

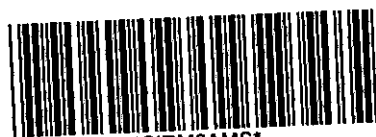
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**THE SCOTTISH FOOTBALL  
ASSOCIATION LIMITED**

**CONSOLIDATED FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2008**

THURSDAY



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COMPANIES HOUSE

Company no SC005453

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

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### COMPANY INFORMATION

<b>Company registration number</b>	SC005453	
<b>Registered office</b>	Hampden Park Glasgow G42 9AY	
<b>Directors</b>	G W Peat R C Ogilvie A McRae A M Gold J Gold T Johnston D MacIntyre T B McMaster R Petrie R W Shaw A Stables G Smith	President 1st Vice President 2nd Vice President           Chief Executive
<b>Secretary</b>	G Smith	
<b>Bankers</b>	Bank of Scotland	
<b>Legal advisors</b>	Burness 120 Bothwell Street Glasgow G2 7JL  Levy & McRae 266 St Vincent Street Glasgow G2 5RL	
<b>Auditors</b>	BDO Stoy Hayward LLP Chartered Accountants Registered Auditors 4 Atlantic Quay 70 York Street Glasgow G2 8JX	

**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2008

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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 2008.

### Principal activities

The principal activity of the company is the furtherance and control of the game of football in Scotland. In addition a subsidiary undertaking operates the National Stadium.

### Business review

The profit and loss account is set out on page 5 and shows turnover for the year of £24,016,082 (2007: £30,567,373 and profit for the year after taxation of £46,079 (2007: £773,907) which has been transferred to reserves.

Group turnover has decreased by 21% due mainly to the lower number of home qualifying matches. The directors believe group turnover will increase in 2009 as a result of an increased number of home international matches and other events at Hampden Park.

Further information on the group's activities is set out in the Financial Report section of the Annual Review.

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. During the year a new television deal covering the period July 2010 to June 2014 was concluded on significantly enhanced terms.

Credit risk is managed by running credit checks on significant customers and by monitoring payments against contractual agreements.

The company monitors cash flow as part of its day to day control procedures. The Board and Senior Management Group consider cash flow projections on a regular basis.

### Directors

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

G W Peat	President
R C Ogilvie	1st Vice President
A McRae	2nd Vice President
A M Gold	
J Gold	
T Johnston	
D MacIntyre	
T B McMaster	
R Petrie	
R W Shaw	
A Stables	
G Smith	Chief Executive

Appointed 4 September 2008

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 2009. Mr A M Gold and Mr T B McMaster are nominated by the

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## DIRECTORS' REPORT

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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.

### 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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

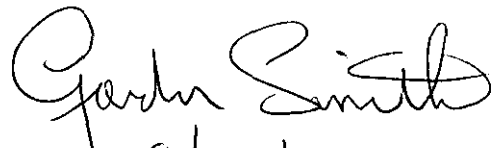
### Auditors

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 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

Secretary

  
9/4/09

## **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 2008 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 applicable law and United Kingdom 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 2008 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 2008;
- 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



# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2008

	Note	2008 £	2007 £
<b>Turnover</b>	1	<b>24,016,082</b>	30,567,373
Cost of sales		<u>13,042,141</u>	<u>16,915,654</u>
<b>Gross profit</b>		<b>10,973,941</b>	13,651,719
Grant to The Scottish Football Partnership		360,000	2,900,000
Administrative expenses		<u>10,545,339</u>	<u>10,405,582</u>
<b>Operating profit</b>	3	<b>68,602</b>	346,137
Income from fixed asset investments		184,027	202,503
(Loss)/gain on realisation of fixed asset investments		(2,584)	61,661
Provision for impairment of fixed asset investments		(660,753)	-
Interest receivable		369,984	388,266
Other finance income	4	<u>169,000</u>	<u>78,000</u>
<b>Profit for the year before taxation</b>		<b>128,276</b>	1,076,567
Taxation	5	<u>82,197</u>	<u>302,660</u>
<b>Profit for the year after taxation</b>		<b>46,079</b>	773,907

