

**THE SCOTTISH FOOTBALL
ASSOCIATION LIMITED**

**CONSOLIDATED FINANCIAL
STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2005**



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Company no SC 005453

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2005

COMPANY INFORMATION

Company registration number	SC005453	
Registered office	Hampden Park Glasgow G42 9AY	
Directors	J F McBeth G W Peat R C Ogilvie J L Smith H A Campbell Adamson A M Gold J Gold A McRae E J Riley R W Shaw D A Taylor	President 1st Vice President 2nd Vice President Professional Leagues Vice President
Secretary	D A Taylor	
Bankers	Bank of Scotland	
Legal advisors	Burness 242 West George Street Glasgow G2 4QY	
Auditors	Grant Thornton UK LLP Chartered Accountants Registered Auditors 95 Bothwell Street Glasgow G2 7JZ	

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2005

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THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

DIRECTORS' REPORT

The directors present their annual report together with financial statements for the year ended 31 December 2005.

Principal activities

The principal activity of the company 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 profit for the year after taxation amounted to £290,276 (2004: £480,222) and has been transferred to reserves.

Directors

The persons listed below served as directors of the company during the year.

J F McBeth	President	
G W Peat	1st Vice President	
R C Ogilvie	2nd Vice President	
J L Smith	Professional Leagues Vice President	
H A Campbell Adamson		
A M Gold		Appointed 1 June 2005
J Gold		Appointed 4 July 2005
T A Johnston		Resigned 1 June 2005
A McRae		
E J Riley		
C P Robinson		Resigned 1 June 2005
R W Shaw		
D A Taylor		

The positions of President, 1st Vice President and 2nd Vice President are elected every 2 years at the Annual General Meeting and are due for re-election in 2007. The position of Professional Leagues Vice President is nominated every 2 years by the Scottish Football League and Scottish Premier League in rotation. The remaining directors, with the exception of the Chief Executive David Taylor, are appointed every 2 years from those nominated to the SFA council.

Directors' responsibilities for the financial statements

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

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

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

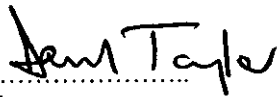
THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

DIRECTORS' REPORT

Auditors

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

BY ORDER OF THE BOARD


.....
Secretary
4 APRIL 2006
.....

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

We have audited the group and parent company financial statements ("the financial statements") of The Scottish Football Association Limited for the year ended 31 December 2005 which comprise the principal accounting policies, the group profit and loss account, the group and company balance sheets, the group cash flow statement, the group statement of total recognised gains and losses and notes 1 to 21. 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 directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' 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 the Financial Review 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 audit 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

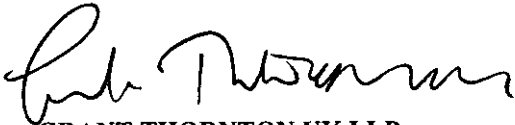
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

**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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2005 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

GLASGOW

4 April 2006

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2005

	Note	2005 £	2004 £
Turnover	1	21,975,301	20,427,687
Cost of sales		<u>11,310,374</u>	<u>10,726,222</u>
Gross profit		10,664,927	9,701,465
Grant to The Scottish Football Partnership		1,400,000	300,000
Administrative expenses		<u>9,126,044</u>	<u>8,897,632</u>
Operating profit	3	138,883	503,833
Income from fixed asset investments		143,535	124,995
Gain/(Loss) on realisation of fixed asset investments		78,751	(19,371)
Interest receivable		117,107	119,326
Other finance expense	4	<u>(65,000)</u>	<u>(74,000)</u>
Profit for the year before taxation		413,276	654,783
Taxation	5	(123,000)	(174,561)
Profit for the year after taxation		<u>290,276</u>	<u>480,222</u>

All of the above activities relate to continuing activities.

