



**ENGLAND AND WALES CRICKET BOARD
LIMITED**

(A company limited by guarantee)

Report and Financial Statements

31 December 1998

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



REPORT AND FINANCIAL STATEMENTS 1998

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REPORT AND FINANCIAL STATEMENTS 1998

OFFICERS AND PROFESSIONAL ADVISERS

BANKERS

Barclays Bank PLC
North London Corporate Banking Centre
PO Box 16300
1/2 Trinity Way
Chingford
London E4 8UT

SOLICITORS

Slaughter and May
35 Basinghall Street
London
EC2V 5DB

Denton Hall
Five Chancery Lane
Clifford's Inn
London EC4A 1BU

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

REGISTERED OFFICE

Lord's Cricket Ground
St John's Wood
London
NW8 8QZ



DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

In the opinion of the directors all the company's turnover is derived solely from cricket related activities, carried out in the UK and in respect of England Cricket Team Tours.

FUTURE DEVELOPMENTS

The directors welcome the decision of the Government on listed events and have concluded a satisfactory broadcasting renewal for years 1999 to 2002. The 1999 World Cup represents a great opportunity for the profile of cricket to be elevated with a legacy to secure the future health of the game at all levels.

RESULTS

The company made a profit on ordinary activities before taxation of £145,000 (1997 - £174,000). Retained profits of £60,000 (1997 - £81,000) have been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The following directors have served the company during the year and since the year end:

Members of the management board

Lord MacLaurin Chairman

D L Acfield

R Bennett (resigned 1 January 1999)

A J Cross (resigned 1 January 1999)

B G K Downing

P J Edwards

F H Elliott

P W Gooden

R Jackson

R D V Knight

F D Morgan

J B Pickup

A Wheelhouse (deceased 28 August 1998)

B G Ford (appointed 1 January 1999)

J B Bolus (appointed 1 January 1999)

D G Collier (appointed 1 January 1999)

M J Soper (appointed 2 February 1999)

No directors had, at any time during the year, any material interest in a contract with the company.



DIRECTORS' REPORT

YEAR 2000

The directors consider the risks to the company of the Year 2000 issue to be minimal. The company has implemented a Year 2000 programme using an agreed methodology with clear milestone dates and responsibilities. Progress against plans is regularly monitored. Substantial progress has been made and it is anticipated that compliance in respect of all internal systems will be achieved before June 1999.

The company recognises that in some areas, compliance is dependent upon the performance of suppliers or actions taken by customers. The company is working closely with customers and suppliers to limit any risks that may arise. In addition, a review has been undertaken of all non-IT based systems for compliance.

The cost of achieving Year 2000 compliance is difficult to quantify as millennium modifications are often embodied in software purchased in the normal course of business. However, the directors estimate that the company will incur in 1999 an additional £5,000 of costs to achieve Year 2000 compliance.

CHARITABLE DONATIONS

During the year, England and Wales Cricket Board Limited donated £2,350,000 (1997 - £2,550,000) to the Cricket Foundation.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors on 14 April 1999

and signed on behalf of the Board of Directors

C A Barker

Company Secretary



STATEMENT OF 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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on a 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. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



AUDITORS' REPORT TO THE MEMBERS OF ENGLAND AND WALES CRICKET BOARD LIMITED (A company limited by guarantee)

We have audited the financial statements on pages 6 to 16 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4 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 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 affairs of the company as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

DELOITTE & TOUCHE

Chartered Accountants and
Registered Auditors

14 April 1999


PROFIT AND LOSS ACCOUNT
For the year ended 31 December 1998

	Note	1998 £'000	1997 £'000
TURNOVER ON CONTINUING OPERATIONS		50,733	43,599
Cost of sales		<u>(42,805)</u>	<u>(36,566)</u>
Gross Profit		7,928	7,033
Expenses			
Surplus on acquisition of Women's Cricket Association (1997 - National Cricket Association)	3,9	100	213
Other administration		<u>(5,744)</u>	<u>(4,692)</u>
Administration expenses		(5,644)	(4,479)
Donations to the Cricket Foundation		<u>(2,350)</u>	<u>(2,550)</u>
OPERATING (LOSS)/PROFIT ON CONTINUING OPERATIONS		(66)	4
Interest receivable and similar income	7	<u>211</u>	<u>170</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	145	174
Taxation on profit on ordinary activities	8	<u>(85)</u>	<u>(93)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE YEAR TRANSFERRED TO RESERVES		<u>60</u>	<u>81</u>

Movements in members' funds and on reserves are shown in note 13.

