

**THE SCOTTISH FOOTBALL  
ASSOCIATION LIMITED**

**CONSOLIDATED FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2006**

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Company no SC005453

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2006

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### COMPANY INFORMATION

<b>Company registration number</b>	SC005453	
<b>Registered office</b>	Hampden Park Glasgow G42 9AY	
<b>Directors</b>	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
<b>Secretary</b>	D A Taylor	
<b>Bankers</b>	Bank of Scotland	
<b>Legal advisors</b>	Burness 242 West George Street Glasgow G2 4QY	
<b>Auditors</b>	BDO Stoy Hayward LLP Chartered Accountants Registered Auditors Ballantine House 168 West George Street Glasgow G2 2PT	

**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2006

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INDEX	PAGE
Directors' report	1 2
Report of the independent auditors	3 4
Consolidated profit and loss account	5
Consolidated balance sheet	6
Company balance sheet	7
Consolidated cash flow statement	8
Statement of total recognised gains and losses	9
Principal accounting policies	10 11
Notes to the financial statements	12 24

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## DIRECTORS' REPORT

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The directors present their annual report together with financial statements for the year ended 31 December 2006

### Principal activities

The principal activity of the company is the furtherance and control of the game of football in Scotland. In addition a stadium management company is operated through a subsidiary undertaking. Until 31 March 2006, travel services were provided to the group by a subsidiary undertaking. Subsequent to that date these services have been organised internally in the company.

### Business review

The profit and loss account is set out on page 5 and shows turnover for the year of £22,894,292 (2005 £21,975,301) and profit for the year after taxation of £735,926 (2005 £290,276) which has been transferred to reserves.

Group turnover has increased by 4% due to the inclusion of a full year's funding in respect of the Youth Action Plan. The directors believe turnover will increase further in 2007 due to the performance of the National Team and the increased number of home European Championship qualifying matches.

Further information on the group's activities is set out in the Financial Report.

There have been no events since the balance sheet date which materially affect the position of the company.

### Principal risks and uncertainties

A significant proportion of company turnover arises from television and commercial sponsorship contracts. To secure future revenues the directors seek to enter into such contracts with suitable commercial partners for durations of several years.

### 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	
H A Campbell Adamson	
A M Gold	
J Gold	
A McRae	
E J Riley	
R W Shaw	
D A Taylor	Chief Executive

The positions of President, 1<sup>st</sup> Vice President and 2<sup>nd</sup> Vice President are elected every 2 years at the Annual General Meeting and are due for re-election in 2007. Mr A M Gold and Mr J L Smith are nominated by the Scottish Premier League and Scottish Football League respectively. The remaining directors, with the exception of the Chief Executive, are appointed every 2 years from those nominated to the SFA council. Mr D A Taylor has intimated his resignation as Chief Executive and Director which will take effect from 15 April 2007.

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## DIRECTORS' REPORT

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### **Directors' responsibilities for the financial statements**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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

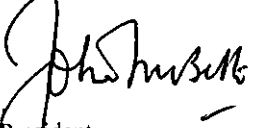
The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities

### **Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP were appointed as auditors during the year and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the Annual General Meeting.

### **BY ORDER OF THE BOARD**

  
President  
5 April 2007

## **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 2006 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the principal accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

### **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.

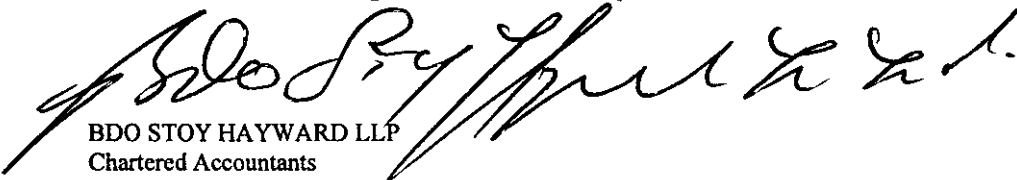
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 December 2006 and of its profit for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs at 31 December 2006,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



