

***The Football League Limited***  
***Financial Statements***  
***for the year ended 30 June 2004***

***Company Number 80612***



# The Football League Limited

## **Directors:**

SIR BRIAN MAWHINNEY (Chairman)

P J HEARD

R MARTIN

K OYSTON

T PAPHITIS

T ROBINSON

I R RITCHIE

D R SHEEPSHANKS

## **Secretary and Registered Office:**

T S DETKO

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

## **Auditors:**

KPMG LLP

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

## **Solicitors:**

ADDLESHAW GODDARD

Sovereign House, Sovereign Street, Leeds, LS1 1HQ

## **Bankers:**

BARCLAYS BANK PLC

PO Box 230, 15-33 Moorfields, Liverpool, L69 2RU

## **Company Number:**

80612

---

# Report of the Directors

---

The directors present their report and financial statements for the year ended 30 June 2004.

## Principal activities

The principal activities of the company are to be a governing body for Member Clubs, to organise annual League football competitions, and to represent and promote League Football and its Clubs.

## Business review

Attendances at League competitions rose to over 17.4 million for season 2003/04. In particular levels in the Nationwide Football League were at their highest for 40 years, whilst Carling Cup attendance levels rose for the fourth successive year and LDV Vans Trophy attendances rose from the previous year by an average of more than 30 per cent.

The conclusion of season 2003/04 brought to an end Nationwide's sponsorship of The Football League after eight successful years and the League has entered into a three year sponsorship arrangement with Coca-Cola. In addition commercial contracts have been renewed with both ITV, covering the broadcasting of recorded highlights, and the BBC, in respect of national radio broadcasting rights.

Turnover for the year ended 30 June 2004 increased by £3.9m to £54.8m representing an 8% increase over the previous year. All of this increase has been passed back to member clubs by way of increased distributions.

On 16 June 2004 FLPTV Limited became a wholly owned subsidiary undertaking of the company following acquisition by the company of the shares held by Premium TV Limited in FLPTV Limited. FLPTV Limited changed its name to FL Interactive Limited on 16 July 2004.

On 21 September 2004 the company issued High Court proceedings against Hammonds Solicitors (formerly known as Edge Ellison), the legal advisors to the company during its contract negotiations with ITV Digital in 2000. Those proceedings claim that during the negotiation and completion of its broadcasting agreement with ITV Digital (formerly known as OnDigital), Hammonds were negligent and/or in breach of contract and failed to protect the company's interests. They include a claim for substantial damages.

## Results

The profit for the year after tax was £4,000 (2003: £3,000) which has been added to reserves.

## Directors and their interests

The current directors of the company are listed on page 1. The directors who served during the year were as follows:

|                     |                           |
|---------------------|---------------------------|
| I L Beeks           | (resigned 8 July 2004)    |
| P J Heard           |                           |
| R Martin            | (appointed 10 July 2003)  |
| Sir Brian Mawhinney |                           |
| T Paphitis          |                           |
| I R Ritchie         | (appointed 28 April 2004) |
| T Robinson          |                           |
| D R Sheepshanks     |                           |

---

## Report of the Directors

---

### **Directors and their interests (continued)**

K Oyston was appointed to the board on 8 July 2004.

None of the directors are the beneficial owners of any shares of the company.

### **Charitable donations**

During the year the company made charitable donations of £6,010 (2003: £1,500). There were no political contributions.

### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

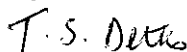
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

### **Auditors**

In accordance with Section 384 of the Companies Act 1985 a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming extraordinary general meeting.

### **By order of the Board**



T S Detko

### **Secretary**

7 October 2004

---

## Report of the Independent Auditors to the members of The Football League Limited

---

We have audited the financial statements on pages 5 to 20.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### **Basis of audit opinion**

We 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 misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

