
THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

COMPANY INFORMATION

Directors	A McRae (President) R M Petrie (Vice President) M Mulraney T McKeown A C Stewart N Doncaster (appointed 13 March 2018) I Maxwell (Chief Executive) (appointed 21 May 2018)
Company secretary	H A Barton
Registered number	SC005453
Registered office	Hampden Park Glasgow G42 9BA
Independent auditor	Grant Thornton UK LLP Statutory Auditor 110 Queen Street Glasgow G1 3BX
Solicitors	Burness Paul LLP 120 Bothwell Street Glasgow G2 7JL

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

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THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

Introduction

The directors present their report together with the audited financial statements for the year ended 31 December 2018.

Business review

The principal activity of the group and company is the promotion, development and regulation of the game of football in Scotland. A subsidiary undertaking operates the National Stadium.

2018 was a challenging year for the group which saw the appointment of a new National Team Manager, Alex McLeish, and a new Chief Executive, Ian Maxwell. There have been some notable achievements during the year:

- The Women's A team achieved first place in their FIFA World Cup qualifying group and will participate for the first time in the FIFA Women's World Cup, in France 2019.
- The Men's A team had a successful UEFA Nations League Campaign which saw them top their group, providing a valuable additional opportunity to qualify for EURO 2020.
- The U21 Men participated in the prestigious Toulon tournament, achieving 4th place.
- Both boys and girls U17 and U19 teams reached the elite rounds of their respective UEFA competitions.

In September 2018, the group announced its decision to remain at Hampden Park following the expiry of its existing lease in 2020. The formal agreement to acquire Hampden Park is expected to be concluded during 2019. The directors consider that the ownership of Hampden Park will create opportunities to develop a national stadium that will inspire the next generation of football fans.

The Board are grateful to all parties that pledged support, financial and otherwise, to enable this decision to be reached.

Work continues to ensure that the stadium is ready to act as a host venue for the UEFA EURO 2020 Finals with infrastructure enhancements and development of operational resources taking place during 2018 and 2019.

The group consider the key financial performance indicators to be:

	2018	2017	Movement
	£	£	%
Group Turnover	37,519,530	38,472,909	(2.5)
Group Gross Profit	17,886,634	19,170,486	(6.7)
Group Reserves	8,209,833	9,154,800	(10.3)
Group Cash at bank and hand	14,491,055	17,216,535	(15.8)

The group turnover was impacted mainly by the reduction in the number of Men's A qualifying campaign fixtures. The only competitive games during 2018 were the UEFA Nations League matches against Israel and Albania and home attendances at these events was disappointing.

The reduction in turnover affected gross margin which was 47.7% in 2018 (49.8% in 2017). However, control over other costs enabled £11.1m of payments (2017 £10.3m) to member clubs and Affiliated National Associations through participation in the Scottish Cup and to support good governance, improvement of infrastructure and standards through national club licensing and the development of home-grown elite players.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

The group cash position decreased by £2.7m during 2018, in line with expectations. The £14.5m of cash held at year end reflects advance receipts of broadcast and media fees. The overall net current assets position remains broadly in line with the previous year's level.

The Defined Benefit Pension Scheme assets and liabilities showed a net surplus of £1,510,000 at 31 December 2018 compared to a surplus of £2,026,000 in the prior year. This reduction in surplus was largely due to a lower return on scheme assets during the year. The impact of this movement can be seen through the Consolidated Statement of Comprehensive Income on page 9. The directors continue to work closely with the Scheme Trustee who has responsibility for the management of the assets and liabilities of the scheme.

The directors remain confident about the prospects for the group with a number of important events to look forward to in 2019 – the participation of the Women's A team in the FIFA World Cup, the Men's A UEFA EURO 2020 qualifying campaign and the planned conclusion of the agreement to acquire the National Stadium.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a significant impact on the group's long term performance. There is an established risk management process in place which considers the risks to achieving strategic priorities and financial returns. The group's senior management team and the Board review existing risks and identify potential new risks on a regular basis. Suitable controls are implemented and actions are established to mitigate these risks. The controls and plans are monitored by the Audit & Risk Committee.

The Board considers the principal risks and uncertainties to be as follows:

The difficult overall financial position in the Scottish football industry

There is a risk that the group's key commercial inventory including the Scottish FA Cup, the Scottish senior teams and Hampden Park become devalued which would have both a reputational and financial impact. The group has focused on securing long term contracts with multiple commercial partners across the group's main commercial assets.