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 2008

	Note	2008 £	2008 £	2007 £	2007 £
<b>Fixed assets</b>					
Tangible assets	6		4,445,142		4,761,513
Investments	7		<u>1,933,602</u>		<u>2,603,694</u>
			6,378,744		7,365,207
<b>Current assets</b>					
Debtors	8	5,945,900		7,580,268	
Cash at bank and in hand	17	<u>8,053,958</u>		<u>4,382,928</u>	
		13,999,858		11,963,196	
<b>Creditors: amounts falling due within one year</b>	9	<u>12,470,935</u>		<u>11,176,097</u>	
<b>Net current assets</b>			<u>1,528,923</u>		<u>787,099</u>
			7,907,667		8,152,306
<b>Creditors: amounts falling due after more than one year</b>	10		1,705,570		1,741,852
Deferred Taxation	11		<u>73,171</u>		<u>59,107</u>
<b>Net assets excluding pension (liability)/asset</b>			6,128,926		6,351,347
Pension (liability)/asset	20		<u>(997,000)</u>		<u>245,000</u>
<b>Net assets including pension (liability)/asset</b>			<u>5,131,926</u>		<u>6,596,347</u>
<b>Reserves</b>					
General reserve			1,500,000		1,500,000
Investment revaluation reserve	12		350,894		448,394
Other reserves	13		1,799,673		1,799,673
Profit and loss account	14		<u>1,481,359</u>		<u>2,848,280</u>
			<u>5,131,926</u>		<u>6,596,347</u>

The financial statements were approved by the Board of Directors and authorised for issue on 9<sup>th</sup> April 2009.

G W Peat

President

R C Ogilvie

1st Vice President

A McRae

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 2008

	Note	2008 £	2008 £	2007 £	2007 £
<b>Fixed Assets</b>					
Tangible Assets	6		3,273,665		3,553,720
Investments	7		<u>1,963,604</u>		<u>2,633,696</u>
			5,237,269		6,187,416
<b>Current Assets</b>					
Debtors	8	3,797,953		6,713,636	
Cash at bank and in hand		<u>7,390,531</u>		<u>3,457,979</u>	
		11,188,484		10,171,615	
Creditors: amounts falling due within one year	9	<u>10,468,664</u>		<u>10,089,698</u>	
Net current assets			<u>719,820</u>		<u>81,917</u>
			5,957,089		6,269,333
Creditors: amounts falling due after more than one year	10		<u>1,336,098</u>		<u>1,469,432</u>
Net assets excluding pension (liability)/asset			4,620,991		4,799,901
Pension (liability)/asset	20		(997,000)		245,000
Net assets including pension (liability)/asset			<u>3,623,991</u>		<u>5,044,901</u>
<b>Reserves</b>					
General Reserve			1,500,000		1,500,000
Investment revaluation reserve	12		350,894		448,394
Other reserves	13		1,799,673		1,799,673
Profit and loss account	14		<u>(26,576)</u>		<u>1,296,834</u>
			<u>3,623,991</u>		<u>5,044,901</u>

The financial statements were approved by the Board of Directors and authorised for issue on 9<sup>th</sup> April 2009.

G W Peat

 President

R C Ogilvie

 1st Vice President

A McRae

 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 2008

	Note	2008 £	2008 £	2007 £	2007 £
<b>Net cash inflow/(outflow) from operating activities</b>	15		3,251,754		(1,289,130)
<b>Returns on investments</b>					
Interest received		369,984		388,266	
Income from investments		184,027		199,442	
Other finance income		<u>169,000</u>		<u>78,000</u>	
<b>Net cash inflow from returns on investments</b>			723,011		665,708
<b>Taxation</b>					
Taxation paid			(67,531)		(7,298)
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(242,959)		(524,572)	
Purchase of investments		(239,713)		(242,293)	
Proceeds on disposal of tangible fixed assets		-		64,508	
Proceeds on disposal of investments		246,468		252,884	
Receipt of capital grant		<u>-</u>		<u>60,000</u>	
<b>Net cash outflow from capital expenditure and financial investment</b>			(236,204)		(389,473)
<b>Increase/(decrease) in cash in the year</b>	16		<u>3,671,030</u>		<u>(1,020,193)</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 2008

