

*The Football League Limited*

*Financial Statements*

*For The Year Ended 30 June 1999*



# The Football League Limited

**Chairman:**

P J MIDDLETON

**Board of Directors:**

E J BOWLER

P J HEARD

B M W HEARN

J W McKEOWN

J P RICHARDS

D R SHEEPSHANKS

I H STOTT

**Secretary and Registered Office:**

J D DENT

Edward VII Quay, Navigation Way, Preston, PR2 2YF

**Auditors:**

RUSHTONS

Starkie House, Winckley Square, Preston, PR1 3JJ

**Solicitors:**

edge ellison

Rutland House, 148 Edmund Street, Birmingham, B3 2JR

**Bankers:**

BARCLAYS BANK PLC

56 St Annes Road West, St Annes on Sea

**Company Number:**

80612

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# Report of the Directors

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The Directors submit their report and financial statements for the year ended 30 June 1999.

## PRINCIPAL ACTIVITY

The principal activity of the Company continues to be the organisation of League Football and the protection and promotion of League Football and Football League Clubs.

## DIRECTORS AND THEIR INTERESTS

The names of the current Directors of the Company, as listed on page 1, together with the names of the Directors who served during the year are as set out below:

E J Bowler	(appointed 23 June 1999)
F D Corfe	(resigned 7 October 1998)
P J Heard	
B M W Hearn	
J W McKeown	(appointed 4 January 2000)
P J Middleton	(appointed 1 September 1998)
J P Richards	(appointed 14 October 1998)
T Robinson	(resigned 23 June 1999)
R C Scudamore	(appointed 9 July 1998)
	(resigned 5 November 1999)
D R Sheepshanks	
I H Stott	

None of the Directors has any beneficial interest in any share of the Company. The Football League Limited maintains insurance for its Directors in respect of their duties as Directors.

## DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements which 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 those financial statements, the Directors are required to:-

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make estimates and judgements that are reasonable and prudent;
- (iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

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# Report of the Directors

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## **DIRECTORS' RESPONSIBILITIES (continued)**

- (iv) 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 so 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.

## **BUSINESS REVIEW**

The net loss for the year, after taxation, was £130,892 (1998: profit £2,208) which is deducted from reserves.

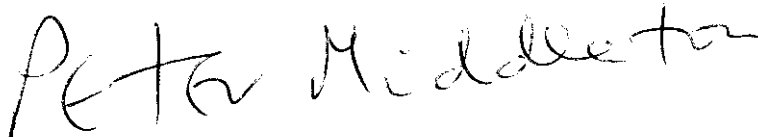
## **FIXED ASSETS**

In the opinion of the directors the market value of the company's long leasehold property as at 30 June 1999 was £385,000. This property was disposed of after this date. It is not expected that this will give rise to a taxation liability.

## **AUDITORS**

The Auditors, Messrs Rushtons, have indicated their willingness to accept re-appointment under Section 385(2), Companies Act, 1985.

Signed on behalf of the Board of Directors



P J MIDDLETON  
CHAIRMAN

Date: 9 March 2000

# Profit and Loss Account

for the year ended 30 June 1999

	Notes	1999		1998	
		£	£	£	£
Turnover	1(c),2		38,854,433		37,773,135
External Charges		34,323,841		34,087,138	
Other Operating Charges		3,632,664		3,434,093	
Staff Costs	3 & 4	1,441,958	39,398,463	919,638	38,440,869
Operating Loss	5		(544,030)		(667,734)
Loss on Sale of Fixed Assets	6		(139,844)		-
Loss before Interest and Tax			(683,874)		(667,734)
Interest Receivable and Similar Income			692,256		815,091
Interest Payable	7		8,382 (138,645)		147,357 (145,149)
(Loss)/Profit on Ordinary Activities before Taxation			(130,263)		2,208
Tax on Loss/Profit on Ordinary Activities	8		629		-
(Loss)/Profit for the Financial Year			(130,892)		2,208
Retained Earnings at the beginning of the Financial Year			141,914		139,706
Retained Earnings at the end of the Financial Year			11,022		141,914

There are no recognised gains or losses for either year apart from the losses and profits for each of those financial years.