BDO STOY HAYWARD LLP  
Chartered Accountants  
and Registered Auditors  
Glasgow

5 April 2007

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2006

	Note	2006 £	2005 £
<b>Turnover</b>	1	<b>22,894,292</b>	21,975,301
Cost of sales		<u>11,581,682</u>	<u>11,310,374</u>
<b>Gross profit</b>		<b>11,312,610</b>	10,664,927
Grant to The Scottish Football Partnership		1,500,000	1,400,000
Administrative expenses		<u>9,444,504</u>	<u>9,126,044</u>
<b>Operating profit</b>	3	<b>368,106</b>	138,883
Income from fixed asset investments		161,417	143,535
Gain on realisation of fixed asset investments		102,375	78,751
Interest receivable		268,290	117,107
Other finance expense	4	<u>(1,000)</u>	<u>(65,000)</u>
<b>Profit for the year before taxation</b>		<b>899,188</b>	413,276
Taxation	5	<u>(163,262)</u>	<u>(123,000)</u>
<b>Profit for the year after taxation</b>		<u><b>735,926</b></u>	<u>290,276</u>

All of the above activities relate to continuing activities

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



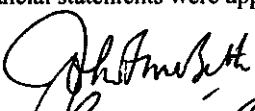

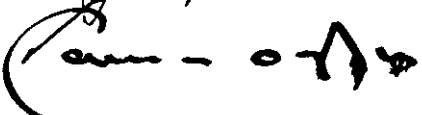
THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2006

	Note	2006 £	2006 £	2005 £	2005 £
<b>Fixed assets</b>					
Tangible assets	6		4,767,641		5,119,631
Investments	7		<u>2,552,624</u>		<u>2,458,456</u>
			7,320,265		7,578,087
<b>Current assets</b>					
Stock		15,830		56,082	
Debtors	8	6,135,187		3,789,855	
Cash at bank and in hand	16	<u>5,403,121</u>		<u>3,051,052</u>	
		11,554,138		6,896,989	
<b>Creditors: amounts falling due within one year</b>	9	<u>10,955,884</u>		<u>5,248,811</u>	
<b>Net current assets</b>			<u>598,254</u>		<u>1,648,178</u>
			7,918,519		9,226,265
<b>Creditors: amounts falling due after more than one year</b>	10		<u>1,856,079</u>		<u>3,569,751</u>
<b>Net assets excluding pension liability</b>			6,062,440		5,656,514
Pension liability	19		<u>1,313,000</u>		<u>2,266,000</u>
<b>Net assets including pension liability</b>			<u>4,749,440</u>		<u>3,390,514</u>
<b>Reserves</b>					
General reserve			1,500,000		1,500,000
Investment revaluation reserve	11		514,603		498,255
Other reserves	12		1,799,673		1,799,673
Profit and loss account	13		<u>935,164</u>		<u>(407,414)</u>
			<u>4,749,440</u>		<u>3,390,514</u>

The financial statements were approved by the Board of Directors and authorised for issue on

5 Apr 2007

  
 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 2006

	Note	2006 £	2006 £	2005 £	2005 £
<b>Fixed Assets</b>					
Tangible Assets	6		3,846,581		4,150,280
Investments	7		<u>2,582,626</u>		<u>2,488,458</u>
			6,429,207		6,638,738
<b>Current Assets</b>					
Stock		15,830		56,082	
Debtors	8	5,235,211		2,978,226	
Cash at bank and in hand		<u>4,834,769</u>		<u>2,779,354</u>	
		10,085,810		5,813,662	
<b>Creditors' amounts falling due within one year</b>	9	<u>9,940,962</u>		<u>4,263,676</u>	
<b>Net current assets</b>			<u>144,848</u>		<u>1,549,986</u>
			6,574,055		8,188,724
<b>Creditors' amounts falling due after more than one year</b>	10		<u>1,602,766</u>		<u>3,284,772</u>
<b>Net assets excluding pension liability</b>			4,971,289		4,903,952
Pension liability	19		1,313,000		2,266,000
<b>Net assets including pension liability</b>			<u>3,658,289</u>		<u>2,637,952</u>
<b>Reserves</b>					
General Reserve			1,500,000		1,500,000
Investment revaluation reserve	11		514,603		498,255
Other reserves	12		1,799,673		1,799,673
Profit and loss account	13		<u>(155,987)</u>		<u>(1,159,976)</u>
			<u>3,658,289</u>		<u>2,637,952</u>