	Note	2008 £	2007 £
Profit for the financial year		46,079	773,907
Actuarial (loss)/gain in the pension scheme	20	(1,962,000)	1,611,000
Deferred tax thereon		549,000	(483,000)
Decrease in revaluation reserve		(97,500)	(55,000)
Total recognised (losses)/gains relating to the year		<u>(1,464,421)</u>	<u>1,846,907</u>

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

# **THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

For the year ended 31 December 2008

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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 2008.

### **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. Barter transactions are quantified and included within turnover.

### **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 2008

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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.

### **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 2008

### 1 TURNOVER

	2008 £	2007 £
Turnover is analysed as follows:		
Promotion of Football	20,663,293	25,332,791
Stadium Management	3,352,789	5,234,582
	<u>24,016,082</u>	<u>30,567,373</u>

The value of in-kind transactions has been included within turnover for the current and previous year in accordance with Financial Reporting Standard 5. The related costs have been included within Cost of Sales and Administrative Expenses.

### 2 DIRECTORS AND EMPLOYEES

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

	2008 £	2007 £
Wages and salaries	3,992,373	3,564,601
Social security	444,552	386,099
Other pension costs	437,108	547,946
	<u>4,874,033</u>	<u>4,498,646</u>
Average number of employees of the group during the year	<u>138</u>	<u>132</u>

Remuneration in respect of directors was as follows:

	2008 £	2007 £
Directors' emoluments	200,821	175,493
Directors' pension contributions	-	8,652
	<u>200,821</u>	<u>184,145</u>
Amount paid to highest paid director	<u>173,321</u>	<u>74,582</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3 OPERATING PROFIT

	2008 £	2007 £
Directors emoluments	200,821	175,493
Auditors remuneration:		
Audit services	20,000	20,000
Non-audit services	5,000	5,500
Depreciation	461,830	435,700
Capital grant release	(149,615)	(149,616)
Gain on disposal of fixed assets	-	(24,508)
Operating leases:		
Other	46,316	58,576
Land and Buildings	766,033	760,187

	2008 £	2007 £
Expected return on pension scheme assets	1,008,000	883,000
Interest on pension scheme liabilities	<u>(839,000)</u>	<u>(805,000)</u>
	169,000	78,000

	2008 £	2007 £
United Kingdom corporation tax - current year	13,531	53,627
- prior year	(1,398)	5,926
Deferred tax - current year	70,521	221,221
- prior year	(457)	21,886
	<u>82,197</u>	<u>302,660</u>

Page 13



# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2008

### 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 (28.5%). The differences are explained below:

	2008 £	2007 £
Profit on ordinary activities before tax	<u>128,276</u>	<u>1,076,567</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.5% (2007: 30%)	36,559	322,970
Effects of:		
Non deductible expenses	173,218	28,255
Non taxable income	-	(58,498)
Movement in accelerated capital allowances	(20,835)	(56,263)
Other timing differences	(3,540)	(17,640)
Non qualifying depreciation	62,540	58,004
Utilisation of tax losses	(149,722)	-
Franked Investment Income	(20,237)	(29,330)
FRS 17 adjustment	(63,560)	(184,200)
Adjustment re prior year	(1,398)	5,926
Impact of lower rate in subsidiaries	(892)	(9,671)
Current tax charge for year	<u>12,133</u>	<u>59,553</u>