Qualification for European and World Cup Finals

The failure of the Men's A team to qualify for major finals represents a significant missed opportunity for the group. The success of the women's senior team in qualifying for the 2019 World Cup is therefore something the group is extremely proud of. The Scottish FA continues to invest in its performance strategy to seek to improve the quality of players in all of our development squads and enhance their prospects of representing Scotland at a senior level.

Revenue Streams from Commercial and Broadcasting Partners

The value of future revenue streams from commercial and broadcast partners could represent a significant financial risk and uncertainty for the group. To secure future revenues, the directors seek to enter into such contracts with suitable commercial partners for appropriate durations. The Scottish FA media rights for international matches are included in UEFA's centralised marketing of broadcast rights for all its member associations.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2018

Strategic plan

The current strategic plan "Scotland United – A 2020 Vision" covers the period to 2020. The Chief Executive, Ian Maxwell, is leading a review of this strategy and a refreshed and extended plan will be published during 2019.

The Directors continue to review progress against the key elements of the current strategic plan, as follows:

- Elite Performance
- Grassroots football
- Football Governance
- Commercial arrangements and financial management.

Audit and Risk Committee

The Audit and Risk Committee consists of Mr M Mulraney (Chair), Mr R M Petrie and Mr N Doncaster.

The external auditor and members of the finance department attend routinely. Business is also conducted without the presence of the external auditor and members of the finance department when appropriate.

The main responsibilities of the Committee are:

- Review the internal financial control systems and the risk management process;
- Review of the annual report and financial statements and the significant financial reporting judgements and accounting policies contained in them;
- Recommend to the board the appointment, remuneration and terms of the engagement of the external auditor and agree the nature and scope of the audit with the external auditor;
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process.

The role of the Committee is approved by the Board and the results of its work are reported to the Board.

Brexit

Scotland stands as a nation in its own right within UEFA and FIFA. Accordingly, Brexit is unlikely to have a significant impact on the operation of the national team at all levels. The Scottish FA is engaging with key stakeholders including the SPFL and the English FA to consider the risks associated with Brexit including, in particular, the possible effect on our future income streams and the impact on member clubs of a restriction on individual freedom of movement. These discussions are ongoing and remain subject to the continued uncertainty surrounding the Brexit process and likely outcome.

This report was approved by the Board on 18 April 2019 and signed on its behalf.



A McRae (President)
Director

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

The directors present their report and the financial statements for the year ended 31 December 2018.

Results and dividends

The loss for the year, after taxation, amounted to £455,667 (2017: profit £445,529).

Directors

The directors who served during the year were:

A McRae (President)
R M Petrie (Vice President)
M Mulraney
T McKeown
A C Stewart
N Doncaster (appointed 13 March 2018)
I Maxwell (Chief Executive) (appointed 21 May 2018)
G Hughes (resigned 6 June 2018)
S Regan (Chief Executive) (resigned 1 February 2018)

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018**

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Qualifying third party indemnity provisions

The company has arranged qualifying third party indemnity for all its directors.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board on 18 April 2019 and signed on its behalf.



H A Barton
Secretary



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

Opinion

We have audited the financial statements of The Scottish Football Association Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2018, which comprise the Consolidated Statement of Comprehensive income, the Consolidated and Parent Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SCOTTISH FOOTBALL
ASSOCIATION LIMITED (CONTINUED)**

Other information

The directors are responsible for the other information. The other information comprises the information included in the Group Strategic Report and Directors' Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report by the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SCOTTISH FOOTBALL
ASSOCIATION LIMITED (CONTINUED)**

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



Lorraine Macphail
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor,
Glasgow

24 April 2019

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	3	37,519,530	38,472,909
Cost of sales		(19,632,896)	(19,302,423)
Gross profit		17,886,634	19,170,486
Administrative expenses		(18,404,829)	(18,169,810)
Grant to the Scottish Football Partnership		-	(1,024,000)
Operating loss	4	(518,195)	(23,324)
Income from fixed assets investments		129,196	142,279
Gain on sale of fixed asset investments		68,041	28,302
Revaluation of investment properties	10	(70,000)	(59,000)
Interest receivable and similar income		152,394	49,923
Fair value movement of fixed asset investments	11	(343,686)	268,745
Pension scheme - notional finance income	8	51,000	(5,000)
(Loss)/profit before taxation		(531,250)	401,925
Tax on (loss)/profit	9	75,583	43,604
(Loss)/profit for the year		(455,667)	445,529
Actuarial (losses)/ gains on defined benefit pension scheme		(577,000)	2,137,000
Movement of deferred tax relating to pension deficit		87,700	(363,300)
Other comprehensive (loss)/income for the year		(489,300)	1,773,700
Total comprehensive (loss)/income for the year		(944,967)	2,219,229