There are no recognised gains and losses for the current year or preceding period or movements in reserves other than as stated in the profit and loss account.


BALANCE SHEET
31 December 1998

	Note	1998 £'000	1997 £'000
FIXED ASSETS			
Tangible fixed assets	9	358	236
Investments	9	-	-
		<u>358</u>	<u>236</u>
CURRENT ASSETS			
Stocks	10	240	166
Debtors	11	13,711	4,760
Cash at bank and in hand		<u>6,680</u>	<u>504</u>
		20,631	5,430
CREDITORS: amounts falling due			
Within one year	12	<u>(20,848)</u>	<u>(5,585)</u>
NET CURRENT LIABILITIES		<u>(217)</u>	<u>(155)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>141</u>	<u>81</u>
NET ASSETS		<u>141</u>	<u>81</u>
RESERVES			
Profit and loss account	13	<u>141</u>	<u>81</u>
MEMBERS' FUNDS	13	<u>141</u>	<u>81</u>

These financial statements were approved by the Board of Directors on 14 April 1999.

Signed on behalf of the Board of Directors

Lord MacLaurin

Director


CASH FLOW STATEMENT
For the year ended 31 December 1998

	Note	1998 £'000	1997 £'000
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	14	6,274	(32)
Returns on investments and servicing of finance			
Interest received		211	170
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		211	170
Taxation paid		(78)	-
Capital expenditure and financial investment			
Net cash acquired with business	3	8	647
Purchase of tangible fixed assets	9	(239)	(281)
NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(231)	366
INCREASE IN CASH DURING THE YEAR	15	6,176	504
Reconciliation of net cash inflow to movement in net funds			
Increase in cash during the year	15	6,176	504
Opening net funds at 1 January/incorporation		504	-
Closing net funds at 31 December	15	6,680	504

All operating cashflows derive from continuing operations.

**NOTES TO THE ACCOUNTS****For the year ended 31 December 1998****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

The amount reported as turnover represents revenue from gross ticket income, sponsorship, television and radio, perimeter advertising, promotions and sundry income after deduction of Value Added Tax.

1999 World Cup

Amounts receivable and payable in respect of the 1999 World Cup will be accounted for in the profit and loss account of the financial statements for the year ended 31 December 1999.

Goodwill

Negative goodwill, being the excess of the fair value of net assets acquired over the purchase price, is credited to the profit and loss account in the period in which the net assets are realised for cash.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Leasehold improvements	10 % per annum
Fixtures, fittings and office equipment	20% - 33 1/3 % per annum

Stocks

Stocks are stated at the lower of cost and net realisable value.

Investments

Investments held are stated at cost less provision for any permanent diminution in value.

Accounting for overseas tours

The income and expenditure in respect of individual tours for the 1998/99 winter overseas tour programme are recognised in the profit and loss account in the accounting period in which the tour occurs.

Translation of foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Exchange gains and losses, arising on both settled and unsettled foreign currency transactions, are included in the results on ordinary activities before taxation.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases.

Pensions

The company operates a defined benefit pension scheme and a defined contribution scheme.

Contributions to the defined benefit pension scheme, as recommended by a qualified actuary, are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. Contributions to the defined contribution scheme are charged to the profit and loss account in the period in which they become payable.


NOTES TO THE ACCOUNTS
For the year ended 31 December 1998
2. LIABILITY OF MEMBERS

England and Wales Cricket Board Limited ("ECB") is a company limited by guarantee and has no share capital. Each member has guaranteed to contribute a sum not exceeding £10 for payment of the company's debts and liabilities should the company be wound up. There are 39 members as at 31 December 1998.

3. ACQUISITION OF BUSINESS

On 1 May 1998, ECB acquired the assets, liabilities and trade of the Women's Cricket Association ("WCA") for £1 cash total consideration. The net book value of the assets acquired is £100,000.

	£'000
Net assets acquired	
Tangible fixed assets	7
Stock	-
Debtors	85
Cash	8
Creditors	-
	<hr/>
Net assets acquired	100
	<hr/>
Satisfied by	
Cash	-
	<hr/>
Negative goodwill arising on acquisition	100
	<hr/> <hr/>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION IS STATED AFTER CHARGING/(CREDITING):

	1998 £'000	1997 £'000
Loss on foreign currency exchange	62	23
Operating leases:		
Land and Buildings	160	160
Other equipment	109	90
Auditors' remuneration:		
Audit fees	29	29
Other services	47	60
Amortisation of negative goodwill (note 9)	(100)	(213)
Depreciation of tangible fixed assets (note 9)	124	51
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS
For the year ended 31 December 1998

5. EMPLOYEES

The average number of persons employed by the company during the period was 135 (1997 – 128).