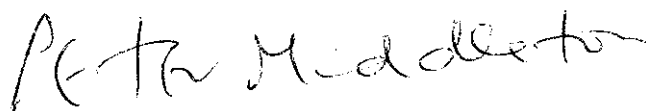
None of the Company's activities were acquired or discontinued during the above financial years.

# Balance Sheet

as at 30 June 1999

	Notes	1999	1998
		£	£
<b>FIXED ASSETS</b>			
Tangible Assets	1(d),9	471,378	423,373
Shares in Group Company	10	100	100
<b>CURRENT ASSETS</b>			
Debtors	11	10,073,955	8,856,348
Cash at Bank and in Hand	12	9,579,966	9,571,251
		<u>19,653,921</u>	<u>18,427,599</u>
<b>CREDITORS</b>			
Amounts falling due within one year	13	19,947,877	18,542,658
		<u>(293,956)</u>	<u>(115,059)</u>
<b>Net Current Liabilities</b>		<u>177,522</u>	<u>308,414</u>
<b>CAPITAL AND RESERVES</b>			
Called up Share Capital	14	-	-
Revaluation Reserve		166,500	166,500
Profit and Loss Account		11,022	141,914
	18	<u>177,522</u>	<u>308,414</u>

These Accounts were approved by the Board of Directors on 9 March 2000 and were signed on its behalf by:



P J MIDDLETON  
CHAIRMAN

# Cash Flow Statement

for the year ended 30 June 1999

	<i>Notes</i>	<i>1999</i> £	<i>1998</i> £
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>			
Operating Loss		(544,030)	(667,734)
Depreciation and Loss on Sale of Tangible Fixed Assets		44,910	9,695
Increase in Bad Debt Provision		9,400	-
Increase in Debtors		(2,029,658)	(4,540,949)
Increase in Creditors		1,750,317	4,091,402
		<hr/>	<hr/>
Net Cash Outflow from Operating Activities		(769,061)	(1,107,586)
		<hr/>	<hr/>
<b>CASH FLOW STATEMENT</b>			
Net Cash Outflow from Operating Activities		(769,061)	(1,107,586)
Returns on Investments and Servicing Finance	15	598,223	634,110
Taxation		758,039	299,675
Capital Expenditure	15	(232,759)	(29,377)
		<hr/>	<hr/>
		354,442	(203,178)
Management of Liquid Resources	15	(882,000)	100,000
Financing	15	(345,727)	560,250
		<hr/>	<hr/>
(Decrease)/Increase in Cash in the Year		(873,285)	457,072
		<hr/>	<hr/>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>			
	16		
(Decrease)/Increase in Cash in the Year		(873,285)	457,072
Cash Paid/(Received) to Increase/(Decrease) Liquid Resources		882,000	(100,000)
		<hr/>	<hr/>
Change in Net Funds		8,715	357,072
Net Funds at the beginning of the Year		9,571,251	9,214,179
		<hr/>	<hr/>
Net Funds at the end of the Year		9,579,966	9,571,251
		<hr/>	<hr/>

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# Notes to the Accounts

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for the year ended 30 June 1999

## 1. ACCOUNTING POLICIES

(a) Compliance with Accounting Standards:

The financial statements have been prepared in accordance with applicable accounting standards. There are no material departures from these standards.

(b) The financial statements are prepared on the historical cost basis as modified by the revaluation of Long Leasehold Premises in 1981.

(c) Turnover represents the income receivable by the Company, excluding

- (i) VAT, discounts and foreign withholding tax, and
- (ii) amounts credited directly to the pool accounts.

(d) (i) No provision is made for amortization or depreciation of the Long Leasehold Premises, and accordingly the recommendations of Statement of Standard Accounting Practice No. 12 have not been complied with. The effect on the financial statements is not material.

(ii) Improvements to the Short Leasehold Premises are written down on a straight line basis over the length of the lease.

(iii) Depreciation is provided as follows:

Office Furniture and Equipment	20% on cost
Computer	25% on cost

Where appropriate, provision is made for any permanent diminution in value where the net book value of the asset is in excess of the realisable value.

(e) The Company's subsidiary company, World-Wide Soccer Limited, ceased to operate during the period ended 30 June 1993. World-Wide Soccer Limited has been excluded from consolidation on the basis that its inclusion is not material for the purpose of giving a true and fair view and therefore group accounts have not been prepared.

