30,000</u>	<u>-</u>
Total recognised gains and losses for the year		(96,914)	182,809
Opening reserves		<u>5,411,879</u>	<u>5,229,070</u>
Closing reserves		<u>5,314,965</u>	<u>5,411,879</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2002

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The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention as modified by the revaluation of certain assets. The principal accounting policies have remained unchanged from the previous year and are set out below.

### **Basis of consolidation**

The group financial statements consolidate those of the company and of its subsidiary undertakings (see note 6). The financial statements of its subsidiary undertakings have been prepared to 31 December 2002.

### **Association structure**

The Association is a company limited by guarantee not having a share capital.

### **Turnover**

Turnover is the amount receivable by the group from its various activities during the accounting period. Revenue derived from contracts in respect of media rights is recognised as turnover in accordance with the proportion of matches covered in any accounting period against the total number of matches to be played in any season.

### **Depreciation**

Depreciation is calculated at the following rates:

Leasehold Improvements	Straight line over period of lease and 10-20 years
Computer and office equipment	25% and 10% straight line

### **Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date.

### **Investments**

Investments are included at cost, and are classified as fixed assets.

### **Investment properties**

In accordance with Statement of Standard Accounting Practice No 19, investment properties are included in the balance sheet at their open market values. The unrealised surplus on revaluation on individual properties is transferred to the investment revaluation reserve. Depreciation is not provided in respect of freehold investment properties as any charge would be considered insignificant.

# **THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

For the year ended 31 December 2002

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### **Pension costs**

The Association operates a defined benefit pension scheme. The pension costs charged to the profit and loss account are designed to provide the anticipated pension costs over the service life of the employees in the scheme. This is based upon an actuarial method and actuarial assumptions, which seek to ensure that the pension cost represents a substantially level percentage of the current and expected future pensionable payroll.

Contributions payable for the year to defined contribution schemes are charged to the profit and loss account.

### **Grants**

Grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets.

Grant assistance of a revenue nature is credited to the profit and loss account in the same period as the related expenditure.

### **Operating leases**

Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

### **Deferred Expenditure - Rental**

The group has entered into a lease for Hampden Stadium. The initial term of the lease is 20 years with an option to extend for a further 20 years.

The lease payments are capable of being reduced depending on circumstances outwith the control of the group. The reduction may take place any time between 10 to 17 years from inception. The rent is being charged to the profit and loss account in equal annual instalments over 20 years assuming the reduction in rent takes place in year 17 being the most appropriate estimate at this time. The expenditure deferred is included within prepayments and accrued income in the balance sheet.

### **Other reserves**

Other reserves are designated reserves and represent individual schemes and projects managed and funded by the Association. Transfers to the reserves are made from the surplus for the year. All expenditure is charged to the profit and loss account in the year in which it is incurred and a corresponding amount is released from the reserve and credited to the profit and loss account at that time.

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2002

### 1 TURNOVER

	2002 £	2001 £
Turnover is analysed as follows:		
Gross match receipts	8,862,616	8,231,344
Other activities	9,701,726	9,644,511
	<u>18,564,342</u>	<u>17,875,855</u>

### 2 OFFICE BEARERS AND EMPLOYEES

The average number of employees of the group during the year and their aggregate emoluments are shown below:

	2002 £	2001 £
Wages and salaries	2,759,225	2,575,785
Social security	290,301	259,658
Other pension costs (see note 18)	589,737	595,280
	<u>3,639,263</u>	<u>3,430,723</u>
Average number of employees of the group during the year	<u>106</u>	<u>95</u>

Remuneration in respect of office bearers was as follows:

	2002 £	2001 £
Office Bearers Fees	<u>10,000</u>	<u>-</u>

### 3 SURPLUS FOR THE YEAR BEFORE TAXATION

The surplus for the year before taxation is stated after:

	2002 £	2001 £
Auditors remuneration:		
Audit services	27,250	26,250
Non-audit services	15,065	20,970
Depreciation	424,762	179,982
Capital grant release	(89,050)	-
Hire of equipment	2,519	2,776
Operating leases:		
Plant and equipment	34,991	20,000
Other	<u>723,639</u>	<u>721,669</u>

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2002

### 4 TAX ON SURPLUS ON ORDINARY ACTIVITIES

The taxation credit is based on the result for the year and is made up as follows:

	2002 £	2001 £
United Kingdom corporation tax at 20% - current year	(44)	(1,562)
- prior years	1,513	11,815
	<u>1,469</u>	<u>10,253</u>

No provision has been made for taxation, which would accrue if the investment properties were disposed of at their revalued amounts.