The notes on pages 17 to 36 form part of these financial statements.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED
REGISTERED NUMBER: SC005453

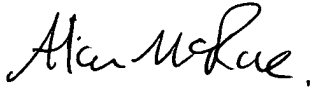
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	10		3,214,164		4,778,751
Investments	11		3,903,977		4,188,281
			7,118,141		8,967,032
Current assets					
Stocks		28,685		28,385	
Debtors: amounts falling due after more than one year	12	237,384		540,863	
Debtors: amounts falling due within 1 year	12	5,698,009		5,396,395	
Cash at bank and in hand	13	14,491,055		17,216,535	
		20,455,133		23,182,178	
Creditors: amounts falling due within 1 year	14	(18,572,713)		(21,213,235)	
Net current assets			1,882,420		1,968,943
Total assets less current liabilities			9,000,561		10,935,975
Provisions for liabilities					
Deferred taxation	16		(451,657)		(624,988)
Deferred capital grants	17		(1,849,071)		(3,182,187)
Net assets excluding pension asset			6,699,833		7,128,800
Pension asset	21		1,510,000		2,026,000
Net assets			8,209,833		9,154,800
Capital and reserves					
General reserve	18		1,500,000		1,500,000
Other reserve	18		1,799,673		1,799,673
Profit and loss account	18		4,910,160		5,855,127
			8,209,833		9,154,800

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED
REGISTERED NUMBER: SC005453

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 18 April 2019.



A McRae (President)
Director



I Maxwell (Chief Executive)
Director

The notes on pages 17 to 36 form part of these financial statements.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED
REGISTERED NUMBER: SC005453

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	10		1,001,688		1,372,450
Investments	11		3,903,979		4,188,283
			<u>4,905,667</u>		<u>5,560,733</u>
Current assets					
Stocks		28,685		28,385	
Debtors: amounts falling due within 1 year	12	4,203,933		3,415,186	
Cash at bank and in hand	13	13,586,251		16,917,394	
		<u>17,818,869</u>		<u>20,360,965</u>	
Creditors: amounts falling due within 1 year	14	(18,068,042)		(20,451,315)	
Net current liabilities			<u>(249,173)</u>		<u>(90,350)</u>
Total assets less current liabilities			<u>4,656,494</u>		<u>5,470,383</u>
Provisions for liabilities					
Deferred taxation	16		(417,128)		(597,526)
Deferred capital grants	17		(136,126)		(269,426)
Net assets excluding pension asset			<u>4,103,240</u>		<u>4,603,431</u>
Pension asset	21		1,510,000		2,026,000
Net assets			<u><u>5,613,240</u></u>		<u><u>6,629,431</u></u>
Capital and reserves					
General reserve	18		1,500,000		1,500,000
Other reserve	18		1,799,673		1,799,673
Profit and loss account	18		2,313,567		3,329,758
			<u><u>5,613,240</u></u>		<u><u>6,629,431</u></u>

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED
REGISTERED NUMBER: SC005453

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2018

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 18 April 2019.



A McRae (President)
Director



I Maxwell (Chief Executive)
Director

The notes on pages 17 to 36 form part of these financial statements.

The loss after tax of the parent company for the year was £526,891 (2017: profit of £950,012).

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	General reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2018	1,500,000	1,799,673	5,855,127	9,154,800
Comprehensive loss for the year				
Loss for the year	-	-	(455,667)	(455,667)
Actuarial losses on pension scheme net of deferred tax	-	-	(489,300)	(489,300)
Total comprehensive loss for the year	-	-	(944,967)	(944,967)
At 31 December 2018	1,500,000	1,799,673	4,910,160	8,209,833

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	General reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2017	1,500,000	1,799,673	3,635,898	6,935,571
Comprehensive income for the year				
Profit for the year	-	-	445,529	445,529
Actuarial gains on pension scheme net of deferred tax	-	-	1,773,700	1,773,700
Total comprehensive income for the year	-	-	2,219,229	2,219,229
At 31 December 2017	1,500,000	1,799,673	5,855,127	9,154,800