	1998 £'000	1997 £'000
All staff were employed in cricketing activities:		
Aggregate costs:		
Wages and salaries	4,290	3,343
Social security	404	326
Other pension costs	578	449
	<u>5,272</u>	<u>4,118</u>

Additional costs for cricketers arise in 1998 due to timing differences in the overseas international programme. 1998 incorporated both the West Indies and Australian tours.

6. DIRECTORS' EMOLUMENTS

Directors' emoluments of £23,000 (1997 - £nil) were paid to Mr R Bennett in respect of his appointment as Manager for the 1998 England tour to the West Indies. (Pension contributions £nil) (1997 - £nil).

No other fees were paid (1997 - £ nil) and no director is a member of the pension schemes described in note 17.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	1998 £'000	1997 £'000
Interest received	<u>211</u>	<u>170</u>

8. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1998 £'000	1997 £'000
United Kingdom corporation tax at 31% (1997 – 31½%)	100	93
Overprovision in prior years	<u>(15)</u>	<u>-</u>
	<u>85</u>	<u>93</u>

The level of tax charge arises from expenditure not deductible for tax purposes.



NOTES TO THE ACCOUNTS
For the year ended 31 December 1998

9. FIXED ASSETS

Tangible fixed assets

	Leasehold improve- ments £'000	Fixtures, fittings and office equipment £'000	Total £'000
Cost			
At 1 January 1998	39	248	287
Cost of tangible fixed assets acquired with WCA	-	7	7
Additions	4	235	239
At 31 December 1998	43	490	533
Accumulated depreciation			
At 1 January 1998	3	48	51
Charge for the year	4	120	124
At 31 December 1998	7	168	175
Net book value			
At 31 December 1998	36	322	358
At 31 December 1997	36	200	236


NOTES TO THE ACCOUNTS
For the year ended 31 December 1998
9. FIXED ASSETS (continued)
Negative goodwill

	Total £'000
Cost	
At 1 January 1998	(213)
Negative goodwill arising on acquisition of WCA	(100)
At 31 December 1998	<u>(313)</u>
Accumulated amortisation	
At 1 January 1998	213
Credited to profit and loss account for the year	100
At 31 December 1998	<u>313</u>
Net book value	
At 31 December 1998	<u>-</u>
At 31 December 1997	<u>-</u>

Negative goodwill of £100,000 has been credited to the profit and loss account for the year, in accordance with FRS 10, because it arises wholly on assets which have been realised for cash by 31 December 1998.

Investments

ECB and Marylebone Cricket Club ("MCC") are both £50 guarantors of Lords.org Limited, a company limited by guarantee. This investment is held at £nil cost in the balance sheet. Lords.org Limited is incorporated in Great Britain and its principal activity is to produce and develop the official website of the ECB and MCC. During the year, Lords.org Limited recorded turnover of £40,000 (1997 - £88,000), loss before and after tax of £142,000 (1997 - £89,000) and at 31 December 1998 has net liabilities of £231,000 (1997 - £89,000) including amounts due to ECB of £100,000 (1997 - £60,000).

On 1 January 1998, ECB sold its investment of 2 £1 "B" shares in Kwik Cricket Limited to the Cricket Foundation for £2 consideration.

10. STOCKS

	1998 £'000	1997 £'000
Goods held for resale	<u>240</u>	<u>166</u>


NOTES TO THE ACCOUNTS
For the year ended 31 December 1998
11. DEBTORS

	1998 £'000	1997 £'000
Trade debtors	872	512
Other debtors	641	786
Prepayments and accrued income	1,812	906
Payments in respect of the World Cup	6,932	2,556
Debtors in respect of the World Cup	3,454	-
	<u>13,711</u>	<u>4,760</u>

In accordance with agreed terms between the International Cricket Council ("ICC") and ECB, ECB is the principal staging the 1999 World Cup and will account for all moneys receivable and payable in respect of staging the World Cup. Income and expenditure will be accounted for in the financial statements for the year ended 31 December 1999. As at 31 December 1998 ECB has received and paid moneys in accordance with the terms of contracts it has entered into in respect of staging the World Cup. Accordingly, included within debtors and creditors are £10,386,000 (1997 - £2,556,000) and £17,406,000 (1997 - £2,480,000) respectively of costs paid in advance and amounts receivable in advance of the World Cup. The directors are of the opinion that the event will be profitable.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £'000	1997 £'000
Trade creditors	2,389	1,330
Other creditors	122	586
Income receivable in respect of the World Cup (note 11)	17,406	2,480
Corporation tax payable	100	93
Accruals and deferred income	831	1,096
	<u>20,848</u>	<u>5,585</u>