#### Tax Reconciliation

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £	2001 £
Surplus on ordinary activities before tax	<u>423,232</u>	<u>1,043,587</u>
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	126,970	313,076
Effects of:		
Income previously taxed	(163,613)	(276,468)
Capital allowances in excess of depreciation	42,595	36,748
Non qualifying depreciation	55,330	8,400
Excess relief for charges on income	(13,031)	4,831
Other timing differences	24,000	(75,000)
Net difference on gain on disposal of non qualifying assets	(36,028)	-
Utilisation of tax losses	(23,599)	(7,697)
Impact of lower rate in subsidiaries	<u>(12,580)</u>	<u>(2,328)</u>
Current tax charge for year	<u>44</u>	<u>1,562</u>

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2002

### 5 TANGIBLE FIXED ASSETS

#### a) The Group

	Leasehold Improvements £	Land and Buildings Investment Property £	Heritable Property £	Computer & Office Equipment £	Total £
Cost or valuation					
At 1 January 2002	2,235,932	1,090,646	516,077	795,813	4,638,468
Additions at cost	2,113,005	-	-	197,133	2,310,138
Disposals	-	-	(516,077)	-	(516,077)
Revaluation	-	30,000	-	-	30,000
At 31 December 2002	<u>4,348,937</u>	<u>1,120,646</u>	<u>-</u>	<u>992,946</u>	<u>6,462,529</u>
Depreciation					
At 1 January 2002	51,265	-	10,322	278,981	340,568
Provided in the year	252,468	-	-	172,294	424,762
Disposals	-	-	(10,322)	-	(10,322)
At 31 December 2002	<u>303,733</u>	<u>-</u>	<u>-</u>	<u>451,275</u>	<u>755,008</u>
Net book value at					
31 December 2002	<u>4,045,204</u>	<u>1,120,646</u>	<u>-</u>	<u>541,671</u>	<u>5,707,521</u>
Net book value at					
31 December 2001	<u>2,184,667</u>	<u>1,090,646</u>	<u>505,755</u>	<u>516,832</u>	<u>4,297,900</u>

Investment properties were revalued on 31 December 2002 by Messrs Griffin Webster, Chartered Surveyors, at their open market values. The uplift in valuation of £30,000 has been credited to the investment property revaluation reserve (note 10).



# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2002

### TANGIBLE FIXED ASSETS (CONTD)

#### b) The Company

	Leasehold Improvements £	Land and buildings Investment Property £	Heritable Property £	Computer & Office Equipment £	Total £
Cost or valuation					
At 1 January 2002	1,818,751	1,090,646	516,077	610,678	4,036,152
Additions at cost	1,721,822	-	-	129,134	1,850,956
Disposals	-	-	(516,077)	-	(516,077)
Revaluation	-	30,000	-	-	30,000
At 31 December 2002	<u>3,540,573</u>	<u>1,120,646</u>	<u>-</u>	<u>739,812</u>	<u>5,401,031</u>
Depreciation					
At 1 January 2002	28,000	-	10,322	189,135	227,457
Disposals	-	-	(10,322)	-	(10,322)
Provided in the year	212,047	-	-	133,312	345,359
At 31 December 2002	<u>240,047</u>	<u>-</u>	<u>-</u>	<u>322,447</u>	<u>562,494</u>
Net book value at					
31 December 2002	<u>3,300,526</u>	<u>1,120,646</u>	<u>-</u>	<u>417,365</u>	<u>4,838,537</u>
Net book value at					
31 December 2001	<u>1,790,751</u>	<u>1,090,646</u>	<u>505,755</u>	<u>421,543</u>	<u>3,808,695</u>

Investment properties were revalued on 31 December 2002 by Messrs Griffin Webster, Chartered Surveyors, at their open market values. The uplift in valuation of £30,000 has been credited to the investment property revaluation reserve (note 10).