### **KPMG LLP**

Chartered Accountants

Registered Auditor

PRESTON

7 October 2004

*KPMG LLP*

## Profit and Loss Account

for the year ended 30 June 2004

|  | Notes | £000           | 2004<br>£000 | £000           | 2003<br>£000 |
|--|-------|----------------|--------------|----------------|--------------|
| <b>Turnover</b>  | 2     |                | 54,840       |                | 50,894       |
| Other operating income                                 |       |                | <u>220</u>   |                | <u>446</u>   |
|  |       |                | 55,060       |                | 51,340       |
| External charges                                       |       | (47,240)       |              | (43,629)       |              |
| Staff costs  | 3     | (1,872)        |              | (1,880)        |              |
| Other operating charges                                |       | <u>(6,234)</u> |              | <u>(6,033)</u> |              |
|  |       |                | (55,346)     |                | (51,542)     |
| <b>Operating loss</b>                                  | 5     |                | (286)        |                | (202)        |
| Net interest receivable and similar income             | 6     |                | <u>256</u>   |                | <u>205</u>   |
| <b>(Loss)/profit on ordinary activities before tax</b> |       |                | (30)         |                | 3            |
| Tax on profit on ordinary activities                   | 7     |                | <u>34</u>    |                | <u>-</u>     |
| <b>Profit retained for the financial year</b>          | 14    |                | <u>4</u>     |                | <u>3</u>     |

All of the above results relate to continuing activities.

### Statement of Total Recognised Gains and Losses

There are no recognised gains or losses for either year apart from those reflected in the profit and loss account in the current and previous years.

# Balance Sheet

as at 30 June 2004

|                                     | Notes | £000         | 2004<br>£000 | £000         | 2003<br>£000 |
|-------------------------------------|-------|--------------|--------------|--------------|--------------|
| <b>Fixed assets</b>                 |       |              |              |              |              |
| Tangible assets                     | 8     |              | 235          |              | 281          |
| Investments                         | 9     |              | <u>1</u>     |              | <u>1</u>     |
|                                     |       |              | 236          |              | 282          |
| <b>Current assets</b>               |       |              |              |              |              |
| Debtors                             | 10    | 4,691        |              | 4,035        |              |
| Investments                         | 11    | -            |              | 2,000        |              |
| Cash at bank and in hand            |       | <u>4,966</u> |              | <u>7,685</u> |              |
|                                     |       | 9,657        |              | 13,723       |              |
| <b>Creditors</b>                    |       |              |              |              |              |
| Amounts falling due within one year | 12    | (9,577)      |              | (13,693)     |              |
| <b>Net current assets</b>           |       |              | <u>80</u>    |              | <u>30</u>    |
| <b>Net assets</b>                   |       |              | <u>316</u>   |              | <u>312</u>   |
| <b>Capital and reserves</b>         |       |              |              |              |              |
| Called up share capital             | 13    |              | -            |              | -            |
| Profit and loss account             | 14    |              | <u>316</u>   |              | <u>312</u>   |
| <b>Equity shareholders' funds</b>   | 19    |              | <u>316</u>   |              | <u>312</u>   |

The financial statements were approved by the board of directors on 7 October 2004 and signed on its behalf by Sir Brian Mawhinney.

  
DIRECTOR

## Cash Flow Statement

for the year ended 30 June 2004

|   | Notes | 2004<br>£000   | 2003<br>£000 |
|---|-------|----------------|--------------|
| <b>Net cash (outflow)/inflow from operating activities</b>                  | 15    | (4,886)        | 2,223        |
| <b>Returns on investments and servicing of finance</b>                      |       |                |              |
| Interest received   |       | 272            | 850          |
| Interest paid   |       | (12)           | (16)         |
| <b>Net cash inflow from returns on investments and servicing of finance</b> |       | <u>260</u>     | <u>834</u>   |
| <b>Taxation</b>   |       | <u>(26)</u>    | <u>-</u>     |
| <b>Capital expenditure and financial investment</b>                         |       |                |              |
| Purchase of tangible fixed assets   |       | (70)           | (77)         |
| <b>Net cash outflow from capital expenditure and financial investment</b>   |       | <u>(70)</u>    | <u>(77)</u>  |
| <b>Cash (outflow)/inflow before use of liquid resources and financing</b>   |       | (4,722)        | 2,980        |
| <b>Management of liquid resources</b>                                       |       |                |              |
| Decrease in term deposits   |       | 2,000          | 3,500        |
| <b>Net cash inflow from management of liquid resources</b>                  |       | <u>2,000</u>   | <u>3,500</u> |
| <b>(Decrease)/increase in cash in the year</b>                              | 16    | <u>(2,722)</u> | <u>6,480</u> |



---

# Notes to the Financial Statements

---

for the year ended 30 June 2004

## 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company's financial statements except as noted below. The company has continued to follow the transitional arrangements of Financial Reporting Standard 17 'Retirement Benefits' in these financial statements.