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2008

### 6 TANGIBLE FIXED ASSETS

#### The Group

	Leasehold Improvements £	Investment Property £	Computer & Office Equipment £	Total £
Cost or valuation				
At 1 January 2008	5,121,506	1,045,000	1,522,616	7,689,122
Additions at cost	25,200	-	217,759	242,959
Deficit arising on revaluation	-	(97,500)	-	(97,500)
At 31 December 2008	<u>5,146,706</u>	<u>947,500</u>	<u>1,740,375</u>	<u>7,834,581</u>
Depreciation				
At 1 January 2008	1,718,412	-	1,209,197	2,927,609
Provided in the year	312,028	-	149,802	461,830
At 31 December 2008	<u>2,030,440</u>	<u>-</u>	<u>1,358,999</u>	<u>3,389,439</u>
Net book value at 31 December 2008	<u>3,116,266</u>	<u>947,500</u>	<u>381,376</u>	<u>4,445,142</u>
Net book value at 31 December 2007	<u>3,403,094</u>	<u>1,045,000</u>	<u>313,419</u>	<u>4,761,513</u>

Investment properties were revalued on 31 December 2008 by Messrs Griffin Webster, Chartered Surveyors, at their open market values. The deficit arising of £97,500 has been debited to the investment property revaluation reserve (note 12).

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2008

### TANGIBLE FIXED ASSETS (CONTD)

#### The Company

	Leasehold Improvements £	Investment Property £	Computer & Office Equipment £	Total £
Cost or valuation				
At 1 January 2008	3,577,633	1,045,000	1,188,524	5,811,157
Additions at cost	12,654	-	140,526	153,180
Deficit arising on revaluation	-	(97,500)	-	(97,500)
At 31 December 2008	<u>3,590,287</u>	<u>947,500</u>	<u>1,329,050</u>	<u>5,866,837</u>
Depreciation				
At 1 January 2008	1,312,265	-	945,172	2,257,437
Provided in the year	216,173	-	119,562	335,735
At 31 December 2008	<u>1,528,438</u>	<u>-</u>	<u>1,064,734</u>	<u>2,593,172</u>
Net book value at 31 December 2008	<u>2,061,849</u>	<u>947,500</u>	<u>264,316</u>	<u>3,273,665</u>
Net book value at 31 December 2007	<u>2,265,368</u>	<u>1,045,000</u>	<u>243,352</u>	<u>3,553,720</u>

Investment properties were revalued on 31 December 2008 by Messrs Griffin Webster, Chartered Surveyors, at their open market values. The deficit arising of £97,500 has been debited to the investment property revaluation reserve (note 12).

#### 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 £596,606.

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2008

### 7 INVESTMENTS

	Quoted £
<b>The Group</b>	
At cost 1 January 2008	2,603,694
Additions	239,713
Disposals	(249,052)
Provision for impairment	(660,753)
	<u>1,933,602</u>
At cost restricted for impairment at 31 December 2008	

The market value of quoted investments at 31 December 2008 was £2,346,604 (2007 - £3,465,460).

#### The Company

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

	Investment in subsidiary undertakings £
Cost	
At 1 January 2008 and 31 December 2008	<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
Hampden Park Limited	Scotland	Ordinary Shares	100%	Stadium Management

### 8 DEBTORS

	The Group 2008 £	2007 £	The Company 2008 £	2007 £
Amounts owed by group undertakings	-	-	-	420,329
Trade debtors	931,322	4,429,187	244,468	4,368,337
Other debtors	2,536,164	2,292,818	2,526,233	1,642,502
Prepayments and accrued income	2,462,350	845,057	1,011,188	269,262
Taxation recoverable	16,064	13,206	16,064	13,206
	<u>5,945,900</u>	<u>7,580,268</u>	<u>3,797,953</u>	<u>6,713,636</u>

Prepayments and accrued income for the group includes an amount of £715,050 (2007: £633,330) in relation to deferred rental. This amount will be released in accordance with the accounting policy as disclosed 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 2008

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

	The Group		The Company	
	2008	2007	2008	2007
	£	£	£	£
Accruals and deferred income	12,141,564	10,297,176	10,026,306	9,268,751
Amounts owed to group undertakings	-	-	171,588	52,221
Social security and other taxes	313,975	810,985	270,770	768,726
Corporation tax payable	15,396	67,936	-	-
	<u>12,470,935</u>	<u>11,176,097</u>	<u>10,468,664</u>	<u>10,089,698</u>