The financial statements were approved by the Board of Directors and authorised for issue on

5 April 2007

*John Smith*  
*George Aslett*  
*Alan ...*

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 2006

	Note	2006 £	2006 £	2005 £	2005 £
<b>Net cash inflow from operating activities</b>	14		1,935,764		680,882
<b>Returns on investments</b>					
Interest received		268,290		117,107	
Income from investments		158,554		140,672	
Other finance expense		(1,000)		(65,000)	
<b>Net cash inflow from returns on investments</b>			425,844		192,779
<b>Taxation</b>					
Taxation received/(paid)			2,899		(544)
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(88,145)		(143,254)	
Purchase of investments		(345,069)		(263,254)	
Proceeds on disposal of tangible fixed assets		67,500		5,500	
Proceeds on disposal of investments		353,276		269,900	
Receipt of capital grant				1,000,000	
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>			(12,438)		868,892
<b>Increase in cash in the year</b>	15		2,352,069		1,742,009

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 2006

	Note	2006 £	2005 £
Profit for the financial year		735,926	290,276
Actuarial gain/(loss) in the pension scheme	19	855,000	(1,177,000)
Deferred tax thereon		(257,000)	353,000
Increase in revaluation reserve		25,000	49,354
Total recognised gains and losses relating to the year		<u>1,358,926</u>	<u>(484,370)</u>

# **THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

For the year ended 31 December 2006

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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 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 2006.

### **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. Deferred tax balances are not discounted.

### **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.

### **Foreign currency**

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

# **THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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

For the year ended 31 December 2006

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### **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 2006

### 1 TURNOVER

	2006 £	2005 £
Turnover is analysed as follows		
Promotion of Football	18,594,985	18,011,675
Stadium Management	4,299,307	3,963,626
	<u>22,894,292</u>	<u>21,975,301</u>

### 2 DIRECTORS AND EMPLOYEES

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

	2006 £	2005 £
Wages and salaries	3,296,729	3,395,296
Social security	371,931	372,729
Other pension costs	713,167	472,399
	<u>4,381,827</u>	<u>4,240,424</u>
Average number of employees of the group during the year	<u>123</u>	<u>122</u>

Remuneration in respect of directors was as follows

	2006 £	2005 £
Directors' emoluments	171,637	167,234
Directors' pension contributions	30,553	25,872
	<u>202,190</u>	<u>193,106</u>

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2006

### 3 OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2006 £	2005 £
Directors emoluments	171,637	167,234
Auditors remuneration		
Audit services	20,000	36,000
Non audit services	5,500	18,973
Depreciation	406,060	413,921
Capital grant release	(145,001)	(159,070)
Hire of equipment		494
Operating leases		
Other	61,486	58,429
Land and Buildings	<u>748,587</u>	<u>741,566</u>

### 4 OTHER FINANCE EXPENSE

	2006 £	2005 £
Expected return on pension scheme assets	(719,000)	(598,000)
Interest on pension scheme liabilities	<u>720,000</u>	<u>663,000</u>
	<u>1,000</u>	<u>65,000</u>

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	2006 £	2005 £
United Kingdom corporation tax current year	11,262	
Deferred tax current year	<u>152,000</u>	<u>123,000</u>
	<u>163,262</u>	<u>123,000</u>

