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THE SCOTTISH FOOTBALL  
ASSOCIATION LIMITED

CONSOLIDATED  
FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1997**

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**INDEX**

**PAGE**

Report of the Office Bearers	1-2
Report of the Auditors	3
Consolidated profit and loss account	4
Consolidated balance sheet	5
Company balance sheet	6
Consolidated cash flow statement	7
Statement of recognised gains and losses	8
Accounting policies	9-10
Notes to the financial statements	11-19

## REPORT OF THE OFFICE BEARERS

Page 1

**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 of the profit or loss of the company 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 company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Fixed Assets**

All movements in fixed assets are shown in notes 5 and 6 to the financial statements.

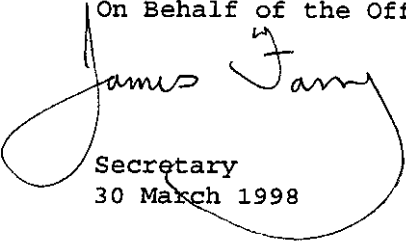
**Charitable donations**

Donations to charitable organisations amounted to £76,200.

**Auditors**

Grant Thornton offer themselves for re-appointment as Auditors in accordance with Section 385 of the Companies Act 1985.

On Behalf of the Office Bearers

  
Secretary  
30 March 1998

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

We have audited the financial statements on pages 4 to 19 which have been prepared under the accounting policies set out on pages 9 and 10.

**Respective responsibilities of Office Bearers and Auditors**

As described on page 2 the company's Office Bearers 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 Office Bearers in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 of the state of affairs of the company and the group at 31 December 1997 and of the surplus of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Wat Tnt*

REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
GLASGOW

30 March 1998

**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 1997**

	<b>Note</b>	<b>1997 £</b>	<b>1996 £</b>
<b>Turnover</b>	<b>1</b>	10,976,827	11,566,204
Cost of sales		8,007,184	7,554,943
<b>Gross profit</b>		2,969,643	4,011,261
<b>Other operating income</b>			
Release from other reserves	11	464,516	569,296
		3,434,159	4,580,557
Grant to Football Trust 1990		500,000	1,250,000
Administrative expenses		3,301,166	3,472,050
<b>Operating deficit</b>		(367,007)	(141,493)
Income from fixed asset investments		66,276	41,613
Interest receivable		357,906	368,377
<b>Surplus for the year before taxation</b>	<b>3</b>	57,175	268,497
Taxation	4	(101,219)	18,720
<b>Surplus for the year after taxation</b>		158,394	249,777
<b>Transfer to reserves:</b>			
Community Officers Scheme	11	250,000	200,000
Development Projects Fund	11	200,000	200,000
Direct Training Grant Fund	11	45,000	-
Accumulated surplus	12	(336,606)	(150,223)
		158,394	249,777

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 1997

	Note	£	1997 £	£	1996 £
<b>Fixed assets</b>					
Tangible assets	5a		1,536,969		1,649,985
Investments	6		1,080,593		928,816
			<u>2,617,562</u>		<u>2,578,801</u>
<b>Current assets</b>					
Debtors	7	906,392		1,116,211	
Cash at bank and in hand	14	4,371,312		5,586,099	
		<u>5,277,704</u>		<u>6,702,310</u>	
<b>Creditors: amounts falling due within one year</b>	8	2,679,700		3,758,735	
				<u>3,758,735</u>	
<b>Net current assets</b>			2,598,004		2,943,575
<b>Total assets less current liabilities</b>			<u>5,215,566</u>		<u>5,522,376</u>
Deferred taxation	9		398		1,086
			<u>5,215,168</u>		<u>5,521,290</u>
<b>Reserves</b>					
General reserve			1,500,000		1,500,000
Investment revaluation reserve	10		343,901		343,901
Other reserves	11		1,747,616		1,717,132
Accumulated surplus	12		1,623,651		1,960,257
			<u>5,215,168</u>		<u>5,521,290</u>

The financial statements were approved by the Office Bearers on 30 March 1998.

