The Scottish Professional Football League Limited (formerly known as The Scottish Premier League Limited)

Directors' report and financial statements

Registered Number SC175364

31 May 2013

Directors and advisors

Directors	Ralph Topping (Chairman) Neil Doncaster Duncan Fraser Eric Riley Stephen Thompson William Darroch Leslie Gray Michael Mulraney
Secretary	Iain J Blair
Auditors	KPMG LLP 191 West George Street Glasgow G2 2LJ
Lawyers	Harper Macleod The Ca'd'oro Building 45 Gordon Street Glasgow G1 3PE
Bankers	Clydesdale Bank Plc 20 Waterloo Street Glasgow G2 6DB

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2013.

Principal activities

The principal activity of the company is to organise and manage the premier football league competition in Scotland.

Business review

The Scottish Premier League Champions for 2012/13 were Celtic FC, retaining the Championship and earning entry to the Champions Stream for the Qualifying Rounds of the UEFA Champions League for 2013/14. As happened in 2012/13, success in these matches ensured Celtic FC qualified for participation in the Group Stage of the competition.

Dundee FC was relegated after only one Season in the Scottish Premier League. They are replaced in what is now the Scottish Premiership for Season 2013/14 by Partick Thistle FC who returned to the top level of professional football in Scotland for the first time since being relegated at the end of Season 2003/04.

Celtic FC were joined in the UEFA competition by Motherwell FC, who finished second in the League and qualified for the Europa League Qualifying Rounds where they were joined by St Johnstone FC, who finished third in the League, and Hibernian FC, who were runners-up to Celtic FC in the Scottish Cup. Unfortunately these clubs could not emulate Celtic FC's success and were eliminated from the Europa League before the Group Stage.

Revenues in the year have increased by 4%. The increase is primarily due to an increase in the Solidarity Payment received from UEFA as a result of Celtic FC's progress into the Group Stage of the Champions League during 2012/13 together with increased live broadcasting revenues and greater income received from licensing agreements. These increases in revenue were offset by reductions in the income received from television highlights and radio broadcasting and that received from the exploitation of fixtures and match data.

The cost of sales in the year has increased by just over 4% during 2012/13. The key increases in these costs included the acquisition of television rights in respect of Rangers FC from the Scottish Football League and production and other costs incurred in supporting live broadcasting contracts.

The administrative costs of the Company have increased by just over 10% which related principally to one off professional legal fees.

It was noted last year that the tough economic climate within which the Company has operated in recent years looks likely to continue for some time. There is no reason to revise or alter that assessment at the current time. However the Company looks forward with optimism as a result of the extension to domestic broadcasting deals with Sky Sports and BT Sport and a significantly improved overseas broadcasting deal, each of which were announced in the last few months.

The Company now represents the 42 leading football clubs in Scotland and plans to work together with those clubs for the overall benefit of the game in Scotland.

Restructure

Following the year end, the operations of the Company were merged with those of the Scottish Football League. On 27 June 2013 30 new shares in the Company were issued to the 30 then members of the Scottish Football League in return for the business and other assets of that unincorporated body. This transaction increased the number of shareholders in the Company to 42. Following the unanimous agreement of the shareholders the name of the Company changed on 5 July 2013 to The Scottish Professional Football League Limited.

On 27 June 2013 the Company held its first General meeting with 42 shareholders. Ralph Topping maintained his position as independent Chairman and the Company elected six directors from amongst the shareholder clubs. Duncan Fraser (Aberdeen FC), Eric Riley (Celtic FC), Stephen Thompson (Dundee United FC)were elected by the Premiership clubs; Mike Mulraney (Alloa Athletic FC) and Les Gray (Hamilton Academical FC) were elected by the Championship clubs and Bill Darroch (Stenhousemuir FC) was elected by the League 1 and League 2 clubs.

Following the merger of the operations of the Scottish Premier League and Scottish Football League and as a result of a competitive recruitment process Neil Doncaster was appointed as Chief Executive of the Company.

Directors' report *(continued)*

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the year and up to the date of this report were as follows:

Ralph Topping
Neil Doncaster
Eric Riley
Stephen Thompson (appointed on 28 January 2013)
Duncan Fraser (appointed on 16 July 2012)
Michael Johnston (resigned on 27 June 2013)
William Darroch (appointed on 27 June 2013)
Leslie Gray (appointed on 27 June 2013)
Michael Mulraney (appointed on 27 June 2013)

There are no indemnifications in place for directors.