The notes on pages 17 to 36 form part of these financial statements.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	General reserve £	Other reserve £	Profit and loss account £	Total equity £
At 1 January 2018	1,500,000	1,799,673	3,329,758	6,629,431
Comprehensive loss for the year				
Loss for the year	-	-	(526,891)	(526,891)
Actuarial losses on pension scheme net of deferred tax	-	-	(489,300)	(489,300)
Total comprehensive loss for the year	-	-	(1,016,191)	(1,016,191)
At 31 December 2018	1,500,000	1,799,673	2,313,567	5,613,240

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	General reserve £	Other reserve £	Profit and loss account £	Total equity £
At 1 January 2017	1,500,000	1,799,673	606,046	3,905,719
Comprehensive income for the year				
Profit for the year	-	-	950,012	950,012
Actuarial gains on pension scheme net of deferred tax	-	-	1,773,700	1,773,700
Total comprehensive income for the year	-	-	2,723,712	2,723,712
At 31 December 2017	1,500,000	1,799,673	3,329,758	6,629,431

The notes on pages 17 to 36 form part of these financial statements.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(455,667)	445,529
Adjustments for:		
Income from investments	(129,196)	(142,279)
Interest received	(152,394)	(49,923)
Gain on sale of investments	(68,041)	-
Loss on disposal of tangible assets	-	26,384
Depreciation of tangible assets (Note 10)	1,693,030	1,703,962
Amortisation of deferred capital grants (Note 17)	(1,333,116)	(1,333,152)
Taxation charge (Note 9)	(75,583)	(43,604)
Decrease in debtors	1,865	910,240
(Decrease) in creditors	(2,650,570)	(86,387)
Revaluation of fixed asset investments (Note 11)	343,686	(268,745)
Revaluation of investment property (Note 10)	70,000	59,000
(Increase)/decrease in stocks	(300)	3,047
Pension scheme notional finance income (Note 8)	(51,000)	5,000
Pension scheme payments	(10,000)	(136,000)
Net cash (used in) generated from operating activities	(2,817,286)	1,093,072
Cash flows from investing activities		
Purchase of tangible fixed assets (Note 10)	(339,443)	(2,730,605)
Sale of tangible fixed assets (Note 10)	141,000	-
Government grants received (Note 17)	-	2,392,766
Purchase of fixed asset investments (Note 11)	(437,123)	(324,966)
Sale of fixed asset investments	445,782	336,040
Interest received	152,394	49,923
Income from investments	129,196	142,279
Net cash from (used in) investing activities	91,806	(134,563)
Net (decrease)/increase in cash and cash equivalents	(2,725,480)	958,509
Cash and cash equivalents at beginning of year	17,216,535	16,258,026
Cash and cash equivalents at the end of year (Note 13)	14,491,055	17,216,535

The notes on pages 17 to 36 form part of these financial statements.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies

1.1 Basis of preparation of financial statements

The company is incorporated in Scotland. It is limited by guarantee, not having a share capital. Its registered office is Hampden Park, Glasgow, G42 9BA. The directors are of the view that there is no ultimate controlling party.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£).

The consolidated financial statements consolidate the financial statements of The Scottish Football Association Limited and its subsidiary undertaking drawn up to 31 December each year.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 2).

1.2 Going concern

The directors have prepared cash flow forecasts for at least twelve months from the date of signing these financial statements. The directors are satisfied that due to the existence of contracted income and cash reserves the Group can operate within its available funds for the foreseeable future.

1.3 Revenue

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

Revenue derived from centralised media rights is recognised on a straight line basis over the term of the agreement. Revenue from other media rights is recognised in the period in which the event takes place.

Revenue derived from sponsorship is recognised evenly over the period to which the sponsorship relates. In-kind transactions are quantified and included within turnover.

Revenue from ticketing is recognised in the period when the event takes place.

Revenue from catering and hospitality is recognised in the period when the event takes place.

Rental income is recognised as it is earned.

1.4 Investment in subsidiary

Investments in subsidiaries are accounted for at cost less impairment in the parent company's individual financial statements.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Assets under construction	- No depreciation charged
Leasehold improvements	- Straight line over period of lease and 10-20 years
Equipment and fittings	- 25% and 10% straight line

1.6 Investment properties

Investment properties are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.7 Valuation of investments

Investments in listed company shares are remeasured to market value at each Balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the actual cost of purchase.

1.9 Debtors

Long and short term debtors are measured at transaction price, less any impairment.

1.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.11 Creditors

Short term creditors are measured at the transaction price.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.12 Grants

Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on these assets to which the grant relates. The deferred element of grants is included in creditors as deferred income. Grants of a revenue nature are recognised as income in the period in which the related expenditure is incurred.