### (a) Basis of preparation

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

The company has taken advantage of the exemptions contained in section 248(1) of the Companies Act 1985 from the requirement to prepare group financial statements. Consequently the financial statements present information about the undertaking as an individual entity and not about its group.

Investments in subsidiary undertakings and joint venture undertakings are stated at cost less any provision for impairment.

### (b) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation on tangible fixed assets is calculated on a straight line basis and aims to write down their cost to their estimated residual value over their expected useful lives as follows:

|  |              |
|--|--------------|
| Improvements to short leasehold premises | 10 years     |
| Equipment                                | 4 to 5 years |
| Motor vehicles                           | 4 years      |

### (c) Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities and investments in money market managed funds.

### (d) Tax

The charge for tax is based on the profit for the year and takes into account tax deferred due to timing differences between the treatment of certain items for tax and accounting purposes.

Deferred tax is provided for in full on all timing differences that exist at the balance sheet date as required by Financial Reporting Standard 19. Deferred tax assets are recognised to the extent that, on the basis of all available evidence, it is more likely than not that all amounts are recoverable.

---

# Notes to the Financial Statements

---

for the year ended 30 June 2003

## 1. ACCOUNTING POLICIES (continued)

### (e) Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes and includes sponsorship revenues and revenues received from television broadcasting contracts but excludes gate levy income received from clubs which is offset against external charges.

### (f) Barter transactions

Turnover and costs in respect of barter transactions for goods and services are recognised only where there is persuasive evidence of the value at which, if it had not been exchanged, the goods and services would have been sold for cash in a similar transaction.

### (g) Pension costs

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 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.

### (h) Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

## 2. Turnover

Turnover arises from the activities of organising and promoting annual League Football competitions. All turnover arises in the United Kingdom.

The amount of barter transactions for goods and other services recognised in turnover is £301k (2003: £303k).

## 3. Staff costs

|  | 2004<br>£000 | 2003<br>£000 |
|--|--------------|--------------|
| Staff costs including directors were as follows: |              |              |
| Salaries   | 1,522        | 1,560        |
| Social security costs                            | 165          | 138          |
| Other pension costs (note 20)                    | 185          | 182          |
|  | <u>1,872</u> | <u>1,880</u> |

The average monthly number of employees was 48 (2003: 47).

# Notes to the Financial Statements

for the year ended 30 June 2004

## 4. Directors' remuneration

|  | 2004<br>£000 | 2003<br>£000 |
|--|--------------|--------------|
|--|--------------|--------------|

The total amounts for directors' remuneration and other benefits were as follows:

|                       |    |    |
|-----------------------|----|----|
| Salaries and fees     | 46 | 37 |
| Taxable benefits      | -  | 4  |
|                       | 46 | 41 |
| Pension contributions | -  | 2  |
|                       | 46 | 43 |

No amounts were paid to directors in respect of compensation for loss of office (2003: £202,000).

## 5. Operating loss

|  | 2004<br>£000 | 2003<br>£000 |
|--|--------------|--------------|
|--|--------------|--------------|

Operating loss is stated after charging:

|   |     |     |
|---|-----|-----|
| Auditors remuneration -                                     |     |     |
| audit   | 22  | 22  |
| other services  | 13  | 12  |
| Depreciation of tangible fixed assets                       | 88  | 86  |
| Operating leases -  |     |     |
| equipment   | 29  | 35  |
| other assets  | 145 | 151 |
| Exceptional item - ITV Digital legal and professional costs | -   | 339 |

The ITV Digital legal and professional costs were incurred in attempting to recoup the losses suffered by the League through the failure of ITV Digital.

## 6. Net interest receivable and similar income

|  | 2004<br>£000 | 2003<br>£000 |
|--|--------------|--------------|
|--|--------------|--------------|

|  |      |      |
|--|------|------|
| Interest receivable                                | 268  | 220  |
| Interest payable on ground improvement levies held | (12) | (15) |
|  | 256  | 205  |

## 7. Taxation

|  | 2004<br>£000 | 2003<br>£000 |
|--|--------------|--------------|
|--|--------------|--------------|

|                                       |    |   |
|---------------------------------------|----|---|
| UK corporation tax                    | -  | - |
| Adjustments in respect of prior years |    |   |
| UK corporation tax credit             | 34 | - |
|                                       | 34 | - |

# Notes to the Financial Statements

for the year ended 30 June 2004

## 7. Taxation (continued)

The tax credit for the current period is higher than the small companies rate of corporation tax in the UK. The differences are explained below.