*John B. Wilson* President

*John Mitchell* Vice-President

*George Stewart* Treasurer

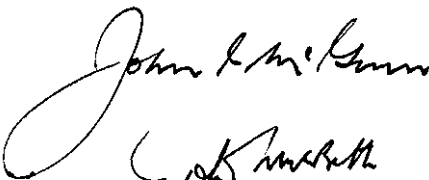


The accompanying accounting policies and notes form an integral part of these financial statements.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

COMPANY BALANCE SHEET AT 31 DECEMBER 1997

	Note	£	1997 £	£	1996 £
<b>Fixed assets</b>					
Tangible assets	5b		1,521,217		1,632,065
Investments	6		1,100,593		948,816
			<u>2,621,810</u>		<u>2,580,881</u>
<b>Current assets</b>					
Debtors	7	931,094		1,115,757	
Cash at bank and in hand		3,904,318		5,142,988	
			<u>4,835,412</u>	<u>6,258,745</u>	
<b>Creditors: amounts falling due within one year</b>	8	2,619,013		3,687,216	
			<u>2,216,399</u>	<u>2,571,529</u>	
<b>Net current assets</b>			<u>4,838,209</u>	<u>5,152,410</u>	
<b>Reserves</b>					
General reserve			1,500,000		1,500,000
Investment revaluation reserve	10		343,901		343,901
Other reserves	11		1,747,616		1,717,132
Accumulated surplus			1,246,692		1,591,377
			<u>4,838,209</u>	<u>5,152,410</u>	

The financial statements were approved by the Office Bearers on 30 March 1998.

 President  
 Vice-President  
 Treasurer

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 1997

	Note	1997 £	1996 £
<b>Net cash outflow from operating activities</b>	13	(1,508,828)	(114,142)
<b>Returns on investments and servicing of finance</b>			
Interest received		357,906	368,377
Income from investments		66,276	41,613
<b>Net cash inflow from returns on investments and servicing of finance</b>		424,182	409,990
<b>Taxation</b>			
Tax paid		(197,986)	(137,542)
		(197,986)	(137,542)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(31,685)	(94,649)
Purchase of investments		(391,739)	(149,214)
Proceeds of disposal of tangible fixed assets		101,600	176,835
Proceeds of disposal of investments		389,669	149,587
		67,845	82,559
<b>Net cash (outflow)/inflow before management of liquid resources</b>		(1,214,787)	240,865
<b>Management of liquid resources</b>			
Purchase of short-term deposits		(3,000,000)	(4,500,000)
Sale of short-term deposits		4,500,000	3,720,000
		1,500,000	(780,000)
<b>Increase/(decrease) in cash in the year</b>	14	285,213	(539,135)

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

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 1997

	1997 £	1996 £
Surplus for the financial year	158,394	249,777
Other reserves:		
Release to income	(464,516)	(569,296)
Surplus arising on revaluation	-	22,500
	<u>(306,122)</u>	<u>(297,019)</u>
Opening reserves	5,521,290	5,818,309
Closing reserves	<u>5,215,168</u>	<u>5,521,290</u>

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

PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 1997

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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 the subsidiary undertaking (see note 6). The financial statements of the subsidiary undertaking have been prepared to 31 December 1997.

**Association structure**

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

**Depreciation**

Depreciation is calculated at the following rates:

Motor vehicles	-	25% straight line
Computer and office equipment	-	25% and 10% straight line
Printing equipment	-	10% straight line

No depreciation is provided on freehold property as it is the Association's policy to maintain this property in a continual state of sound repair and to extend and make improvements thereto from time to time and accordingly it is considered that the life of the property is sufficiently long and the residual value sufficiently high that its depreciation is insignificant.

Furniture and fittings of the Association are charged to revenue in the year of purchase.

**Deferred taxation**

Deferred taxation is the taxation attributable to timing differences between results computed for tax purposes and results as stated in the accounts, and is provided for where there is a reasonable probability of the tax falling due in the foreseeable future.

**Turnover**

Turnover is the amount receivable by the group from its various activities during the accounting period.

**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.

### **Pension**

The Association operates a defined benefit scheme. The pension costs charged against surplus 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 against surplus.

### **Operating leases**

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

### **Other reserves**

Other reserves represent individual schemes and projects managed and partly funded by the Association. Funding from outside sources is excluded from income and credited directly to the reserve in note 11 together with transfers 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.

**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1997**

**1 Turnover**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Turnover is analysed as follows:		
Gross match receipts	6,191,231	6,618,829
Other activities	4,785,596	4,947,375
	<u>10,976,827</u>	<u>11,566,204</u>
	=====	=====

**2 Employment costs**

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

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,569,041	1,393,291
Social security	164,057	149,307
Other pension costs (see note 18)	274,321	200,073
	<u>2,007,419</u>	<u>1,742,671</u>
	=====	=====
Average number of employees of the group during the year	60	58
	==	==