1.13 Deferred expenditure - rental

The company entered into a lease for Hampden Park Stadium in April 2000 with Queen's Park Football Club. This lease was assigned to Hampden Park Limited in May 2008. The initial term of the lease is 20 years and Hampden Park Limited had the option to extend for a further 20 years. The lease expires in 2020 at which point the group is expected to purchase the stadium.

The initial rental payments were set at a level to allow mandated payments to be made to the Royal Bank of Scotland to settle a loan that was taken out by Queen's Park Football Club to fund the stadium redevelopment. This loan was repaid in full in August 2014, and rental payments from that point have been reduced to reflect this. The annual charge to profit or loss has been adjusted over the 20 years of the lease. The deferred expenditure is included within debtors on the Balance sheet and will be released over the remaining years of the lease.

1.14 Leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

1.15 Foreign currency translation

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at the average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.16 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Defined benefit pension plan

The group operates a defined benefit plan. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. The assets of the scheme are administered by the Trustees in a fund independent from those of the company.

The surplus recognised on the Balance sheet in respect of the defined benefit plan is the fair value of plan assets at the Balance sheet date out of which the obligations are to be settled less the present value of the defined benefit obligation at the Balance sheet date. A net surplus is recognised only to the extent that it is recoverable by the company.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'notional finance income/ expense'.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

1. Accounting policies (continued)

1.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance sheet date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- The group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

The group continually reviews its obligations as a result of the stadium lease to assess such a charge arising.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Judgements:

Income Recognition

All income derived from UEFA Centralised Media Rights is recognised on a straight line basis over the duration of the agreement as it is considered that the obligations of the group are significant throughout the entire period.

Staff Pension Scheme

The directors have recognised the pension scheme asset on the basis that the group can alter or reduce future contributions, and that any surplus on the scheme on wind-up would be repaid to the SFA.

Estimates:

Staff Pension Scheme

The surplus on the defined benefit pension scheme is included in the Balance sheet in line with Financial Reporting Standard 102. The surplus is arrived at by obtaining a valuation from the Scheme Actuary. More information is contained in note 21.

3. Turnover

An analysis of turnover by class of business is as follows:

	2018 £	2017 £
Promotion of football	33,171,411	34,830,702
Stadium management	4,348,119	3,642,207
	<u>37,519,530</u>	<u>38,472,909</u>

All turnover arose within the United Kingdom.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Operating loss

The operating loss is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets (Note 10)	1,693,030	1,703,962
Defined benefit pension cost	307,000	226,000
Amortisation of grants (Note 17)	(1,333,116)	(1,333,152)
Operating lease rentals - land and buildings	855,082	923,689
	<u>855,082</u>	<u>923,689</u>

5. Auditor's remuneration

Fees payable to the group's auditor and its associates in respect of:

	2018 £	2017 £
The audit of the Scottish Football Association Limited	20,400	20,000
The audit of Hampden Park Limited	6,120	6,000
Taxation compliance services	4,900	4,900
All other non-audit services not included above	40,793	3,500
	<u>72,213</u>	<u>34,400</u>

6. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Wages and salaries	7,685,238	7,305,130	6,829,911	6,526,688
Social security costs	811,703	814,873	719,722	729,466
Pension costs	1,050,762	904,541	1,002,025	849,669
	<u>9,547,703</u>	<u>9,024,544</u>	<u>8,551,658</u>	<u>8,105,823</u>

The average monthly number of employees for the group (including the directors) during the year was 196 (2017: 191). During the year the parent company had 167 average monthly employees (2017: 163).

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	510,692	356,177
Company contributions to defined contribution pension schemes	6,427	-

During the year retirement benefits were accruing to 1 director (2017 - NIL) in respect of defined contribution pension schemes.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2017: £Nil).

Director's remuneration included a settlement agreement payment of £350,000 (2017: £nil).

The highest paid director received remuneration of £376,169 (2017: £322,177).