|  | 2004<br>£000 | 2003<br>£000 |
|--|--------------|--------------|
| (Loss)/profit on ordinary activities before tax        | (30)         | 3            |
| Current tax at 19% (2003:19%)                          | (6)          | 1            |
| Effects of:  |              |              |
| Expenses not deductible for tax purposes               | 3            | 2            |
| Difference between depreciation and capital allowances | 4            | (1)          |
| Net movement on provisions                             | (34)         | -            |
| Other  | (1)          | (2)          |
|  | <u>(34)</u>  | <u>-</u>     |

No deferred tax asset has been recognised in these financial statements.

## 8. Tangible fixed assets

|   | Total<br>£000     | Improvements<br>to short<br>leasehold<br>premises<br>£000 | Equipment<br>£000 |
|---|-------------------|---|-------------------|
| Cost                                      |                   |   |                   |
| At 1 July 2003                            | 485               | 112   | 373               |
| Additions                                 | 42                | -   | 42                |
| <b>At 30 June 2004</b>                    | <b><u>527</u></b> | <b><u>112</u></b>   | <b><u>415</u></b> |
| Depreciation                              |                   |   |                   |
| At 1 July 2003                            | 204               | 24  | 180               |
| Charge for the year                       | 88                | 11  | 77                |
| <b>At 30 June 2004</b>                    | <b><u>292</u></b> | <b><u>35</u></b>  | <b><u>257</u></b> |
| <b>Net book value at<br/>30 June 2004</b> | <b><u>235</u></b> | <b><u>77</u></b>  | <b><u>158</u></b> |
| Net book value at<br>30 June 2003         | <u>281</u>        | <u>88</u>   | <u>193</u>        |

# Notes to the Financial Statements

for the year ended 30 June 2004

## 9. Fixed asset investments

|  | Total<br>£000 | Shares in<br>subsidiary<br>undertakings<br>£000 | Shares in<br>joint venture<br>undertaking<br>£000 |
|--|---------------|---|---|
| Ordinary shares  |               |   |   |
| Cost and net book value  |               |   |   |
| At 1 July 2003   | 1             | -   | 1   |
| Transfer from joint venture undertaking<br>to subsidiary undertaking | -             | 1   | (1)   |
| <b>At 30 June 2004</b>   | <b>1</b>      | <b>1</b>  | <b>-</b>  |

The company has investments in the following subsidiary and joint venture undertakings.

|   | Country of<br>incorporation | Principal<br>activity                          | Percentage of<br>shares held |
|---|-----------------------------|--|------------------------------|
| <b>Subsidiary undertakings</b>                  |                             |  |                              |
| FL Interactive Limited (formerly FLPTV Limited) | England and<br>Wales        | Provision of<br>Internet<br>websites           | 100                          |
| World-Wide Soccer Limited                       | England and<br>Wales        | Dormant  | 100                          |
| <b>Joint venture undertaking</b>                |                             |  |                              |
| Football DataCo Limited                         | England and<br>Wales        | Licensing and<br>marketing of<br>football data | 50                           |

### FL Interactive Limited

Until 15 June 2004, FL Interactive Limited was a joint venture undertaking owned and controlled jointly by Premium TV Limited and the company. FL Interactive was established to provide Internet websites to Football League clubs whilst acquiring the rights to licence Football League and Club Football content.

At 30 June 2004, the authorised share capital of FL Interactive was 500 'A' ordinary shares, 500 'B' ordinary shares and 35,267,677 redeemable non-voting special shares of £1 each. On 16 June 2004 the company acquired all the 'A' ordinary shares held by Premium TV and continues to hold all the 'B' ordinary shares. Voting rights attaching to both the 'A' and 'B' ordinary shares are identical in all respects.

The rights attaching to the special shares are such that they are redeemable at par only upon the winding up of FL Interactive and after the holders of the ordinary shares have, upon such winding up, received a distribution of £1,000,000 per ordinary share. At 30 June 2004 the special shares issued remained in the balance sheet at a value of £34,872,380. In the balance sheet of FL Interactive the special shares represent the value attributable to internet rights fees previously capitalised and subsequently written off in FL Interactive's audited financial statements for the year ended 31 December 2002.