**3 Surplus for the year before taxation**

The surplus for the year before taxation is stated after:-

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration:		
Audit services	15,500	15,400
Non-audit services	20,537	20,319
Depreciation	27,803	69,472
Hire of equipment	4,794	7,229
Gain on disposal of fixed asset investments	(149,707)	(27,177)
Loss on disposal of tangible fixed assets	15,298	913
	<u>15,298</u>	<u>913</u>
	=====	=====

4 Tax on surplus on ordinary activities

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

	1997 £	1996 £
United Kingdom corporation tax @ 31% (1996: 33%)	(108,499)	11,272
Tax on investment income	7,968	8,109
Deferred tax	(688)	(661)
	<u>(101,219)</u>	<u>18,720</u>

5 Tangible fixed assets

a) The Group

	Land and Buildings Investment Property £	Heritable Property £	Motor Vehicles £	Computer & Office Equipment £	Total £
Cost or valuation					
At 1 January 1997	935,000	516,077	197,488	272,376	1,920,941
Additions at cost	-	-	12,200	19,485	31,685
Revaluation (note 10)	-	-	-	-	-
Disposals	-	-	(209,688)	-	(209,688)
At 31 December 1997	935,000	516,077	-	291,861	1,742,938
Depreciation					
At 1 January 1997	-	-	92,790	178,166	270,956
Provided in the year	-	-	-	27,803	27,803
Disposals	-	-	(92,790)	-	(92,790)
At 31 December 1997	-	-	-	205,969	205,969
Net book value at 31 December 1997	935,000	516,077	-	85,892	1,536,969
Net book value at 31 December 1996	935,000	516,077	104,698	94,210	1,649,985

Investment properties were revalued on 31 December 1997 by Messrs Griffin Webster, Chartered Surveyors, at their open market values.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1997

5 Tangible fixed assets (contd.)

b) The Company

	Investment Property £	Land and buildings Heritable Property £	Motor Vehicles £	Computer System £	Printing equipment £	Total £
Cost or valuation at 1 January 1997	935,000	516,077	197,488	148,985	79,806	1,877,356
Additions at cost	-	-	12,200	4,950	9,450	26,600
Revaluation (note 10)	-	-	-	-	-	-
Disposals	-	-	(209,688)	-	-	(209,688)
At 31 December 1997	935,000	516,077	-	153,935	89,256	1,694,268
Depreciation At 1 January 1997	-	-	92,790	130,123	22,378	245,291
Provided in the year	-	-	-	11,626	8,924	20,550
Disposals	-	-	(92,790)	-	-	(92,790)
At 31 December 1997	-	-	-	141,749	31,302	173,051
Net book value at 31 December 1997	935,000	516,077	-	12,186	57,954	1,521,217
Net book value at 31 December 1996	935,000	516,077	104,698	18,862	57,428	1,632,065

Investment properties were revalued on 31 December 1997 by Messrs Griffin Webster, Chartered Surveyors, at their open market values.

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	591,099
Accumulated depreciation	-
Net book value at 31 December 1997	591,099
Net book value at 31 December 1996	591,099

6 Investments

The Group	Quoted £
At cost 1 January 1997	928,816
Additions	391,739
Disposals	(239,962)
	<hr/>
At cost 31 December 1997	1,080,593
	<hr/>

The market value of quoted investments at 31 December 1997 was £1,970,038 (1996 - £1,644,407).

The Company

In addition to the above quoted investments, the company holds at cost an investment of £20,000 in the wholly owned subsidiary undertaking Scotball Travel and Leisure Limited. This company is registered in Scotland and has an issued share capital of 20,000 ordinary shares of £1.

7 Debtors

	The Group		The Company	
	1997	1996	1997	1996
	£	£	£	£
Amounts owed by group undertakings	-	-	116,657	74,061
Other debtors	572,320	933,383	495,065	872,957
Prepayments and accrued income	231,584	182,828	216,884	168,739
Taxation recoverable	102,488	-	102,488	-
	<hr/>	<hr/>	<hr/>	<hr/>
	906,392	1,116,211	931,094	1,115,757
	<hr/>	<hr/>	<hr/>	<hr/>



8 Creditors: amounts falling due within one year

	The Group		The Company	
	1997	1996	1997	1996
	£	£	£	£
Accruals and deferred income	2,577,770	3,421,454	2,519,427	3,361,219
Corporation tax	-	240,910	-	229,638
Social security and other taxes	101,930	96,371	99,586	96,359
	<u>2,679,700</u>	<u>3,758,735</u>	<u>2,619,013</u>	<u>3,687,216</u>
	=====	=====	=====	=====

9 Deferred taxation

A full provision for deferred taxation has been provided in the financial statements at 31 December 1997 at 21% (1996 - 24%).