All directors retire at the AGM and then seek re-appointment.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board

Iain J Blair
Secretary

The National Stadium
Hampden Park
Glasgow
G42 9BA
2014

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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; 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 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
191 West George Street
Glasgow
G2 2LJ
United Kingdom

Independent auditor's report to the members of The Scottish Professional Football League Limited (formerly The Scottish Premier League Limited)

We have audited the financial statements of The Scottish Professional Football League Limited for the year ended 31 May 2013 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http:/// www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Martin Ross (Senior Statutory Officer)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

26 February 2014

Profit and loss account
for the year ended 31 May 2013

	Note	**2013**	2012
		£000	£000
Turnover		**22,218**	21,351
Cost of sales		**(20,650)**	(19,887)
Gross profit		**1,568**	1,464
Administrative expenses		**(1,643)**	(1,490)
Operating loss		**(75)**	(26)
Interest receivable and similar income	*5*	**10**	19
Loss on ordinary activities before taxation	*2*	**(65)**	(7)
Tax on loss on ordinary activities	*6*	**-**	-
Loss on ordinary activities after taxation and for the financial year	*11*	**(65)**	(7)

All of the company's activities are continuing.

There were no recognised gains or losses other than those set out above.

Balance sheet
at 31 May 2013

	Note	**2013 £000**	**2013 £000**	2012 £000	2012 £000
Fixed assets					
Tangible assets	7		**26**		25
Current assets					
Debtors	8	**3,584**		2,045	
Cash at bank and in hand		**562**		1,266	
		4,146		3,311	
Creditors: amounts falling due within one year	9	**(4,440)**		(3,539)	
Net current liabilities			**(294)**		(228)
Net liabilities			**(268)**		(203)
Capital and reserves					
Called up share capital	10		**-**		-
Profit and loss account	11		**(268)**		(203)
Equity shareholders' funds – (deficit)			**(268)**		(203)

These financial statements were approved by the board of directors on and were signed on its behalf by:

N Doncaster *Chief Executive*

Company Registered Number: SC175364

Cash flow statement
for the year ended 31 May 2013

	Note	2013 £000	2012 £000
Reconciliation of operating loss to net cash flow from operating activities			
Operating loss		**(75)**	(26)
Depreciation		**6**	6
Decrease/(increase) in debtors		**(1,539)**	1,136
(Decrease)/increase in creditors		**901**	(3,864)
Net cash (outflow) from operating activities		**(707)**	(2,748)

Cash flow statement

	Note	2013 £000	2012 £000
Cash (outflow)/inflow from operating activities		**(707)**	(2,748)
Returns on investments and servicing of finance	*14*	**10**	19
Capital expenditure and financial investment	*14*	**(7)**	(3)
Decrease in cash in the period		**(704)**	(2,732)
Reconciliation of net cash (outflow)/inflow to movement in cash/net debt	*15*		
Decrease in cash in the period		**(704)**	(2,732)
Net cash at the start of the period		**1,266**	3,998
Net cash at the end of the period		**562**	1,266

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Going concern

Notwithstanding the deficit on reserves at 31 May 2013 the financial statements have been prepared on the going concern basis as the directors are of the opinion that the existence of contracted income will allow the company to meet its liabilities as they fall due for the foreseeable future.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Office equipment	4 to 5 years
Leasehold improvements	19 years

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Post-retirement benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Taxation

The charge for taxation is based on the loss for the year and takes into account taxation deferred.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Turnover

Turnover comprises the value of sales, excluding VAT, of goods and services in the normal course of business, sponsorship monies and revenue derived from television broadcasting contracts.

Revenue is recognised in the year to which it relates and payments to clubs are recorded as cost of sales in the year in which the related revenue is recognised.

Notes *(continued)*

2 Profit on ordinary activities before taxation

	2013 £000	2012 £000
Loss on ordinary activities before taxation is stated after charging		
Auditors' remuneration:		
Audit of these financial statements	**7**	7
Other services relating to taxation	**2**	2
Depreciation and other amounts written off tangible fixed assets	**6**	6
Rentals payable under operating leases:		
Land and buildings	**32**	32
Motor vehicles	**2**	5

3 Remuneration of directors

	2013 £000	2012 £000
Directors' emoluments including benefits in kind	**246**	225

	Number of directors 2013	 2012
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**1**	1

Mr RJ Topping waived his right to remuneration associated with his post during the year.