---

## Notes to the Financial Statements

---

for the year ended 30 June 2004

### 9. Fixed asset investments (continued)

#### FL Interactive Limited (continued)

All revenue received by FL Interactive for the period to 15 June 2004 has been distributed to the participating clubs, the company and Premium TV in accordance with the revenue distribution agreement entered into in September 2002. Revenue received by FL Interactive post 15 June 2004 continues to be distributable only to the participating clubs and the company. Under the new arrangement now in place Premium TV has become FL Interactive's service provider. During the year ended 30 June 2004 £2,561,361 (2003: £1,741,978) was receivable by the participating clubs and the company.

FL Interactive currently has a 31 December year-end and the financial information set out below in relation to FLPTV is derived from their unaudited management accounts for the year to 30 June 2004.

During the year ended 30 June 2004 £77,053 (2003: £31,632) was receivable by the company from FL Interactive in respect of rights fees. At 30 June 2004 £30,404 was outstanding (2003: £11,815).

#### World-Wide Soccer Limited

World-Wide Soccer Limited, ceased to operate during the period ended 30 June 1993. World-Wide Soccer 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 financial statements have not been prepared.

#### Football DataCo Limited

Football DataCo Limited is a joint venture undertaking established with The FA Premier League Limited. Football DataCo was incorporated on 3 May 2001 and established to develop and maximise profits from the two Leagues data, archive and licensable material rights whilst becoming the source of official data.

Football DataCo has a 31 July year-end and the financial information set out below in relation to Football DataCo is derived from their unaudited management accounts for the year to 30 June 2004.

During the period ended 30 June 2004 fee payments amounting to £1,865,000 (2003: £1,725,000) were receivable by the company from Football DataCo. At 30 June 2004 £116,686 was outstanding (2003: £126,000).

# Notes to the Financial Statements

for the year ended 30 June 2004

## 9. Fixed asset investments (continued)

The following information disclosed in respect of FL Interactive is given as if that company had been a wholly owned subsidiary undertaking for the two years ended 30 June 2004. The information given in respect of DataCo Limited is in respect of the company's share of its investment in that joint venture undertaking.

|                                 | <i>FL Interactive Limited</i> |              | <i>Football DataCo Limited</i> |                |
|---------------------------------|-------------------------------|--------------|--------------------------------|----------------|
|                                 | <b>2004</b>                   | <b>2003</b>  | <b>2004</b>                    | <b>2003</b>    |
|                                 | <b>£000</b>                   | <b>£000</b>  | <b>£000</b>                    | <b>£000</b>    |
| Turnover                        | <u>3,385</u>                  | <u>1,730</u> | <u>2,252</u>                   | <u>2,086</u>   |
| (Loss)/profit after taxation    | <u>(158)</u>                  | <u>106</u>   | =                              | =              |
| Current assets                  | <u>3,014</u>                  | <u>1,708</u> | <u>1,725</u>                   | <u>1,899</u>   |
|                                 | <u>3,014</u>                  | <u>1,708</u> | <u>1,725</u>                   | <u>1,899</u>   |
| Liabilities due within one year | <u>(2,179)</u>                | <u>(772)</u> | <u>(1,725)</u>                 | <u>(1,899)</u> |
| Net assets                      | <u>835</u>                    | <u>936</u>   | <u>-</u>                       | <u>-</u>       |

| <b>10. Debtors</b>                         | <b>2004</b>  | <b>2003</b>  |
|--|--------------|--------------|
|  | <b>£000</b>  | <b>£000</b>  |
| Trade debtors                              | <u>2,929</u> | <u>2,110</u> |
| Other debtors                              | <u>6</u>     | <u>23</u>    |
| Prepayments and accrued income             | <u>1,602</u> | <u>1,763</u> |
| VAT recoverable                            | <u>6</u>     | <u>-</u>     |
| Amounts owed by subsidiary undertaking     | <u>1</u>     | <u>1</u>     |
| Amounts owed by joint venture undertakings | <u>147</u>   | <u>138</u>   |
|  | <u>4,691</u> | <u>4,035</u> |

| <b>11. Current asset investments</b> | <b>Total</b>   |
|--------------------------------------|----------------|
|                                      | <b>£000</b>    |
| At 1 July 2003                       | 2,000          |
| Disposals                            | <u>(2,000)</u> |
| At 30 June 2004                      | <u>-</u>       |

The cost and market value of the investments are not significantly different from the carrying values stated above.