(f) The Football League Limited is a membership organisation and its principal activity is the organisation of League Football and the protection and promotion of League Football and Football League Clubs. The Directors do not consider that the Football League's Member Clubs are related parties for the purposes of Financial Reporting Standard No. 8.

(g) The Football League Limited and the FA Premier League Limited co-sponsor three pension schemes for the playing and administrative staff at Member Clubs. The assets of the schemes are held separately and do not form part of these financial statements. Details of these schemes are as follows:



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# Notes to the Accounts

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for the year ended 30 June 1999

## 1. ACCOUNTING POLICIES (continued)

- (i) The Football League Pension and Life Assurance Scheme is a defined benefit scheme for eligible non-playing staff at Member Clubs. The benefits are based upon final pensionable salary and both Member Clubs and employees contribute to the fund.

After the year end the Trustees of the scheme took a decision to place the scheme into winding up.

- (ii) The Football League Players' Benefit Scheme is a defined benefit scheme for all contract players at Member Clubs. The benefit payable is a cash sum on retirement based upon pensionable salary. The scheme is funded by the levy charged on player transfers.

- (iii) The Football League Players' Retirement Income Scheme is a money purchase pension scheme for eligible players at Member Clubs. Contributions are made by both Member Clubs and employees.

Eligible employees of the Company are members of the Football League Retirement Benefits Scheme. The scheme is a defined benefit scheme based upon final pensionable salary. The contributions to the scheme are charged to the profit and loss account as they become payable. The assets of the scheme do not form part of these financial statements. Further details are included at Note 20 to the accounts.

- (h) No provision is made for deferred taxation as the Directors consider that no liability in respect of such taxation is expected to arise in the foreseeable future.
- (i) Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

# Notes to the Accounts

for the year ended 30 June 1999

<b>2. TURNOVER</b>	<b>1999</b>	<b>1998</b>
	£	£
Analysis of turnover by class of business:		
Commercial Activities	36,508,417	35,511,829
Receipts from Football Association	2,346,016	2,261,306
	<hr/>	<hr/>
	38,854,433	37,773,135
	<hr/>	<hr/>
Geographical analysis of turnover:		
United Kingdom	38,538,826	37,584,440
Australasia	315,607	188,695
	<hr/>	<hr/>
	38,854,433	37,773,135
	<hr/>	<hr/>
<b>3. STAFF COSTS</b>	<b>1999</b>	<b>1998</b>
	£	£
Staff costs including Directors were as follows:		
Salaries	1,219,319	770,272
Social Security Costs	119,224	71,304
Other Pension Costs (Note 19)	103,415	78,062
	<hr/>	<hr/>
	1,441,958	919,638
	<hr/>	<hr/>
Average Number of Employees:		
Executive Directors	2	-
Administration and Management	30	27
Commercial and Promotional	7	7
Youth Development	5	-
	<hr/>	<hr/>
	44	34
	<hr/>	<hr/>

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# Notes to the Accounts

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for the year ended 30 June 1999

4. DIRECTORS EMOLUMENTS	1999	1998
	£	£
Emoluments	242,655	-
The Remuneration of the Highest Paid Director Included above was:-		
Emoluments	209,322	-

As at 30 June 1999 the highest paid director had accrued pension benefits of £1,510 (1998 Nil) under the defined benefit scheme. Subsequent to this date the highest paid director left the scheme and benefits were forfeited.

During the year no other Directors were accruing benefits under defined benefit pension schemes (1998 Nil).

5. OPERATING LOSS	1999	1998
	£	£
Operating losses are stated after charging:		
Auditors Remuneration -		
Audit	25,000	24,000
Accountancy and Taxation	10,650	8,530
Depreciation of Owned Assets	37,654	6,560
Loss on Sale of Fixed Assets	7,256	3,135
Operating Leases - Equipment	35,804	29,453
- Other Assets	101,297	47,550

6. EXCEPTIONAL ITEM	1999	1998
	£	£
Loss on Sale of Fixed Assets	139,844	-

This relates to furniture and equipment which was not transferred to the new leasehold premises.