8. Pension scheme - notional finance income

	2018 £	2017 £
Expected return on pension scheme assets	696,000	767,000
Interest on pension scheme liabilities	(645,000)	(772,000)
	51,000	(5,000)

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Taxation

	2018 £	2017 £
Current tax on (loss)/profit for the year	-	(10,048)
Adjustments in respect of previous periods	10,048	-
Total current tax	<u>10,048</u>	<u>(10,048)</u>
Deferred tax		
Origination and reversal of timing differences	(85,631)	(33,556)
Total deferred tax	<u>(85,631)</u>	<u>(33,556)</u>
Taxation on (loss)/profit on ordinary activities	<u>(75,583)</u>	<u>(43,604)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017: lower than) the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
(Loss)/profit on ordinary activities before tax	(531,250)	401,925
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.25%)	(100,938)	77,371
Effects of:		
Expenses not deductible for tax purposes	340,743	209,442
Income not subject to taxation	(279,564)	(250,613)
Underprovided tax in relation to prior period	10,048	(10,048)
Rate differences	(831)	7,198
Other permanent differences	41,988	50,664
Deferred tax not recognised	(81,848)	(120,620)
Chargeable gain losses	(5,181)	(6,998)
Total tax credit for the year	<u>(75,583)</u>	<u>(43,604)</u>

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

9. Taxation (continued)

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is £87,700 (2017: £363,300).

A reduction in the corporation tax rate to 17% will take effect from 1 April 2020 and has been substantially enacted in the Finance Act 2016 on 15 September 2016. The recognised deferred tax balances have been remeasured at 17%.

10. Tangible fixed assets

Group

	Investment property £	Leasehold improvements £	Equipment and fittings £	Total £
Cost or valuation				
At 1 January 2018	616,000	11,702,931	2,325,756	14,644,687
Additions	38,312	15,373	285,758	339,443
Disposals	(141,000)	-	-	(141,000)
Revaluations	(70,000)	-	-	(70,000)
At 31 December 2018	<u>443,312</u>	<u>11,718,304</u>	<u>2,611,514</u>	<u>14,773,130</u>
Depreciation				
At 1 January 2018	-	7,962,549	1,903,387	9,865,936
Charge for the year on owned assets	-	1,511,083	181,947	1,693,030
At 31 December 2018	<u>-</u>	<u>9,473,632</u>	<u>2,085,334</u>	<u>11,558,966</u>
Net book value				
At 31 December 2018	<u>443,312</u>	<u>2,244,672</u>	<u>526,180</u>	<u>3,214,164</u>
At 31 December 2017	<u>616,000</u>	<u>3,740,382</u>	<u>422,369</u>	<u>4,778,751</u>

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Tangible fixed assets (continued)

Company

	Investment property £	Leasehold improvements £	Equipment and fittings £	Total £
Cost or valuation				
At 1 January 2018	616,000	3,733,069	1,651,591	6,000,660
Additions	-	302	175,332	175,634
Disposals	(141,000)	-	-	(141,000)
Revaluations	(70,000)	-	-	(70,000)
At 31 December 2018	405,000	3,733,371	1,826,923	5,965,294
Depreciation				
At 1 January 2018	-	3,311,647	1,316,563	4,628,210
Charge for the year on owned assets	-	192,960	142,436	335,396
At 31 December 2018	-	3,504,607	1,458,999	4,963,606
Net book value				
At 31 December 2018	405,000	228,764	367,924	1,001,688
At 31 December 2017	616,000	421,422	335,028	1,372,450

Properties within the Company's investment portfolio with a historical cost of £394,831 (2017: £473,010) were revalued to market value at 31 December 2018 by the directors. In making their assessment of the values, the directors considered the advice of independent property agents who hold professional qualifications but who did not perform a formal valuation exercise.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Fixed asset investments

Group

	Listed investments £
Cost or valuation	
At 1 January 2018	4,188,281
Additions	437,123
Disposals	(377,741)
Revaluations	(343,686)
At 31 December 2018	<u>3,903,977</u>

Company

	Investments in subsidiary company £	Listed investments £	Total £
Cost or valuation			
At 1 January 2018	2	4,188,281	4,188,283
Additions	-	437,123	437,123
Disposals	-	(377,741)	(377,741)
Revaluations	-	(343,686)	(343,686)
At 31 December 2018	<u>2</u>	<u>3,903,977</u>	<u>3,903,979</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Name	Principal activity	Class of shares	Holding
Hampden Park Limited	Stadium management	Ordinary	100%

This entity has the same registered address as the Scottish Football Association Limited.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

12. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Due after more than one year				
Deferred rental	237,384	540,863	-	-
	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Due within one year				
Trade debtors	2,684,471	2,993,554	2,384,981	2,065,517
Amounts owed by related parties	164,410	252,273	141,879	248,433
Other debtors	835,530	319,283	191,339	319,283
Prepayments and accrued income	2,004,252	1,811,891	1,476,388	762,559
Tax recoverable	9,346	19,394	9,346	19,394
	5,698,009	5,396,395	4,203,933	3,415,186

13. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	4,428,305	9,216,535	3,523,501	8,917,394
Short term deposits	10,062,750	8,000,000	10,062,750	8,000,000
	14,491,055	17,216,535	13,586,251	16,917,394

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

14. Creditors: Amounts falling due within one year

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Trade creditors	1,248,499	<i>1,007,787</i>	786,462	<i>642,266</i>
Amounts owed to group undertakings	-	-	1,194,490	<i>771,875</i>
Amounts owed to related parties	-	<i>2,594</i>	-	-
Other taxation and social security	652,702	<i>294,744</i>	415,543	<i>170,950</i>
Accruals	1,433,613	<i>1,761,642</i>	1,130,645	<i>1,567,148</i>
Deferred income	15,237,899	<i>18,146,468</i>	14,540,902	<i>17,299,076</i>
	<u>18,572,713</u>	<i><u>21,213,235</u></i>	<u>18,068,042</u>	<i><u>20,451,315</u></i>

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Financial instruments

	Group 2018 £	<i>Group 2017 £</i>	Company 2018 £	<i>Company 2017 £</i>
Financial assets				
Financial assets measured at fair value through profit or loss: Investments (Note 11)	3,903,977	<i>4,188,281</i>	3,903,977	<i>4,188,281</i>
Financial assets measured at amortised cost:				
Included in debtors due within 1 year	3,299,328	<i>3,879,001</i>	2,546,254	<i>2,568,785</i>
Bank and cash balances (Note 13)	14,491,055	<i>17,216,535</i>	13,586,251	<i>16,917,394</i>
	21,694,360	<i>25,283,817</i>	20,036,482	<i>23,674,460</i>
Financial liabilities at amortised cost				
Trade creditors (Note 14)	(1,248,499)	<i>(1,007,787)</i>	(786,462)	<i>(642,266)</i>
Amounts owed to group companies (Note 14)	-	<i>-</i>	(1,194,490)	<i>(771,875)</i>
Accruals (Note 14)	(1,433,613)	<i>(1,761,347)</i>	(1,130,645)	<i>(1,567,148)</i>
Amounts owed to related parties (Note 14)	-	<i>(2,594)</i>	-	<i>-</i>
	(2,682,112)	<i>(2,771,728)</i>	(3,111,597)	<i>(2,981,289)</i>

Financial assets measured at fair value through profit or loss comprise of a trading portfolio of listed investments. These are valued with reference to quoted prices on active markets for identical securities. Financial assets measured at amortised cost comprise trade debtors, amounts owed by related parties, accrued income and tax recoverable. Financial assets and liabilities measured at amortised cost represents the historical cost of the assets and liabilities adjusted for depreciation or impairment.

Financial Risk Management

The group monitors cash flow as part of its day to day control procedures. In addition the Board considers cash flow projections on a regular basis. The group has exposure to three main areas of financial risk – foreign exchange currency risk, liquidity risk and customer credit risk.

The group is exposed to foreign exchange currency risk due to some of its receivables and payables being denominated in non-Sterling currencies. Where possible, on an annual basis, foreign currency expenditure is matched against foreign currency receipts. The net exposure to foreign exchange currency risk is managed by converting all significant sums received in currency into Sterling on receipt.

The objective of the group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Group expects to meet its financial obligations through operating cash flows.

The group may offer credit terms to its customers which allow payment of the debt after the delivery of the service. The group is at risk to the extent that a customer may not be able to pay the debt on the specified due date. Customer credit risk is managed by running credit checks on significant customers and by monitoring payments against contractual agreements.

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

16. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	(624,988)	(295,244)
Charged to profit or loss	85,631	33,556
Charged to other comprehensive income	87,700	(363,300)
At end of year	(451,657)	(624,988)

Company

	2018 £	2017 £
At beginning of year	(597,526)	(213,306)
Charged to profit or loss	92,698	(20,920)
Charged to other comprehensive income	87,700	(363,300)
At end of year	(417,128)	(597,526)

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Accelerated capital allowances	(26,185)	(33,649)	10,771	-
Short term timing differences	25,569	6,187	23,142	-
Deferred tax on pension	(256,700)	(344,400)	(256,700)	(344,400)
Tax losses carried forward	54,150	-	54,150	-
Unrealised gains on investment assets	(248,491)	(253,126)	(248,491)	(253,126)
	(451,657)	(624,988)	(417,128)	(597,526)

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

17. Deferred capital grants

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Balance at beginning of the year	3,182,187	2,122,577	269,426	402,760
Amortisation for the year	(1,333,116)	(1,333,152)	(133,300)	(133,334)
Grants received	-	2,392,762	-	-
	1,849,071	3,182,187	136,126	269,426

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Ageing of deferred capital grants				
< one year	1,328,846	1,333,163	133,300	133,300
> one year	520,225	1,849,024	2,826	136,126
	1,849,071	3,182,187	136,126	269,426

18. Reserves

Other reserves

General reserve and Other reserve are unrestricted funds and are distributable.