13. COMBINED STATEMENT OF MOVEMENTS IN MEMBERS' FUNDS AND STATEMENT OF MOVEMENT IN RESERVES

	Profit and loss account £'000	Members' Funds £'000
At 1 January 1998	81	81
Retained profit for the year	60	60
	<u>141</u>	<u>141</u>
At 31 December 1998	141	141


NOTES TO THE ACCOUNTS
For the year ended 31 December 1998
14. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	1998 £'000	1997 £'000
Operating (loss)/profit	(66)	4
Depreciation of tangible fixed assets	124	51
Amortisation of negative goodwill	(100)	(213)
Increase in stocks	(74)	(139)
Increase in debtors	(8,866)	(2,637)
Increase in creditors	15,256	2,902
Net cash inflow/(outflow) from operating activities	<u>6,274</u>	<u>(32)</u>

15. ANALYSIS OF MOVEMENT IN NET FUNDS

	1998 £'000	1997 £'000
At 1 January/incorporation	504	-
Increase/(decrease) in cash during the year (excluding acquisitions)	6,168	(143)
Cash acquired with business (note 3)	8	647
Balance at 31 December	<u>6,680</u>	<u>504</u>

16. OPERATING LEASE COMMITMENTS

The company has the following commitments to make payments in the next year, under operating leases analysed between those where the commitment expires:

	1998			1997		
	Land and Buildings £'000	Other £'000	Total £'000	Land and Buildings £'000	Other £'000	Total £'000
Within one year	-	73	73	-	-	-
Between one and two years	-	36	36	-	82	82
Between two and five years	-	-	-	-	21	21
After five years	160	-	160	160	-	160
	<u>160</u>	<u>109</u>	<u>269</u>	<u>160</u>	<u>103</u>	<u>263</u>

**NOTES TO THE ACCOUNTS****For the year ended 31 December 1998****17. PENSIONS**

The company operates a defined benefit pension scheme (the ECB Retirement and Death Benefits Scheme ("the scheme")) whose assets are held in independent trustee administered funds. Contributions payable during the year were £484,000 (1997 - £383,000). Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation of the scheme was carried out as at 1 January 1997.

The principal actuarial assumptions used were a rate of return in investments of 8½% per annum, salary increases of 6½% per annum and an allowance for pensions to increase at a rate in accordance with the scheme's rules, depending on the benefits.

At the valuation date the actuarial value of the assets on this basis was sufficient to cover 90% of the benefits that had accrued to members in the scheme. The actuarially assessed value of the scheme's assets was £3,379,000.

The company also made contributions to the ECB Group Pension Plan for Professional Cricketers and the ECB Group Pension Plan, both defined contributions schemes, amounting to £87,000 (1997 - £66,000) and £7,000 (1997 - £nil) respectively.

18. RELATED PARTY TRANSACTIONS

The directors have identified a number of cricketing organisations for which payments by the ECB represents a significant source of income.

1. The eighteen first class counties, Marylebone Cricket Club ("MCC") and the Minor Counties Cricket Association have charged ECB amounts totalling £28,177,000 (1997 - £24,364,000), in respect of fees for the provision of ground facilities and cricketers for matches under the control of ECB, and amounts payable under the terms of licence fees and other commercial agreements. As at 31 December 1998 ECB owed these parties £294,000 (1997 - £388,000) of unpaid fees.
2. The directors have identified Cambridge University Cricket Club, Irish Cricket Union, Koninklijke Cricket Bond, Kwik Cricket Limited, Oxford University Cricket Club, Professional Cricketers' Association, Lords.org Limited, England Players' Pool and Scottish Cricket Union as being related and to which ECB has made payments. During the period, amounts totalling £962,000 (1997 - £1,109,000) were paid to these organisations.
3. ECB paid £160,000 (1997 - £160,000) commercial rent to MCC in respect of the leasehold property.
4. ECB paid premiums of £616,000 (1997 - £461,000) to Reigndei Limited, an insurance company beneficially owned by the eighteen first class counties, MCC and the MCCA.
5. ECB made donations amounting to £2,350,000 (1997 - £2,550,000) to the Cricket Foundation during the year.
6. ECB has advanced £3,278,000 (1997 - £1,754,000) to the ICC in respect of the 1999 World Cup.