# Notes to the Financial Statements

for the year ended 30 June 2004

|                                      |                     |                      |
|--------------------------------------|---------------------|----------------------|
| <b>12. Creditors</b>                 | <b>2004</b>         | <b>2003</b>          |
| Amounts falling due within one year: | <b>£000</b>         | <b>£000</b>          |
| Trade creditors                      | 2,353               | 4,144                |
| Ground improvement levies held       | 270                 | 343                  |
| Other creditors                      | 3,000               | 992                  |
| Accruals and deferred income         | 3,808               | 7,334                |
| Other taxation and social security   | 56                  | 43                   |
| VAT payable                          | -                   | 687                  |
| Corporation tax                      | 90                  | 150                  |
|                                      | <b><u>9,577</u></b> | <b><u>13,693</u></b> |

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

|                                    |                                   |
|------------------------------------|-----------------------------------|
| <b>13. Called up share capital</b> | <b>2004<br/>and 2003<br/>£000</b> |
|------------------------------------|-----------------------------------|

|  |   |
|--|---|
| Authorised: 100 ordinary shares of 5p each                   | = |
| Allotted, called up, nil paid: 72 ordinary shares of 5p each | = |

|  |                       |
|--|-----------------------|
| <b>14. Profit and loss account reserve</b> | <b>Total<br/>£000</b> |
| At 1 July 2003                             | 312                   |
| Profit retained                            | 4                     |
| <b>At 30 June 2004</b>                     | <b><u>316</u></b>     |

|  |                       |                      |
|--|-----------------------|----------------------|
| <b>15. Net cash (outflow)/inflow from operating activities</b> | <b>2004<br/>£000</b>  | <b>2003<br/>£000</b> |
| Operating loss   | (286)                 | (202)                |
| Depreciation   | 88                    | 86                   |
| Loss on disposal of tangible fixed assets                      | -                     | 17                   |
| Decrease in bad debt provision                                 | -                     | (73)                 |
| (Increase)/decrease in debtors                                 | (660)                 | 2,060                |
| (Decrease)/increase in creditors                               | <b><u>(4,028)</u></b> | <b><u>335</u></b>    |
| <b>Net cash (outflow)/inflow from operating activities</b>     | <b><u>(4,886)</u></b> | <b><u>2,223</u></b>  |



# Notes to the Financial Statements

for the year ended 30 June 2004

## 16. Reconciliation of net cash flow to movement in net funds

|   | <b>2004</b>         | <b>2003</b>         |
|---|---------------------|---------------------|
|   | <b>£000</b>         | <b>£000</b>         |
| (Decrease)/increase in cash in the year       | <b>(2,722)</b>      | 6,480               |
| Cash inflow from decrease in liquid resources | <b>(2,000)</b>      | (3,500)             |
| Change in net funds resulting from cash flows | <b>(4,722)</b>      | 2,980               |
| Accrued interest on current asset investments | -                   | (634)               |
| Net funds at 1 July                           | <b>9,688</b>        | 7,342               |
| <b>Net funds at 30 June</b>                   | <b><u>4,966</u></b> | <b><u>9,688</u></b> |

## 17. Analysis of net funds

|                          | <i>At 1 July</i> | <i>Cash</i>    | <i>At 30 June</i>   |
|--------------------------|------------------|----------------|---------------------|
|                          | <i>2003</i>      | <i>flows</i>   | <i>2004</i>         |
|                          | <i>£000</i>      | <i>£000</i>    | <i>£000</i>         |
| Cash at bank and in hand | 7,688            | (2,722)        | <b>4,966</b>        |
| Short term investments   | <u>2,000</u>     | <u>(2,000)</u> | -                   |
|                          | <u>9,688</u>     | <u>(4,722)</u> | <b><u>4,966</u></b> |

## 18. Financial commitments

There were no capital commitments contracted for but not provided for at 30 June 2004 (2003: £nil).