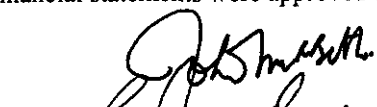


The accompanying accounting policies and notes form an integral part of these financial statements.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	6		5,119,631		5,356,768
Investments	7		<u>2,458,456</u>		<u>2,386,351</u>
			7,578,087		7,743,119
Current assets					
Stock		56,082		72,622	
Debtors	8	3,789,855		3,350,833	
Cash at bank and in hand	16	<u>3,051,052</u>		<u>1,309,043</u>	
		6,896,989		4,732,498	
Creditors: amounts falling due within one year	9	<u>5,248,811</u>		<u>5,616,203</u>	
Net current assets/(liabilities)			<u>1,648,178</u>		<u>(883,705)</u>
			9,226,265		6,859,414
Creditors: amounts falling due after more than one year	10		<u>3,569,751</u>		<u>1,255,530</u>
Net assets excluding pension liability			5,656,514		5,603,884
Pension liability	19		<u>2,266,000</u>		<u>1,729,000</u>
Net assets including pension liability			<u>3,390,514</u>		<u>3,874,884</u>
Reserves					
General reserve			1,500,000		1,500,000
Investment revaluation reserve	11		498,255		448,901
Other reserves	12		1,799,673		1,799,673
Profit and loss account	13		<u>(407,414)</u>		<u>126,310</u>
			<u>3,390,514</u>		<u>3,874,884</u>

The financial statements were approved by the Board of Directors on 4 April 2006


 President

 1st Vice President

 2nd Vice President

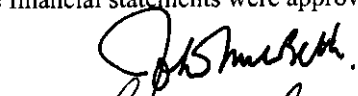
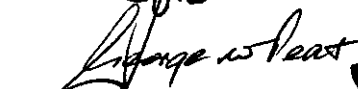

The accompanying accounting policies and notes form an integral part of these financial statements.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

COMPANY BALANCE SHEET AT 31 DECEMBER 2005

	Note	2005 £	2005 £	2004 £	2004 £
Fixed Assets					
Tangible Assets	6		4,150,280		4,311,092
Investments	7		<u>2,488,458</u>		<u>2,416,353</u>
			6,638,738		6,727,445
Current Assets					
Stock		56,082		72,622	
Debtors	8	2,978,226		3,444,821	
Cash at bank and in hand		<u>2,779,354</u>		<u>280,220</u>	
		5,813,662		3,797,663	
Creditors: amounts falling due within one year	9	<u>4,263,676</u>		<u>4,570,031</u>	
Net current assets/(liabilities)			<u>1,549,986</u>		<u>(772,368)</u>
			8,188,724		5,955,077
Creditors: amounts falling due after more than one year	10		<u>3,284,772</u>		<u>936,101</u>
Net assets excluding pension liability			4,903,952		5,018,976
Pension liability	19		2,266,000		1,729,000
Net assets including pension liability			<u>2,637,952</u>		<u>3,289,976</u>
Reserves					
General Reserve			1,500,000		1,500,000
Investment revaluation reserve	11		498,255		448,901
Other reserves	12		1,799,673		1,799,673
Profit and loss account	13		<u>(1,159,976)</u>		<u>(458,598)</u>
			<u>2,637,952</u>		<u>3,289,976</u>

The financial statements were approved by the Board of Directors on 4 APRIL 2006

 President
 1st Vice President
 2nd Vice President

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 2005

	Note	2005 £	2005 £	2004 £	2004 £
Net cash inflow/(outflow) from operating activities	14		680,882		(1,780,303)
Returns on investments					
Interest received		117,107		119,326	
Income from investments		140,672		122,096	
Other finance expense		<u>(65,000)</u>		<u>(74,000)</u>	
Net cash inflow from returns on investments			192,779		167,422
Taxation					
Taxation (paid)/received			(544)		3,781
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(143,254)		(432,145)	
Purchase of investments		(263,254)		(130,494)	
Proceeds on disposal of tangible fixed assets		5,500		-	
Proceeds on disposal of investments		269,900		136,668	
Receipt of capital grant		<u>1,000,000</u>		<u>1,202,770</u>	
Net cash inflow from capital expenditure and financial investment			868,892		776,799
Increase/(decrease) in cash in the year	15		<u>1,742,009</u>		<u>(832,301)</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 2005

	Note	2005 £	2004 £
Profit for the financial year		290,276	480,222
Actuarial loss in the pension scheme	19	(1,177,000)	(158,000)
Deferred tax thereon		353,000	47,000
Total recognised gains and losses relating to the year		(533,724)	369,222
Prior year adjustment		-	(2,119,000)
Total recognised gains and losses since last financial statements		<u>(533,724)</u>	<u>(1,749,778)</u>

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2005

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 except as set out below.

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings (see note 7). The financial statements of its subsidiary undertakings have been prepared to 31 December 2005.

Company structure

The company is 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 of 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 2005

Pension costs

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

Scheme assets are measured at market values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the company.

The current service cost and costs from settlements and curtailments are charged against operating profit. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

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.

Stock

Stock consists of goods held for resale and is valued at the lower of cost and net realisable value.