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

	The Group		The Company	
	2008	2007	2008	2007
	£	£	£	£
Accruals and deferred income	<u>1,705,570</u>	<u>1,741,852</u>	<u>1,336,098</u>	<u>1,469,432</u>

### 11 DEFERRED TAXATION

#### The Group

	2008	2007
	£	£
Accelerated timing differences	109,105	98,307
Sundry timing differences	(35,934)	(39,200)
	<u>73,171</u>	<u>59,107</u>

### 12 INVESTMENT PROPERTY REVALUATION RESERVE

#### The Group and the Company

	2008	2007
	£	£
At 1 January 2008	448,394	514,603
Transferred to Profit & Loss Account on disposal	-	(11,209)
Eliminated on revaluation (Note 6)	(97,500)	(55,000)
At 31 December 2008	<u>350,894</u>	<u>448,394</u>

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2008

### 13 OTHER RESERVES

The Group and the Company

£

At 1 January 2008 and 31 December 2008

1,799,673

### 14 PROFIT AND LOSS ACCOUNT

	Group £	Company £
As at 1 January 2008	2,848,280	1,296,834
Retained profit for the year	46,079	89,590
Actuarial loss in the pension scheme	(1,962,000)	(1,962,000)
Deferred tax thereon	549,000	549,000
As at 31 December 2008	<u>1,481,359</u>	<u>(26,576)</u>

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

	2008 £
By the Company	89,590
By subsidiary undertakings	<u>(43,511)</u>
	<u>46,079</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.

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

	2008 £	2007 £
Operating profit	68,602	346,137
Depreciation	461,830	435,700
Release of deferred capital grant	(149,615)	(149,616)
Pension scheme payments	(227,000)	(614,000)
Gain on disposal of tangible fixed assets	-	(24,508)
Decrease in stock	-	15,830
Decrease/(increase) in debtors	1,637,226	(1,434,738)
Increase in creditors	<u>1,460,711</u>	<u>136,065</u>
Net cash inflow/(outflow) from operating activities	<u>3,251,754</u>	<u>(1,289,130)</u>

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2008

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

	2008 £	2007 £
Increase/(decrease) in cash in the year	3,671,030	(1,020,193)
Net funds at 1 January 2008	<u>4,382,928</u>	<u>5,403,121</u>
Net funds at 31 December 2008	<u>8,053,958</u>	<u>4,382,928</u>

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

### 17 ANALYSIS OF NET FUNDS

	At 1 January 2008 £	Cash flow £	At 31 December 2008 £
Cash at bank and in hand	<u>4,382,928</u>	<u>3,671,030</u>	<u>8,053,958</u>

### 18 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2008 or 31 December 2007.

### 19 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 2008

### 20 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. The major assumptions used by the actuary were:

	2008 %	2007 %
Rate of increase in Retail Price Index	3.0	3.6
Rate of increase in Pensions in Payment - accruing up to 1 May 2002	5.0	5.0
- accruing thereafter	3.0	3.6
Rate of increase in Pensionable Salaries	4.5	5.1
Discount Rate	6.5	5.7

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

	Rate of Return %	2008 £000's	Rate of Return %	2007 £000's	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	6.5	2,666	6.0	3,684	5.1	2,874	-	-	-	-
Equities	8.5	6,613	7.5	8,243	7.6	7,056	-	-	-	-
Bank Account	2.0	18	5.5	580	5.25	879	-	-	-	-
Deposit Account	-	-	-	-	6.0	12	-	-	-	-
Annuities	6.5	2,508	5.7	2,632	4.7	2,870	4.7	2,346	5.2	2,013
		11,805		15,139		13,691		12,232		10,096
Present value of Scheme liabilities		(13,190)		(14,789)		(15,566)		(15,469)		(12,566)
Net pension (deficit)/asset before deferred tax		(1,385)		350		(1,875)		(3,237)		(2,470)
Related deferred tax asset/(liability)		388		(105)		562		971		741
Net pension (deficit)/asset		(997)		245		(1,313)		(2,266)		(1,729)