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

|                               | <b>2004</b>      | <b>2004</b>  | <b>2003</b>      | <b>2003</b>  |
|-------------------------------|------------------|--------------|------------------|--------------|
|                               | <b>Land and</b>  | <b>Other</b> | <b>Land and</b>  | <b>Other</b> |
|                               | <b>buildings</b> | <b>£000</b>  | <b>buildings</b> | <b>£000</b>  |
|                               | <b>£000</b>      |              | <b>£000</b>      |              |
| Expiry date:                  |                  |              |                  |              |
| Within one year               | -                | -            | 57               | 1            |
| In between one and five years | 58               | 29           | -                | 25           |
| In more than five years       | <u>101</u>       | -            | <u>101</u>       | -            |
|                               | <u>159</u>       | <u>29</u>    | <u>158</u>       | <u>26</u>    |

---

## Notes to the Financial Statements

---

for the year ended 30 June 2004

**19. Reconciliation of movement in shareholders' funds**

|                                       | <b>2004</b>       | <b>2003</b>       |
|---------------------------------------|-------------------|-------------------|
|                                       | <b>£000</b>       | <b>£000</b>       |
| Shareholders' funds at 1 July         | 312               | 309               |
| Profit for the financial year         | <u>4</u>          | <u>3</u>          |
| <b>Shareholders' funds at 30 June</b> | <b><u>316</u></b> | <b><u>312</u></b> |

**20. Defined benefit pension scheme**

The company operates a pension scheme providing benefits based on final pensionable salary. 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 2001. 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 2.5% per annum. The pension charge for the year was £185,000 (2003: £182,000).

The actuarial valuation showed that the market value of the scheme's assets at 1 August 2001 was £1,930,000 and that the actuarial value of those assets represented 108% of the benefits that had accrued to members after allowing for expected future increases in earnings. The contribution rate recommended by the actuary in order to eliminate this surplus over the average future working lifetime of members was 19.9% (14.4% for employers and 5.5% for employees effective from 1 August 2003).

Financial Reporting Standard 17 'Retirement benefits' (FRS 17) becomes fully effective for accounting periods ending on or after 22 June 2005. The following amounts, measured in accordance with the requirements of FRS 17, are disclosed in line with the transitional arrangements provided for in FRS 17.

# Notes to the Financial Statements

for the year ended 30 June 2004

## 20. Defined benefit pension scheme (continued)

The main actuarial assumptions incorporated in the calculations noted below are as follows:

|   | <i>At 30 June<br/>2004<br/>% per annum</i> | <i>At 30 June<br/>2003<br/>% per annum</i> |
|---|--|--|
| Salary escalation rate  | 3.75                                       | 3.25                                       |
| Inflation assumption  | 3.0  | 2.5  |
| Rate used to discount scheme liabilities                      | 5.75                                       | 5.25                                       |
| Rate of increase in pensions in payment and deferred pensions | 3.0  | 2.5  |

| <i>The assets in the scheme were:</i>                     | <i>2004<br/>£000</i> | <i>2003<br/>£000</i> |
|---|----------------------|----------------------|
| Market value of with profit deposit administration policy | 2,460                | 2,150                |
| Present value of scheme liabilities                       | (2,280)              | (1,940)              |
| Net pension asset before deferred tax                     | 180                  | 210                  |
| Deferred tax at 19% (2003: 19%)                           | (34)                 | (40)                 |
| Net pension asset   | <u>146</u>           | <u>170</u>           |

The long term expected rate of return expected at 30 June 2004 is 7% per annum (30 June 2003: 7% per annum).

If FRS 17 had been fully adopted in these financial statements, the pension costs charged, the net assets and profit and loss account reserve would have been as follows:

| <i>Analysis of the amount charged to operating profit</i>      | <i>2004<br/>£000</i> | <i>2003<br/>£000</i> |
|--|----------------------|----------------------|
| Current service cost   | 160                  | 160                  |
| Past service cost  | -                    | 30                   |
| Total operating charge   | <u>160</u>           | <u>190</u>           |
| <i>Analysis of the amount credited to other finance income</i> | <i>2004<br/>£000</i> | <i>2003<br/>£000</i> |
| Expected return on pension scheme assets                       | 160                  | 180                  |
| Interest on pension scheme liabilities                         | (110)                | (110)                |
| Net return   | <u>50</u>            | <u>70</u>            |