	1997	1996
	£	£
<b>The Group</b>		
Accelerated capital allowances	398	1,086
	=====	=====
<b>The Company</b>		
Accelerated capital allowances	Nil	Nil
	=====	=====

10 Investment revaluation reserve

The Group and the Company

	1997	1996
	£	£
At 1 January 1997	343,901	321,401
Arising on revaluation (note 5)	-	22,500
	<u>343,901</u>	<u>343,901</u>
	=====	=====
At 31 December 1997	343,901	343,901
	=====	=====

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1997

11 Other reserves

The Group and the Company

	At 1 January 1997 £	Transfer from surplus for the year £	Release to income £	At 31 December 1997 £
Grants scheme	51,850	-	(8,000)	43,850
Approved projects of Affiliated National Associations	14,309	-	-	14,309
Community Officers Scheme	613,572	250,000	(336,811)	526,761
Development Projects Fund	800,618	200,000	(66,952)	933,666
Junior Goalposts Scheme	111,088	-	(28,605)	82,483
Scottish Football Association Museum Trust	53,055	-	(19,180)	33,875
UEFA "U16" Youth Championships 1998 Fund	72,640	-	(4,968)	67,672
Direct Training Grant Fund	-	45,000	-	45,000
	1,717,132	495,000	(464,516)	1,747,616

**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 1997**

**12 Accumulated surplus**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Accumulated surplus at 1 January 1997	1,960,257	2,110,480
Deficit for the year	(336,606)	(150,223)
	<hr/>	<hr/>
Accumulated surplus at 31 December 1997	1,623,651	1,960,257
	=====	=====

The retained deficit for the year has arisen from the group companies as follows:

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
By the Association	(344,685)	(183,642)
By subsidiary undertaking	8,079	33,419
	<hr/>	<hr/>
	(336,606)	(150,223)
	=====	=====

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 from operating activities**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Operating deficit	(367,007)	(141,493)
Depreciation	27,803	69,472
Loss on disposal of tangible fixed assets	15,298	913
Gain on disposal of investments	(149,707)	(27,177)
Decrease in debtors	312,307	600,166
Decrease in creditors	(883,006)	(46,727)
Release from other reserves	(464,516)	(569,296)
	<hr/>	<hr/>
Net cash outflow from operating activities	(1,508,828)	(114,142)
	=====	=====

14 Reconciliation of net cash flow to movement in net funds

	1997 £	1996 £
Increase/(decrease) in cash in the year	285,213	(539,135)
Cash (outflow)/inflow from (decrease)/increase in liquid resources	(1,500,000)	780,000
	<hr/>	<hr/>
Movement in net funds in the year	(1,214,787)	240,865
Net funds at 1 January 1997	5,586,099	5,345,234
	<hr/>	<hr/>
Net funds at 31 December 1997	4,371,312 =====	5,586,099 =====

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 day deposits are treated as liquid resources for the purposes of the cash flow statement.

15 Analysis of net funds

	At 1 January 1997 £	Cash Flow £	At 31 December 1997 £
Cash at bank and in hand	1,086,099	285,213	1,371,312
Short-term deposits	4,500,000	(1,500,000)	3,000,000
	<hr/>	<hr/>	<hr/>
	5,586,099 =====	(1,214,787) =====	4,371,312 =====

16 Capital commitments

There were no capital commitments at 31 December 1997 or 31 December 1996.

17 Contingent liabilities

There were no contingent liabilities at 31 December 1997 or 31 December 1996.

18 Pension commitments

The Association operates a Pension Scheme of the Defined Benefit type, providing benefits to members based on final pensionable salary. The assets of the scheme are held separately from those of the Association, being invested with an insurance company. As stated on page 10 it is policy that contributions to the scheme are charged to the profit and loss account, to spread the cost of pensions over employees' working lives with the Association. In practice however, due to the relative immateriality of the figures involved, charges in the profit and loss account are on a cash basis in accordance with the contributions paid as set out below. The contributions are determined by a qualified actuary on the basis of regular (triennial) valuations using the projected unit method. The latest valuation available was carried out in May 1997. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investment and the rates of increase in salaries. It was assumed that investment returns would be 8% per annum and that salary increases would average 6.25% per annum.

The actuarial valuation showed that the market value of the scheme's assets was £3,598,000 and that the actuarial value of those assets represented 104% of the value of the liabilities accrued to the valuation date at 1 May 1997.

The association also contributes to defined contribution schemes.

The total pension charge for the year was £274,321 (1996 - £200,073).