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 entered into a lease for Hampden Stadium in the year 2000. 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.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2005

1 TURNOVER

	2005 £	2004 £
Turnover is analysed as follows:		
Gross match receipts	10,178,242	9,434,813
Other activities	11,797,059	10,992,874
	<u>21,975,301</u>	<u>20,427,687</u>

2 DIRECTORS AND EMPLOYEES

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

	2005 £	2004 £
Wages and salaries	3,395,296	3,345,489
Social security	372,729	357,621
Other pension costs (see note 19)	472,399	377,580
	<u>4,240,424</u>	<u>4,080,690</u>
Average number of employees of the group during the year	<u>122</u>	<u>109</u>

Remuneration in respect of directors was as follows:

	2005 £	2004 £
Directors' emoluments	167,234	160,121
Directors' pension contributions	25,872	29,438
	<u>193,106</u>	<u>189,559</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 OPERATING PROFIT

	2005 £	2004 £
Directors emoluments	167,234	160,121
Auditors remuneration:		
Audit services	36,000	31,850
Non-audit services	18,973	10,370
Depreciation	413,921	486,167
Capital grant release	(159,070)	(90,362)
Hire of equipment	494	108
Operating leases:		
Other	58,429	55,613
Land and Buildings	741,566	737,384

	2005 £	2004 £
Expected return on pension scheme assets	(598,000)	(538,000)
Interest on pension scheme liabilities	<u>663,000</u>	<u>612,000</u>
	65,000	74,000

	2005 £	2004 £
United Kingdom corporation tax at 30% - current year	-	(6,600)
- prior years	-	5,161
Deferred tax - current year	<u>123,000</u>	<u>176,000</u>
	123,000	174,561

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THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2005

TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTD)

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:

	2005 £	2004 £
Profit on ordinary activities before tax	<u>413,276</u>	<u>654,783</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	123,983	196,435
Effects of:		
Income previously taxed	(41,186)	(19,502)
Movement in accelerated capital allowances	(91,101)	(88,799)
Non qualifying depreciation	63,903	70,580
Rate difference on losses carried back	-	3,821
Net difference on gain on disposal of non qualifying assets	(4,378)	5,811
Utilisation of tax losses	72,520	1,238
Impact of lower rate in subsidiaries	<u>(741)</u>	<u>(184)</u>
Current tax charge for year	<u>123,000</u>	<u>169,400</u>

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2005

6 TANGIBLE FIXED ASSETS

The Group

	Leasehold Improvements £	Investment Property £	Computer & Office Equipment £	Total £
Cost or valuation				
At 1 January 2005	4,718,483	1,120,646	1,222,675	7,061,804
Additions at cost	17,072	-	123,824	140,896
Surplus arising on revaluation	-	49,354	-	49,354
Disposals	-	-	(46,574)	(46,574)
At 31 December 2005	<u>4,735,555</u>	<u>1,170,000</u>	<u>1,299,925</u>	<u>7,205,480</u>
Depreciation				
At 1 January 2005	853,843	-	851,193	1,705,036
Provided in the year	273,726	-	140,196	413,922
Disposals	-	-	(33,109)	(33,109)
At 31 December 2005	<u>1,127,569</u>	<u>-</u>	<u>958,280</u>	<u>2,085,849</u>
Net book value at 31 December 2005	<u>3,607,986</u>	<u>1,170,000</u>	<u>341,645</u>	<u>5,119,631</u>
Net book value at 31 December 2004	<u>3,864,640</u>	<u>1,120,646</u>	<u>371,482</u>	<u>5,356,768</u>

Investment properties were revalued on 31 December 2005 by Messrs Griffin Webster, Chartered Surveyors, at their open market values. The uplift in valuation of £49,354 has been credited to the investment property revaluation reserve (note 11).

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2005

TANGIBLE FIXED ASSETS (CONTD)

The Company

	Leasehold Improvements £	Investment Property £	Computer & Office Equipment £	Total £
Cost or valuation				
At 1 January 2005	3,567,694	1,120,646	942,138	5,630,478
Additions at cost	9,939	-	118,920	128,859
Surplus arising on revaluation	-	49,354	-	49,354
Disposals	-	-	(43,574)	(43,574)
At 31 December 2005	<u>3,577,633</u>	<u>1,170,000</u>	<u>1,017,484</u>	<u>5,765,117</u>
Depreciation				
At 1 January 2005	667,544	-	651,842	1,319,386
Provided in the year	214,907	-	112,453	327,360
Disposals	-	-	(31,909)	(31,909)
At 31 December 2005	<u>882,451</u>	<u>-</u>	<u>732,386</u>	<u>1,614,837</u>
Net book value at 31 December 2005	<u>2,695,182</u>	<u>1,170,000</u>	<u>285,098</u>	<u>4,150,280</u>
Net book value at 31 December 2004	<u>2,900,150</u>	<u>1,120,646</u>	<u>290,296</u>	<u>4,311,092</u>

Investment properties were revalued on 31 December 2005 by Messrs Griffin Webster, Chartered Surveyors, at their open market values. The uplift in valuation of £49,354 has been credited to the investment property revaluation reserve (note 11).