## Notes to the Financial Statements

for the year ended 30 June 2004

### 20. Defined benefit pension scheme (continued)

|   |                     |                     |
|---|---------------------|---------------------|
| Net assets and profit and loss account reserve  | <b>2004</b>         | <b>2003</b>         |
|   | <b>£000</b>         | <b>£000</b>         |
| Per balance sheet as at 30 June   | <b>315</b>          | <b>312</b>          |
| Net pension asset arising under FRS 17  | <b>146</b>          | <b>170</b>          |
| As restated   | <b><u>461</u></b>   | <b><u>482</u></b>   |
| Analysis of the amount recognised in statement of total recognised gains and losses (STRGL) | <b>2004</b>         | <b>2003</b>         |
|   | <b>£000</b>         | <b>£000</b>         |
| Actual return less expected return on pension scheme assets                                 | <b>(110)</b>        | <b>(140)</b>        |
| Experience gains and losses arising on the scheme liabilities                               | <b>-</b>            | <b>(10)</b>         |
| Changes in assumptions underlying the present value of the scheme liabilities               | <b>-</b>            | <b>(60)</b>         |
| Actuarial gain recognised in STRGL  | <b><u>(110)</u></b> | <b><u>(210)</u></b> |
| Movement in surplus during the year   | <b>2004</b>         | <b>2003</b>         |
|   | <b>£000</b>         | <b>£000</b>         |
| Surplus in scheme at 1 July   | <b>210</b>          | <b>310</b>          |
| Movements in the year:  |                     |                     |
| Current service costs   | <b>(160)</b>        | <b>(160)</b>        |
| Contributions   | <b>190</b>          | <b>230</b>          |
| Past service costs  | <b>-</b>            | <b>(30)</b>         |
| Other finance income  | <b>50</b>           | <b>70</b>           |
| Actuarial loss  | <b><u>(110)</u></b> | <b><u>(210)</u></b> |
| Surplus in scheme at 30 June  | <b><u>180</u></b>   | <b><u>210</u></b>   |

# Notes to the Financial Statements

for the year ended 30 June 2004

## 20. Defined benefit pension scheme (continued)

|  | 2004  | 2003  |
|--|-------|-------|
| History of experience gains and losses   |       |       |
| Difference between the expected and actual return on scheme assets:                |       |       |
| • amount (£000)  | (110) | (140) |
| • percentage of scheme assets  | 4%    | 6%    |
| Experience gains and losses on scheme liabilities:                                 |       |       |
| • amount (£000)  | -     | (10)  |
| • percentage of present value of the scheme liabilities                            | 0%    | 0%    |
| Total actuarial gain recognised in statement of total recognised gains and losses: |       |       |
| • amount (£000)  | (110) | (210) |
| • percentage of the present value of scheme liabilities                            | 5%    | 11%   |

## 21. Related party transactions

By the company's nature and in accordance with its rules, The Football League enters into transactions in the normal course of business with its Member Clubs. Payments made to the Football League Member Clubs during the year, and which are included in external charges, totalled £50,636,000 (2003: £46,791,000).

All other transactions requiring disclosure under the requirements of Financial Reporting Standard 8 'Related party disclosures' are shown in note 9.

---

## Five Year Review

---

|                                | <b>2004</b>           | 2003            | 2002            | 2001            | 2000            |
|--------------------------------|-----------------------|-----------------|-----------------|-----------------|-----------------|
|                                | <b>£000</b>           | £000            | £000            | £000            | £000            |
| <b>Profit and loss account</b> |                       |                 |                 |                 |                 |
| Turnover                       | <b><u>54,840</u></b>  | <u>50,894</u>   | <u>155,061</u>  | <u>43,967</u>   | <u>43,222</u>   |
| Operating loss                 | <b>(286)</b>          | (202)           | (1,228)         | (684)           | (402)           |
| Net interest receivable        | <b>256</b>            | 205             | 1,403           | 731             | 399             |
| (Loss)/profit before tax       | <b>(30)</b>           | 3               | 175             | 47              | 134             |
| Retained profit                | <b>4</b>              | 3               | 19              | 4               | 108             |
| <b>Balance sheet</b>           |                       |                 |                 |                 |                 |
| Tangible fixed assets          | <b>235</b>            | 281             | 319             | 291             | 181             |
| Fixed asset investments        | <b>1</b>              | 1               | 1               | 1               | -               |
| Debtors                        | <b>4,691</b>          | 4,035           | 6,018           | 54,367          | 7,933           |
| Current asset investments      | <b>-</b>              | 2,000           | 6,134           | -               | 6,000           |
| Cash at bank and in hand       | <b>4,966</b>          | 7,688           | 1,208           | 1,348           | 11,005          |
| Creditors                      | <b><u>(9,577)</u></b> | <u>(13,693)</u> | <u>(13,371)</u> | <u>(55,717)</u> | <u>(24,833)</u> |
| Net assets                     | <b><u>316</u></b>     | <u>312</u>      | <u>309</u>      | <u>290</u>      | <u>286</u>      |