#### c) The Group and the Company

If the investment properties had not been revalued, they would have been included on the historical cost basis at the following amounts:

	Investment Property £
Cost	671,745
Accumulated depreciation	-
Net book value at 31 December 2002	<u>671,745</u>
Net book value at 31 December 2001	<u>671,745</u>

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2002

### 6 INVESTMENTS

The Group	Quoted £
At cost 1 January 2002	2,620,201
Additions	186,712
Disposals	(351,655)
At cost 31 December 2002	<u>2,455,258</u>

The market value of quoted investments at 31 December 2002 was £2,231,340 (2001 - £2,909,431).

#### The Company

In addition to the above quoted investments, the company holds the following investments:

	Investment in subsidiary undertakings £
Cost	
At 1 January 2002	30,002
Additions	-
At 31 December 2002	<u>30,002</u>

Subsidiary Undertakings	Country of Registration	Holding	Proportion held	Nature of Business
Scotball Travel and Leisure Limited	Scotland	Ordinary Shares	100%	Travel Agency
Hampden Park Limited	Scotland	Ordinary Shares	100%	Stadium Management

### 7 DEBTORS

	The Group		The Company	
	2002	2001	2002	2001
	£	£	£	£
Amounts owed by group undertakings	-	-	1,995,173	1,402,622
Other debtors	2,147,062	2,846,234	1,359,433	2,304,824
Prepayments and accrued income	1,119,096	751,142	430,419	333,190
Taxation recoverable	12,776	9,583	12,776	9,583
	<u>3,278,934</u>	<u>3,606,959</u>	<u>3,797,801</u>	<u>4,050,219</u>

Prepayments and accrued income for the group includes an amount of £224,730 (2001: £143,010) in relation to deferred rental. This amount will be written off in accordance with the accounting policy as discussed on page 11 and is not recoverable within one year. It also includes an amount of £170,000 (2001: £250,000) in relation to prepaid pension contributions.

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2002

### 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2002	2001	2002	2001
	£	£	£	£
Accruals and deferred income	8,861,281	8,925,802	8,287,267	8,516,700
Social security and other taxes	109,168	196,859	93,877	167,311
Corporation tax payable	687	2,285	-	-
	<u>8,971,136</u>	<u>9,124,946</u>	<u>8,381,144</u>	<u>8,684,011</u>

### 9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group		The Company	
	2002	2001	2002	2001
	£	£	£	£
Accruals and deferred income	<u>212,765</u>	<u>-</u>	<u>23,765</u>	<u>-</u>

### 10 INVESTMENT PROPERTY REVALUATION RESERVE

#### The Group and the Company

	2002	2001
	£	£
At 1 January 2002	418,901	418,901
Arising on revaluation (Note 5)	<u>30,000</u>	<u>-</u>
At 31 December 2002	<u>448,901</u>	<u>418,901</u>

### 11 OTHER RESERVES

	At 1 January 2002 £	Transfer from surplus for the year £	Release to income £	At 31 December 2002 £
Grants scheme	42,534	-	-	42,534
Approved projects of Affiliated National Associations	7,357	-	-	7,357
Community Officers Scheme	252,849	200,000	(376,653)	76,196
Development Projects Fund	1,522,744	267,000	(39,962)	1,749,782
Scottish Football Association Museum Trust	-	73,000	(73,000)	-
National Stadium Sports Medicine Centre	-	62,000	(62,000)	-
	<u>1,825,484</u>	<u>602,000</u>	<u>(551,615)</u>	<u>1,875,869</u>

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2002

### 12 ACCUMULATED SURPLUS

	2002 £	2001 £
Accumulated surplus at 1 January 2002	1,667,494	1,338,654
(Deficit)/surplus for the year	<u>(177,299)</u>	<u>328,840</u>
Accumulated surplus at 31 December 2002	<u>1,490,195</u>	<u>1,667,494</u>

The retained (deficit)/surplus for the year has arisen from the group companies as follows:

	2002 £	2001 £
By the Association	(289,045)	336,857
By subsidiary undertakings	<u>111,746</u>	<u>(8,017)</u>
	<u>(177,299)</u>	<u>328,840</u>

In accordance with S230 of the Companies Act 1985, the company has not included its own profit and loss account in these financial statements.