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



**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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

For the year ended 31 December 2006

**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

	2006 £	2005 £
Profit on ordinary activities before tax	<u>899,188</u>	<u>413,276</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	269,756	123,983
Effects of		
Income previously taxed	(82,637)	(41,186)
Movement in accelerated capital allowances	(67,909)	(91,101)
Non qualifying depreciation	66,780	63,903
Net difference on gain on disposal of non qualifying assets	40,994	(4,378)
Utilisation of tax losses	(56,845)	72,520
Movement in deferred tax relating to pension scheme	(152,000)	(123,000)
Impact of lower rate in subsidiaries	<u>(6,877)</u>	<u>(741)</u>
Current tax charge for year	<u>11,262</u>	

**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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

For the year ended 31 December 2006

**6 TANGIBLE FIXED ASSETS**

**The Group**

	<b>Leasehold Improvements £</b>	<b>Investment Property £</b>	<b>Computer &amp; Office Equipment £</b>	<b>Total £</b>
Cost or valuation				
At 1 January 2006	4,735,555	1,170,000	1,299,925	7,205,480
Additions at cost	14,244		69,826	84,070
Surplus arising on revaluation		25,000		25,000
Disposals		(55,000)		(55,000)
At 31 December 2006	<u>4,749,799</u>	<u>1,140,000</u>	<u>1,369,751</u>	<u>7,259,550</u>
Depreciation				
At 1 January 2006	1,127,569		958,280	2,085,849
Provided in the year	281,125		124,935	406,060
At 31 December 2006	<u>1,408,694</u>		<u>1,083,215</u>	<u>2,491,909</u>
Net book value at				
31 December 2006	<u>3,341,105</u>	<u>1,140,000</u>	<u>286,536</u>	<u>4,767,641</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>

Investment properties were revalued on 31 December 2006 by Messrs Griffin Webster, Chartered Surveyors, at their open market values. The uplift in valuation of £25,000 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 2006

### TANGIBLE FIXED ASSETS (CONTD)

#### The Company

	Leasehold Improvements £	Investment Property £	Computer & Office Equipment £	Total £
Cost or valuation				
At 1 January 2006	3,577,633	1,170,000	1,017,484	5,765,117
Additions at cost			49,429	49,429
Surplus arising on revaluation		25,000		25,000
Disposals		(55,000)		(55,000)
At 31 December 2006	<u>3,577,633</u>	<u>1,140,000</u>	<u>1,066,913</u>	<u>5,784,546</u>
Depreciation				
At 1 January 2006	882,451		732,386	1,614,837
Provided in the year	214,907		108,221	323,128
At 31 December 2006	<u>1,097,358</u>		<u>840,607</u>	<u>1,937,965</u>
Net book value at 31 December 2006	<u>2,480,275</u>	<u>1,140,000</u>	<u>226,306</u>	<u>3,846,581</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>

Investment properties were revalued on 31 December 2006 by Messrs Griffin Webster, Chartered Surveyors, at their open market values. The uplift in valuation of £25,000 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 £625,397.

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2006

### 7 INVESTMENTS

	Quoted £
<b>The Group</b>	
At cost 1 January 2006	2,458,456
Additions	345,069
Disposals	(250,901)
At cost 31 December 2006	<u>2,552,624</u>

The market value of quoted investments at 31 December 2006 was £3,420,370 (2005 £3,088,063)

#### The Company

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

	Investment in subsidiary undertakings £
Cost	
At 1 January 2006 and 31 December 2006	<u>30,002</u>

Subsidiary Undertakings	Country of Registration	Holding	Proportion held	Nature of Business
Scotball Travel and Leisure Limited	Scotland	Ordinary Shares	100%	Dormant from 1 April 2006
Hampden Park Limited	Scotland	Ordinary Shares	100%	Stadium Management

### 8 DEBTORS

	The Group 2006 £	2005 £	The Company 2006 £	2005 £
Amounts owed by group undertakings			687,640	886,263
Other debtors	4,718,831	2,502,373	4,184,723	1,942,283
Prepayments and accrued income	1,413,493	1,281,720	359,985	143,918
Taxation recoverable	2,863	5,762	2,863	5,762
	<u>6,135,187</u>	<u>3,789,855</u>	<u>5,235,211</u>	<u>2,978,226</u>