# Notes to the Accounts

for the year ended 30 June 1999

<b>7. INTEREST PAYABLE</b>	<b>1999</b>	<b>1998</b>
	£	£
Interest payable on Ground Improvement Levies held	<b>138,645</b>	145,149
	<hr/>	<hr/>
<b>8. TAXATION</b>	<b>1999</b>	<b>1998</b>
	£	£
Corporation Tax at 21/20%	<b>629</b>	-
	<hr/>	<hr/>

Exceptional items at Note 6 do not have any effect on corporation tax.

<b>9. TANGIBLE FIXED ASSETS</b>	<i>Long Leasehold Premises</i>	<i>Improvements to Short Leasehold Premises</i>	<i>Equipment</i>	<i>Total</i>
	£	£	£	£
At Cost or Valuation:				
At 1 July 1998	247,472	-	500,163	747,635
Additions in the year	-	34,232	203,047	237,279
Disposals in the year	-	3,437	467,600	471,037
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1999	247,472	30,795	235,610	513,877
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At 1 July 1998	-	-	324,262	324,262
Provided in the year	-	1,540	36,114	37,654
On Disposals	-	-	319,417	319,417
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1999	-	1,540	40,959	42,499
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Value at 30 June 1999</b>	<b>247,472</b>	<b>29,255</b>	<b>194,651</b>	<b>471,378</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value at 1 July 1998	247,472	-	175,901	423,373
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of long leasehold premises at 30 June 1999 and 1998 included an amount of £212,500 at valuation in 1981. The original cost of the long leasehold premises was £78,221.

The rate at which depreciation is to be charged on office furniture and equipment was changed from charging replacements to revenue to 20% of cost. In the opinion of the directors this will give a fairer presentation of the results and of the financial position. The depreciation charge is £10,202 more than under the previous policy.

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# Notes to the Accounts

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for the year ended 30 June 1999

10. INTEREST IN GROUP COMPANY	1999	1998
	£	£
Ordinary Shares in Subsidiary Company at cost	100	100
	—	—

World-Wide Soccer Limited is a wholly owned subsidiary. Apart from the collection of outstanding debts, the subsidiary company ceased to operate after 20 May 1993. During the year ended 30 June 1999 and 30 June 1998 there were no transactions between World-Wide Soccer Limited and the Company. World-Wide Soccer Limited is registered in England and Wales.

11. DEBTORS	1999	1998
	£	£
Trade Debtors	4,482,719	2,474,207
Other Debtors	579,189	1,325,001
Prepayments and Accrued Income	45,629	90,722
Owing by Subsidiary Company	863	863
Youth Development Loans to Football League Clubs	4,965,555	4,965,555
	—	—
	10,073,955	8,856,348
	—	—

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## Notes to the Accounts

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for the year ended 30 June 1999

<b>12. CASH AT BANK AND IN HAND</b>	<b>1999</b>	<b>1998</b>
	£	£
Cash at Bank	2,697,966	3,571,251
Short Term Deposits	6,882,000	6,000,000
	<hr/>	<hr/>
	9,579,966	9,571,251
	<hr/>	<hr/>

Short Term Deposits are repayable within three months of the date of deposit.

<b>13. CREDITORS</b>	<b>1999</b>	<b>1998</b>
	£	£
Amounts falling due within one year:		
Trade Creditors	2,934,765	2,980,330
Ground Improvement Levies held	1,958,718	2,304,445
Other Creditors	6,844,337	5,637,648
Accruals and Deferred Income	3,157,564	2,571,237
Other Taxation and Social Security	35,199	32,333
Youth Development Loan from Football Association Premier League	5,016,665	5,016,665
Corporation Tax	629	-
	<hr/>	<hr/>
	19,947,877	18,542,658
	<hr/>	<hr/>

Ground Improvement Levies held are repayable on application in accordance with the Articles of Association and Regulations of The Football League Limited.

### 14. CALLED UP SHARE CAPITAL

Authorised Share Capital - 100 Ordinary Shares of 5p each £5

Allotted Share Capital at 30 June 1999 and 1998 - 72 Ordinary Shares of 5p each, nil paid.