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows:

	Number of employees 2013	 2012
Administration	**8**	8

The aggregate payroll costs of these persons were as follows:

	2013 £000	2012 £000
Wages and salaries	**438**	431
Social security costs	**57**	49
Other pension costs	**36**	36
	531	516

Notes *(continued)*

5 Interest receivable and similar income

	2013 **£000**	2012 £000
Receivable from bank deposits	**10**	19

6 Taxation

	2013 **£000**	2012 £000
UK corporation tax at 20% *(2012: 20%)* on the loss for the year on ordinary activities	**-**	-

The tax charge for the year is lower than *(2012: lower)* the standard rate of corporation tax in the UK at 20% *(2012: 20%)*. The differences are explained below:

	2013 **£000**	2012 £000
Loss on ordinary activities before taxation	**(65)**	(7)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% *(2012: 20%)*	**(13)**	(1)
Effects of:		
Expenses not deductible for tax purposes	**13**	1
	-	-

7 Tangible fixed assets

	Leasehold Improvements £000	**Office equipment £000**	**Total £000**
Cost			
At beginning of year	46	86	132
Additions	-	7	7
At end of year	46	93	139
Depreciation			
At beginning of year	29	78	107
Charge for year	2	4	6
At end of year	31	82	113
Net book value			
At 31 May 2013	**15**	**11**	**26**
At 31 May 2012	17	8	25

Notes *(continued)*

8 Debtors

	2013	2012
	£000	£000
Trade debtors	**839**	143
Other debtors	**595**	1,261
Prepayments and accrued income	**2,150**	641
	3,584	2,045

In 2013 one loan *(2012:£ nil)* was made to a club *(2012: £nil)*. Interest was charged on the balance outstanding at the Bank of Scotland base rate. An amount of £100,000 *(2012: £nil)* remained outstanding at the year-end but has since been repaid in full.

9 Creditors: amounts falling due within one year

	2013	2012
	£000	£000
Trade creditors	**330**	234
Taxation and social security	**19**	17
Accruals and deferred income	**4,091**	3,288
	4,440	3,539

10 Called up share capital

	2013	2012
	£	£
Authorised		
Equity: 12 ordinary shares of £1 each	**12**	12
Allotted, called up and fully paid		
Equity: 12 ordinary shares of £1 each	**12**	12

11 Profit and loss account

	£000
At beginning of year	(203)
Profit for the year	(65)
At end of year	**(268)**

Notes *(continued)*

12 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £36,000 *(2012: £36,000)*.

At the year-end, contributions amounting to £4,000 *(2012: £2,000)* were payable to the fund and are included in creditors.

13 Commitments

At 31 May 2013 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:	**2013 Buildings £000**	2012 Buildings £000	**2013 Other £000**	2012 Other £000
Within one year	**-**	-	**-**	2
Within two to five years	**-**	-	**-**	-
After five years	**32**	32	**-**	-
	32	32	**-**	2

14 Analysis of cash flows

	2013 £000	2012 £000
Returns on investment and servicing of finance		
Interest received	**10**	19
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**7**	3

15 Analysis of net cash

	At beginning of year £000	Cash Flow £000	**At end of year £000**
Cash at bank and in hand	1,266	(704)	**562**

Notes *(continued)*

16 Post balance sheet events

On 27 June 2013, the company issued 30 new shares as part of a significant restructure to its operations. The Company adopted revised Articles of Association which, amongst other things, increased the number of directors from shareholders, which had been 4 previously, to 6. Of these 6: 3 directors are elected from the Premiership (the top 12 clubs in the competition), 2 directors from the Championship (the next 10 clubs in the competition) and 1 director from Leagues 1 and 2 (the remaining 20 clubs in the competition).

All of the shares issued by the Company are £1 Ordinary Shares. The voting rights of these shares dictate that at a General Meeting they are dependent upon the type of resolution under consideration and the division of the Scottish Professional Football League competition within which the shareholder's club competes.

17 Contingent liability

It is a matter of public record that a third party some time ago instigated legal proceedings against the company for damages in relation to alleged anti-competitive actions in preventing the third party from accessing coverage of foreign sourced live coverage of SPL matches. The directors have taken and are continuing to take legal advice in relation to the action and will continue to vigorously defend the company's position. The matter will be the subject of a court hearing later in 2014 or in 2015, the directors cannot be certain of the eventual outcome of that hearing, nor of any subsequent appeal which may follow. No provision has been made in the financial statements in respect of any potential liability for damages resulting from this action; in the meantime all relevant legal expenses are being expensed as they are incurred.

18 Related party transactions and directors' interests

By the Company's nature and in accordance with its rules, The Scottish Professional Football League Limited enters into a number of transactions in the normal course of business with its member clubs during the course of the year.

During the year the Company entered into an arm's length commercial agreement with William Hill PLC to be the official betting partner of the Company. Ralph Topping is a director of the Scottish Professional Football League Limited and of William Hill PLC.