### 13 NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating (loss)/profit	(460,345)	505,116
Depreciation	424,762	179,982
Release of deferred capital grant	(89,050)	-
Release from other reserves	(551,615)	(871,031)
Decrease/(increase) in debtors	397,885	(1,441,634)
(Decrease)/increase in creditors	<u>(350,429)</u>	<u>1,670,906</u>
Net cash (outflow)/inflow from operating activities	<u>(628,792)</u>	<u>43,339</u>

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2002

### 14 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2002 £	2001 £
Increase/(decrease) in cash in the year	2,045,388	(3,621,851)
Cash inflow from decrease in liquid resources	(3,000,000)	2,000,000
Movement in net funds in the year	(954,612)	(1,621,851)
Net funds at 1 January 2002	4,011,765	5,633,616
Net funds at 31 December 2002	3,057,153	4,011,765

The Association manages its liquid resources through the use of overnight and 7 day deposits with Bank of Scotland. Overnight deposits are treated as cash, and 7 days deposits are treated as liquid resources for the purposes of the cash flow statement.

### 15 ANALYSIS OF NET FUNDS

	At 1 January 2002 £	Cash flow £	At 31 December 2002 £
Cash at bank and in hand	1,011,765	2,045,388	3,057,153
Short-term deposits	3,000,000	(3,000,000)	-
	4,011,765	(954,612)	3,057,153

### 16 CAPITAL COMMITMENTS

The group and the company

	2002 £	2001 £
Contracted for but not provided in these financial statements	-	1,470,000

### 17 CONTINGENT LIABILITIES/ASSETS

The company has provided a guarantee in respect of a loan of £1,190,000 to be provided to The Scottish Football Partnership.

The tenants improvements in the year consists mainly of the balance of expenditure on a £3 million contract for safety improvements to the East Stand at Hampden Park. A grant offer of £1.2 million towards this project has been made by Sportscotland Lottery Fund and this will be applied for in the current year. An application has also been made to the Scottish Football Partnership for a further £1 million grant.

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2002

### 18 PENSION COMMITMENTS

The Association operates a defined benefit pension scheme for the benefit of certain employees. The assets of the scheme are administered by the Trustees in a fund independent from those of the Association.

Pension costs are assessed in accordance of the advice of a qualified actuary using the project unit method. The latest valuation was carried out as at 1 May 2000. The assumptions, which have the most significant effect on the results of the valuation, are those relating to the rate of return on investments and the rate of increase in salaries. It was assumed that investment returns would be 7.5% per annum and the salary increases would average 5.5% per annum.

The actuarial valuation showed that the market value of the schemes assets was £5,434,000 and that the actuarial value of those assets represented 86% of the value of the liabilities accrued to the valuation date at 1 May 2000. This deficiency should be eliminated over a 10-year period by amending the contribution rate from the standard contribution rate of 23.8% to 27.5% of pensionable earnings, including employees contributions of 5%, and by way of a single contribution of £400,000 paid in December 2001.

The total charge for the year was £547,881 (2001: £565,742).

Financial Reporting Standard 17, issued in November 2000, will become fully effective for the company's year ending 31 December 2005.

The transitional provisions of the Standard require the disclosure of certain information in relation to the valuation of the Scheme's assets and liabilities at 31 December 2001 and 31 December 2002, together with related assumptions.

In relation to the financial statements for the year ended 31 December 2001 and 31 December 2002 this information is illustrative only and does not impact on the balance sheet at either date.

The Office Bearers have obtained the information required under FRS17 from the scheme's actuary based on an update of the most recent actuarial valuation completed as at 1 May 2000.