Prepayments and accrued income for the group includes an amount of £551,610 (2004 £469,890) in relation to deferred rental. This amount will be released 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 2006

### 9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2006	2005	2006	2005
	£	£	£	£
Accruals and deferred income	10,621,616	5,037,377	9,634,761	3,845,387
Amounts owed to group undertakings			51,499	312,879
Social security and other taxes	325,869	211,434	247,247	105,410
Corporation tax payable	8,399		7,455	
	<u>10,955,884</u>	<u>5,248,811</u>	<u>9,940,962</u>	<u>4,263,676</u>

The increase in Accruals and Deferred Income is due to two main factors. In 2005 deferred income from the television contract was offset against a significant debtor for royalties. No such royalties were available to be netted off at the end of 2006 which has resulted in both debtors and creditors being stated at a higher level. The other factor is the inclusion of UEFA monies previously shown as falling due after more than one year.

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

	The Group		The Company	
	2006	2005	2006	2005
	£	£	£	£
Accruals and deferred income	<u>1,856,079</u>	<u>3,569,751</u>	<u>1,602,766</u>	<u>3,284,772</u>

### 11 INVESTMENT PROPERTY REVALUATION RESERVE

#### The Group and the Company

	2006	2005
	£	£
At 1 January 2006	498,255	448,901
Transferred to Profit & Loss Account on disposal	(8,652)	
Arising on revaluation (Note 6)	<u>25,000</u>	<u>49,354</u>
At 31 December 2006	<u>514,603</u>	<u>498,255</u>

### 12 OTHER RESERVES

#### The Group and the Company

	£
At 1 January 2006 and 31 December 2006	<u>1,799,673</u>

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2006

### 13 PROFIT AND LOSS ACCOUNT

	Group £	Company £
As at 1 January 2006	(407,414)	(1,159,976)
Retained profit for the year	735,926	397,337
Transferred from Investment Property Revaluation Reserve on disposal	8,652	8,652
Actuarial gain in the pension scheme	855,000	855,000
Deferred tax thereon	(257,000)	(257,000)
As at 31 December 2006	<u>935,164</u>	<u>(155,987)</u>

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

	2006 £
By the Company	397,337
By subsidiary undertakings	<u>338,589</u>
	<u>735,926</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 FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating profit	368,106	138,883
Depreciation	406,060	413,922
Release of deferred capital grant	(145,001)	(159,070)
Pension scheme payments	(507,000)	(410,000)
(Gain)/Loss on disposal of tangible fixed assets	(12,500)	7,965
Decrease in stock	40,252	16,540
Increase in debtors	(2,348,231)	(439,686)
Increase in creditors	<u>4,134,078</u>	<u>1,112,328</u>
Net cash inflow from operating activities	<u>1,935,764</u>	<u>680,882</u>

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2006

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

	2006 £	2005 £
Increase in cash in the year	2,352,069	1,742,009
Net funds at 1 January 2006	3,051,052	1,309,043
Net funds at 31 December 2006	5,403,121	3,051,052

The company manages its liquid resources through the use of overnight and fixed period deposits with Bank of Scotland. Overnight deposits are treated as cash, and fixed period deposits are treated as liquid resources for the purposes of the cash flow statement.

### 16 ANALYSIS OF NET FUNDS

	At 1 January 2006 £	Cash flow £	At 31 December 2006 £
Cash at bank and in hand	3,051,052	2,352,069	5,403,121

### 17 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2006 or 31 December 2005.

### 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 2006

### 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 2005 and 31 December 2006 by a qualified actuary. The major assumptions used by the actuary were:

	2006 %	2005 %
Rate of increase in Retail Price Index	3.3	3.0
Rate of increase in Pensions in Payment accruing up to 1 May 2002	5.0	5.0
accruing thereafter	3.3	3.0
Rate of increase in Pensionable Salaries	4.75	4.0
Discount Rate	5.1	4.7