Profit and loss account

Profit and loss account includes all current and prior period retained profits and losses and all unrealised profits/losses on investments.

19. Commitments under operating leases

At 31 December 2018 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Not later than 1 year	505,837	493,434	175,314	173,600
Later than 1 year and not later than 5 years	820,573	607,234	627,768	100,831
	1,326,410	1,100,668	803,082	274,431

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

20. Operating lease receivables

	2018 £	2017 £
Group		
Not later than 1 year	232,400	232,400
Due between 1 and 5 years	135,567	367,967
Due after more than 5 years	-	-
	<u>367,967</u>	<u>600,367</u>

The above represents the minimum contractual payments receivable under the operating leases in place at the year end. There were no contingent rentals or special terms attached to the leases.

21. Pensions

The Group 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 the company. The scheme is closed to new entrants. An actuarial valuation was carried out as at 31 December 2018.

	2018 £	2017 £
Summary of scheme assets and liabilities		
Present value of defined benefit obligations	(24,447,000)	(27,337,000)
Fair value of plan assets	25,957,000	29,363,000
	<u>1,510,000</u>	<u>2,026,000</u>

	2018 £	2017 £
Movement in defined benefit obligations		
Defined benefits obligations at start of period	27,337,000	26,832,000
Current service cost	348,000	270,000
Interest expense	645,000	772,000
Experience loss on liabilities	435,000	-
Loss on changes in assumptions	(969,000)	133,000
Benefits paid	(3,349,000)	(670,000)
Defined benefits obligations at 31 December	<u>24,447,000</u>	<u>27,337,000</u>

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

21. Pensions (continued)

	2018 £	2017 £
Movements in the fair value of plan assets		
Fair value of plan assets at start of period	29,363,000	26,590,000
Interest income	696,000	767,000
Actuarial (loss)/gain	(1,111,000)	2,270,000
Employer contributions (gross)	317,000	362,000
Employee contributions	41,000	44,000
Benefits paid	(3,349,000)	(670,000)
Fair value of plan assets at 31 December	25,957,000	29,363,000

All of the plan assets are held outwith the group. None of the fair values of the assets shown above include any of the group's own financial instruments or any property occupied by the group or other assets used by the group.

The total return on plan assets over the period ending 31 December 2018 was a loss of £415,000 (2017: gain of £3,037,000).

The mix of plan assets held was:

	2018 %	2017 %
Equities	20	22
Bonds	47	47
Targeted returns fund	22	21
Annuities	11	9
Cash	-	1
Total assets	100	100

THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

21. Pensions (continued)

Assumptions

	2018	2017
Discount rate	2.8%	2.5%
Salary growth rate	2.65%	2.6%
Average life expectancies male	25.4 Yrs	26.1 Yrs
Average life expectancies female	27.5 Yrs	28.1 Yrs

22. Related party transactions

The company is a member of the Scottish Football Partnership, a company limited by guarantee and set up to disburse funds for development of football in Scotland. During the year the company made a contribution of £Nil (2017: £1,024,000) to assist the Scottish Football Partnership in meeting its objectives.

The group made a donation to the Scottish Football Association Museum Trust, a charitable trust and related to the group by virtue of common directors, of £321,861 (2017: £326,861) in the year. The group charged the Scottish Football Association Museum Trust an amount of £206,100 (2017: £205,000) in the year in respect of rent and common charges. In addition, the group paid certain expenses and received certain income on behalf of the Trust during the year. These amounts were recharged directly with no profit margin included. Included within Debtors is an amount of £75,995 (2017: £99,004) due from the Scottish Football Association Museum Trust. Included within Creditors is an amount of £Nil (2017: £2,594) due to the Scottish Football Association Museum Trust.

The group charged the National Stadium Sports Medicine Centre Limited, a charitable company and related to the group by virtue of common directors, an amount of £54,500 (2017: £54,500) in the year in respect of rent and common charges. Included within Debtors is an amount of £88,415 (2017: £151,097) due from the National Stadium Sports Medicine Centre Limited.