The Group and the Company

If the investment properties had not been revalued, they would have been included on the historical cost basis at a cost of £671,745.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2005

7 INVESTMENTS

	Quoted £
The Group	
At cost 1 January 2005	2,386,351
Additions	263,254
Disposals	(191,149)
At cost 31 December 2005	<u>2,458,456</u>

The market value of quoted investments at 31 December 2005 was £3,088,063 (2004 - £2,632,932).

The Company

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

	Investment in subsidiary undertakings £
Cost	
At 1 January 2005 and 31 December 2005	<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

8 DEBTORS

	The Group 2005 £	2004 £	The Company 2005 £	2004 £
Amounts owed by group undertakings	-	-	886,263	1,666,870
Other debtors	2,502,373	2,304,127	1,942,283	1,686,530
Prepayments and accrued income	1,281,720	1,040,280	143,918	84,995
Taxation recoverable	5,762	6,426	5,762	6,426
	<u>3,789,855</u>	<u>3,350,833</u>	<u>2,978,226</u>	<u>3,444,821</u>

Prepayments and accrued income for the group includes an amount of £469,890 (2004: £388,170) 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.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2005

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2005	2004	2005	2004
	£	£	£	£
Accruals and deferred income	5,037,377	5,424,214	3,845,387	4,445,186
Amounts owed to group undertakings	-	-	312,879	-
Social security and other taxes	211,434	187,918	105,410	124,845
Corporation tax payable	-	4,071	-	-
	<u>5,248,811</u>	<u>5,616,203</u>	<u>4,263,676</u>	<u>4,570,031</u>

10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group		The Company	
	2005	2004	2005	2004
	£	£	£	£
Accruals and deferred income	<u>3,569,751</u>	<u>1,255,530</u>	<u>3,284,772</u>	<u>936,101</u>

11 INVESTMENT PROPERTY REVALUATION RESERVE

The Group and the Company

	2005	2004
	£	£
At 1 January 2005	448,901	448,901
Arising on revaluation (Note 6)	<u>49,354</u>	<u>-</u>
At 31 December 2005	<u>498,255</u>	<u>448,901</u>

12 OTHER RESERVES

The Group and the Company

	£
At 1 January 2005 and 31 December 2005	<u>1,799,673</u>

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2005

13 PROFIT AND LOSS ACCOUNT

	Group £	Company £
As at 1 January 2005	126,310	(458,598)
Retained profit for the year	290,276	122,622
Actuarial loss in the pension scheme	(1,177,000)	(1,177,000)
Deferred tax thereon	353,000	353,000
As at 31 December 2005	<u>(407,414)</u>	<u>(1,159,976)</u>

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

	2005 £
By the Company	122,622
By subsidiary undertakings	<u>167,654</u>
	<u>290,276</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.

14 NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2005 £	2004 £
Operating profit	138,883	503,833
Depreciation	413,922	486,167
Release of deferred capital grant	(159,070)	(90,362)
Pension scheme payments	(410,000)	(587,000)
Loss on disposal of tangible fixed assets	7,965	-
Decrease in stock	16,540	33,494
(Increase)/decrease in debtors	(439,686)	1,326,877
Increase/(decrease) in creditors	<u>1,112,328</u>	<u>(3,453,312)</u>
Net cash inflow/(outflow) from operating activities	<u>680,882</u>	<u>(1,780,303)</u>

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2005

15 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2005 £	2004 £
Increase/(decrease) in cash in the year	1,742,009	(832,301)
Net funds at 1 January 2005	<u>1,309,043</u>	<u>2,141,344</u>
Net funds at 31 December 2005	<u>3,051,052</u>	<u>1,309,043</u>

The company 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.

16 ANALYSIS OF NET FUNDS

	At 1 January 2005 £	Cash flow £	At 31 December 2005 £
Cash at bank and in hand	<u>1,309,043</u>	<u>1,742,009</u>	<u>3,051,052</u>

17 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2005 or 31 December 2004.