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

For the year ended 31 December 2008

**PENSION COMMITMENTS (CONTD)**

**Movement in deficit in the year**

	2008 £000's £	2007 £000's £
Surplus/(deficit) in scheme at beginning of the year	350	(1,875)
Movement in year:		
Change to bid value of assets	-	(25)
Current service cost	(263)	(320)
Contributions	324	905
Other finance income	169	78
Expenses paid by scheme	(3)	(24)
Actuarial (loss)/gain	(1,962)	1,611
(Deficit)/surplus in scheme at end of the year	(1,385)	350

The full triennial actuarial valuation at 1 May 2006 showed a decrease in the deficit from £3,276,000 to £1,728,000. The Scheme Actuary has suggested a regular annual contribution of 25.1% of pensionable payroll including employees' contribution, and has recommended that the deficit at 1 May 2006 be reduced by annual payments of £83,000. The scheme is now closed to new entrants.

**History of experience gains and losses**

	2008 £'000's	2007 £'000's	2006 £'000's	2005 £'000's	2004 £'000's
Difference between the expected and the actual return on scheme assets:					
- amount	(3,932)	(21)	223	790	303
- percentage of scheme assets	33.3%	0.1%	1.6%	6.4%	3.0%
Experience gains and losses on scheme assets:					
- amount	60	(66)	105	(36)	30
- percentage of scheme assets	0.5%	0.4%	0.7%	0.2%	0.2%
Total amount recognised in statement of total recognised gains and losses:					
- amount	(1,962)	1,611	855	(1,177)	(158)
- percentage of scheme assets	16.6%	10.6%	6.2%	9.6%	1.2%

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2008

### PENSION COMMITMENTS (CONTD)

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

	2008 £000's	2007 £000's
Current service cost	263	320
Past service cost	-	-
Total operating charge	<u>263</u>	<u>320</u>

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

	2008 £000's	2007 £000's
Actual return less expected return on pension scheme assets	(3,932)	(21)
Experience gains and losses arising on the scheme liabilities	60	(66)
Changes in financial assumptions underlying the scheme liabilities	<u>1,910</u>	<u>1,698</u>
Actuarial (loss)/gain recognised in STRGL	<u>(1,962)</u>	<u>1,611</u>

The group also contributes to defined contribution schemes. Contributions to these schemes for the year amounted to £127,754 (2007 - £147,882).

## 21 LEASING COMMITMENTS

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

	2008 Land and buildings £	Other £	2007 Land and buildings £	Other £
Operating leases which expire:				
In one year or less	-	990	-	-
Between two and five years	-	45,424	-	46,659
In five years or more	<u>851,254</u>	<u>-</u>	<u>848,507</u>	<u>-</u>
	<u>851,254</u>	<u>46,414</u>	<u>848,507</u>	<u>46,659</u>

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

For the year ended 31 December 2008

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**22 OTHER MATTERS**

In furtherance of the objectives of the Scottish Football Association, which are 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 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 £360,000 (2007: £2.9 million) to assist the Partnership in meeting its objectives.

The group made a donation to the Scottish Football Association Museum Trust of £191,193 (2007: £201,707) in the year. The group charged the Scottish Football Association Museum Trust an amount of £197,500 (2007: £195,000) in the year in respect of rent and common charges. Included within Debtors is an amount of £98,249 (2007: £47,586) due from the Scottish Football Association Museum Trust. Included within Creditors is an amount of £4,573 (2007: £21,279) 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 £25,000 (2007: £75,000) in the year. The group charged the National Stadium Sports Medicine Centre Limited an amount of £42,550 (2007: £42,550) in the year in respect of rent and common charges. Included within Debtors is an amount of £158,349 (2007: £95,091) due from the National Stadium Sports Medicine Centre Limited. The group has certain directors in common with the National Stadium Sports Medicine Centre Limited.