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

	Rate of Return %	2006 £000's	Rate of Return %	2005 £000's	Rate of Return %	2004 £000's
Market value of assets						
Deposit administration contract			6.0	9,886	6.0	8,083
Bonds	5.1	2,874				-
Equities	7.6	7,056				
Bank Account	5.25	879				
Deposit Account	6.0	12				
Annuities	4.7	2,870	4.7	2,346	5.2	2,013
		13,691		12,232		10,096
Present value of Scheme liabilities		(15,566)		(15,469)		(12,566)
Net pension deficit before deferred tax		(1,875)		(3,237)		(2,470)
Related deferred tax asset		562		971		741
Net pension deficit		(1,313)		(2,266)		(1,729)



# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2006

### PENSION COMMITMENTS (CONTD)

#### Movement in deficit in the year

	2006 £000's £	2005 £000's £
Deficit in scheme at beginning of the year	(3,237)	(2,470)
Movement in year		
Current service cost	(371)	(289)
Loss on settlement and curtailments	(211)	(79)
Contributions	1,097	843
Other finance costs	(1)	(65)
Expenses paid by scheme	(7)	
Actuarial gain/(loss)	855	(1,177)
Deficit in scheme at end of the year	(1,875)	(3,237)

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

	2006 £'000	2005 £'000	2004 £'000
Difference between the expected and the actual return on scheme assets			
amount	223	790	303
percentage of scheme assets	1.6%	6.4%	3.0%
Experience gains and losses on scheme assets			
amount	105	(36)	30
percentage of scheme assets	0.7%	(0.2%)	0.2%
Total amount recognised in statement of total recognised gains and losses			
amount	855	(1,177)	(158)
percentage of scheme assets	6.2%	9.6%	1.25%

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2006

### PENSION COMMITMENTS (CONTD)

#### Analysis of the amount charged to operating profit

	2006 £000	2005 £000
Current service cost	371	289
Past service cost		
Total operating charge	<u>371</u>	<u>289</u>

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

	2006 £000	2005 £000
Actual return less expected return on pension scheme assets	223	790
Experience gains and losses arising on the scheme liabilities	105	(36)
Changes in financial assumptions underlying the scheme liabilities	527	(1,931)
Actuarial gain/(loss) recognised in STRGL	<u>855</u>	<u>(1,177)</u>

The group also contributes to defined contribution schemes Contributions to these schemes for the year amounted to £76,694 (2005 £74,336)

## 20 LEASING COMMITMENTS

Annual commitments under non cancellable operating leases are as follows

	2006 Land and buildings £	Other £	2005 Land and buildings £	Other £
Operating leases which expire				
In one year or less		2,910		
Between two and five years		55,666		21,772
In five years or more	<u>839,851</u>		<u>826,747</u>	<u>39,714</u>
	<u>839,851</u>	<u>58,576</u>	<u>826,747</u>	<u>61,486</u>

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2006

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### 21 OTHER MATTERS

In furtherance of the Association's objectives, the group enters into transactions, in the normal course of business, with member clubs and associations in which certain members of the Board are involved as directors or other representatives. These transactions are entered into on an arm's length basis.

The Association is a member of The Scottish Football Partnership, a company limited by guarantee and set up to disburse funds for the development of football in Scotland. During the year the Association made a contribution of £1.5 million (2005 £1.4 million) to assist the Partnership in meeting its objectives.

The group made a donation to the Scottish Football Association Museum Trust of £216,622 (2005 £223,204) in the year. The group charged the Scottish Football Association Museum Trust an amount of £192,500 (2005 £190,000) in the year in respect of rent and common charges. Included within Other Debtors is an amount of £82,468 (2005 £128,034) due from the Scottish Football Association Museum Trust. Included within Creditors is an amount of £24,996 (2005: nil) due to 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 (2005 £50,000) in the year. The group charged the National Stadium Sports Medicine Centre Limited an amount of £41,800 (2005 £40,000) in the year in respect of rent and common charges. Included within Debtors is an amount of £47,486 due from the National Stadium Sports Medicine Centre Limited (2005 £6,533 creditor balance). The group has certain directors in common with the National Stadium Sports Medicine Centre Limited.