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# Notes to the Accounts

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for the year ended 30 June 1999

<b>15. GROSS CASH FLOWS</b>	<b>1999</b>	<b>1998</b>
	£	£
<b>Returns on Investments and Servicing of Finance</b>		
Interest Received	736,868	779,259
Interest Paid	(138,645)	(145,149)
	<hr/>	<hr/>
Net Cash Inflow from Returns on Investments and Servicing of Finance	598,223	634,110
	<hr/>	<hr/>
<b>Capital Expenditure</b>		
Payments to Acquire Tangible Fixed Assets	(237,279)	(30,377)
Receipts from Sales of Tangible Fixed Assets	4,520	1,000
	<hr/>	<hr/>
Net Cash Outflow from Capital Expenditure	(232,759)	(29,377)
	<hr/>	<hr/>
<b>Management of Liquid Resources</b>		
(Increase)/Decrease in Short Term Deposits	(882,000)	100,000
	<hr/>	<hr/>
Net Cash (Outflow)/Inflow from Acquisition/Disposal of Short Term Deposits	(882,000)	100,000
	<hr/>	<hr/>
<b>Financing</b>		
(Decrease)/Increase in Ground Improvement Levies held	(345,727)	560,250
	<hr/>	<hr/>
Net Cash (Outflow)/Inflow from Financing	(345,727)	560,250
	<hr/>	<hr/>

# Notes to the Accounts

for the year ended 30 June 1999

## 16. ANALYSIS OF CHANGES IN NET FUNDING

	<i>At 30 June 1998</i>	<i>Cash Flows</i>	<i>At 30 June 1999</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Cash at Bank and In Hand	3,571,251	(873,285)	2,697,966
Short Term Investments	6,000,000	882,000	6,882,000
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	9,571,251	8,715	9,579,966
	<hr/>	<hr/>	<hr/>

## 17. LEASE COMMITMENTS

At 30 June 1999 the Company had the following annual commitments under non-cancellable operating leases:-

	<i>1999</i>		<i>1998</i>	
	<i>Land &amp; Buildings</i>	<i>Other</i>	<i>Land &amp; Buildings</i>	<i>Other</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Operating Leases which expire:				
Within One Year	-	-	64,632	-
Within Two to Five Years	115,025	54,934	-	30,626
	<hr/>	<hr/>	<hr/>	<hr/>
	115,025	54,934	64,632	30,626
	<hr/>	<hr/>	<hr/>	<hr/>

## 18. SHAREHOLDERS' FUNDS

	<i>1999</i>	<i>1998</i>
	<i>£</i>	<i>£</i>
(Loss)/Profit for the Financial Year	(130,892)	2,208
	<hr/>	<hr/>
Net (subtraction from)/addition to Shareholders' Funds	(130,892)	2,208
	<hr/>	<hr/>
Shareholders' Funds at the beginning of the Year	308,414	306,206
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Shareholders' Funds at the end of the Year	177,522	308,414
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# Notes to the Accounts

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for the year ended 30 June 1999

## 19. DEFINED BENEFIT PENSION SCHEME

The company operates a pension scheme providing benefits on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with an insurance company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the Projected Unit Method. The most recent valuation was at 1 August 1998. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increases in salaries and pensions. It was assumed that the investment return would exceed salary increases by on average 2% per annum and that present and future pensions would increase at the rate of 4% per annum.

The pension charge for the year was £103,415 (1998: £78,062).

The actuarial valuation showed that the market value of the scheme's assets at 1 August 1998 was £1,303,700 and that the actuarial value of those assets represented 112% of the benefits that had accrued to members after allowing for expected future increases in earnings. The contribution rate recommended by the actuary has been adjusted to eliminate this surplus over the average future working lifetime of the members. The contributions of the company and employees will be 13.5% and 2.5% of earnings respectively, until 31 March 2000. From 1 April 2000 the contributions of the company and employees will be 13.5% and 5% respectively.

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# Auditors' Report

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## To the Members of The Football League Limited

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention as modified by the revaluation of leasehold premises and the accounting policies set out on pages 7 and 8.

## Respective Responsibilities of Directors and Auditors

As described on pages 2 and 3 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

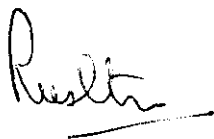
## Basis of Opinion

We have conducted our audit in accordance with Auditing Standards 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 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 mis-statement, 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.

## Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 30 June 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Rushtons**  
Chartered Accountants  
Registered Auditors  
PRESTON

Date: 9/3/2000