18 CONTINGENT LIABILITIES/ASSETS

The company has provided a guarantee in respect of a third party loan which may be provided to The Scottish Football Partnership up to a maximum of £1.2 million. In the opinion of the directors, any risk of liability to the company is remote.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2005

19 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. A full actuarial valuation was carried out at 1 May 2003 and updated to 31 December 2004 and 31 December 2005 by a qualified actuary. The major assumptions used by the actuary were:

	2005 %	2004 %
Rate of increase in Retail Price Index	3.0	3.0
Rate of increase in Pensions in Payment - accruing up to 1 May 2002	5.0	5.0
- accruing thereafter	3.0	3.0
Rate of increase in Pensionable Salaries	4.0	4.2
Discount Rate	4.7	5.2

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

	Rate of Return %	2005 £000's	Rate of Return %	2004 £000's	Rate of Return %	2003 £000's
Market value of assets:						
Deposit administration contract	6.0	9,886	6.0	8,083	6.5	6,432
Annuities	4.7	2,346	5.2	2,013	5.3	1,981
		12,232		10,096		8,413
Present value of Scheme liabilities		(15,469)		(12,566)		(11,312)
Net pension deficit before deferred tax		(3,237)		(2,470)		(2,899)
Related deferred tax asset		971		741		870
Net pension deficit		(2,266)		(1,729)		(2,029)

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2005

PENSION COMMITMENTS (CONTD)

Movement in deficit in the year

	2005 £000's £	2004 £000's £
Deficit in scheme at beginning of the year	(2,470)	(2,899)
Movement in year:		
Current service cost	(289)	(297)
Loss on settlement and curtailments	(79)	-
Contributions	843	958
Other finance costs	(65)	(74)
Actuarial loss	(1,177)	(158)
Deficit in scheme at end of the year	(3,237)	(2,470)

The full triennial actuarial valuation at 1 May 2003 showed an increase in the deficit from £873,000 to £3,276,000 on a SSAP 24 basis. The Scheme Actuary has suggested a regular annual contribution of 24.5% of pensionable payroll including employees' contribution, and has recommended that the deficit be reduced by additional one-off payments. The scheme is now closed to new entrants.

History of experience gains and losses

	2005 £'000	2004 £'000	2003 £'000
Difference between the expected and the actual return on scheme assets:			
- amount	790	303	342
- percentage of scheme assets	6.4%	3.0%	4.1%
Experience gains and losses on scheme assets:			
- amount	(36)	30	(401)
- percentage of scheme assets	(0.2%)	0.2%	(3.5%)
Total amount recognised in statement of total recognised gains and losses:			
- amount	(1,177)	(158)	(973)
- percentage of scheme assets	9.6%	1.25%	11.6%

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2005

PENSION COMMITMENTS (CONTD)

Analysis of the amount charged to operating profit

	2005 £000	2004 £000
Current service cost	289	297
Past service cost	-	-
Total operating charge	<u>289</u>	<u>297</u>

Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses ("STRGL")

	2005 £000	2004 £000
Actual return less expected return on pension scheme assets	790	303
Experience gains and losses arising on the scheme liabilities	(36)	30
Changes in financial assumptions underlying the scheme liabilities	<u>(1,931)</u>	<u>(491)</u>
Actuarial loss recognised in STRGL	<u>(1,177)</u>	<u>(158)</u>

The group also contributes to defined contribution schemes. Contributions to these schemes for the year amounted to £74,336 (2004 - £34,178).

20 LEASING COMMITMENTS

Annual commitments under non -cancellable operating leases are as follows:

	2005 Land and buildings £	Other £	2004 Land and buildings £	Other £
Operating leases which expire:				
Between two and five years	-	21,772	-	20,439
In five years or more	<u>826,247</u>	<u>39,714</u>	<u>800,000</u>	<u>39,714</u>
	<u>826,247</u>	<u>61,486</u>	<u>800,000</u>	<u>60,153</u>

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2005

21 OTHER MATTERS

In furtherance of the objectives of the Scottish Football Association, which is the furtherance and control of the game 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 £223,204 (2004: £275,000) in the year. The group charged the Scottish Football Association Museum Trust an amount of £190,000 (2004: £185,000) in the year in respect of rent and common charges. Included within Other Debtors is an amount of £128,034 (2004: £521,144) 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 £50,000 (2004: £nil) in the year. The group charged the National Stadium Sports Medicine Centre Limited an amount of £40,000 (2004: £40,000) in the year in respect of rent and common charges. Included within Creditors is an amount of £6,533 due to the National Stadium Sports Medicine Centre Limited (2004: £158,534 debtor balance). The group has certain directors in common with the National Stadium Sports Medicine Centre Limited.