On this basis the financial status of the Scheme at 31 December 2002 was as follows:

The assets in the scheme and the expected rate of return were:

	Rate of Return %	2002 £000's	Rate of Return %	2001 £000's
Market value of assets:				
Deposit administration contract	6.5	5,788	6.5	5,178
Annuities	5.4	1,613	5.8	1,558
		7,401		6,736
Present value of Scheme liabilities		(9,500)		(8,038)
Net pension deficit		(2,099)		(1,302)

The deficit makes no allowances for deferred taxation.

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2002

### PENSION COMMITMENTS (CONTINUED)

The movement in the deficit during the year was:

	£000's £
Deficit in scheme 31 December 2001	(1,302)
Movement in year:	
Current service cost	(343)
Contributions	431
Other finance costs	(47)
Actuarial loss	<u>(838)</u>
Deficit in scheme at 31 December 2002	<u>(2,099)</u>

The main assumptions used by the actuary were:

	2002 %	2001 %
Rate of increase in Retail Price Index	2.4	2.6
Rate of increase in Pensions in Payment	5.0	5.0
Rate of increase in Pensionable Salaries	3.9	4.25
Discount Rate	5.4	5.8

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2002

### PENSION COMMITMENTS (CONTINUED)

On full implementation of the provisions of FRS 17 the movement in the deficit during the year would be reflected in the financial statements as follows:

#### i) Amount charged to operating profit

	£000
Current service cost	343
Past service cost	-
Total operating charge	<u>343</u>

#### ii) Amount debited to other financial costs

	£000
Expected return on pension scheme assets	439
Interest cost on pension scheme liabilities	<u>(486)</u>
Net return	<u>(47)</u>

#### iii) Amount recognised in the Statement of Total Recognised Gains and Losses

	£000
Actual return less expected return on pension scheme assets	(160)
Experience gains and losses arising on the scheme liabilities	(106)
Changes in financial assumptions underlying the scheme liabilities	<u>(572)</u>
Actuarial loss recognised in STRGL	<u>(838)</u>

The Association also contributes to defined contribution schemes. Contributions to these schemes for the year amounted to £41,856 (2001 - £29,538).

### 19 LEASING COMMITMENTS

Operating lease payments amounting to £834,991 (2001 - £820,000) are due within one year. The leases to which these amounts relate expire as follows:

	2002 Land and buildings £	Other £	2001 Land and buildings £	Other £
Between two and five years	-	5,820	-	-
In five years or more	<u>800,000</u>	<u>29,171</u>	<u>800,000</u>	<u>20,000</u>
	<u>800,000</u>	<u>34,991</u>	<u>800,000</u>	<u>20,000</u>



# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2002

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### 20 OTHER MATTERS

In furtherance of the objectives of the Scottish Football Association, which is the promotion of Football in Scotland, the group makes payments to and contracts with members of the Association in the normal course of business. These transactions are entered into on an arm's length basis.

The group made a donation to the Scottish Football Association Museum Trust of £423,000 (2001: £357,814) in the year. In addition in 2001 it paid salaries amounting to £30,926 by way of payment in kind to the Scottish Football Association Museum Trust. The group charged the Scottish Football Association Museum Trust an amount of £180,000 (2001: £180,000) in the year in respect of rent and common charges. Included within Other Debtors is an amount of £50,360 (2001: £374,809) due from the Scottish Football Association Museum Trust. The group has certain directors in common with the Scottish Football Association Museum Trust.

The group made a donation to the National Stadium Sports Medicine Centre Limited of £200,000 (2001: £200,498) in the year. The group charged the National Stadium Sports Medicine Centre Limited an amount of £36,000 in the year in respect of rent and common charges. Included within Other Debtors is an amount of £11,367 due from the National Stadium Sports Medicine Centre Limited. The group has certain directors in common with the National Stadium Sports Medicine Centre Limited.

During the year the group paid £15,000 to McBeth & Co, a company controlled by John McBeth, the Vice President of the Association, in connection with services rendered in relation to the redevelopment of the East End of Hampden Park.