

The Football Stadia Improvement Fund Ltd

Annual Report and Financial Statements
for the year ended 31 May 2008



**The Football Stadia
Improvement Fund**
supporter of the football foundation

Directors and Advisers

Directors

R C Scudamore *
R F Burden *
Lord Triesman
Rt Hon Richard Caborn MP

*Member of Audit and Remuneration Committee

Secretary

R W Booker

Registered office

30 Gloucester Place
London
W1U 8FF

Solicitors

Bates, Wells & Braithwaite
Cheapside House
138 Cheapside
London
EC2V 6BB

Registered auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

Barclays Bank PLC
Hanover Square Corporate Banking Group
50 Pall Mall
London
SW1A 1QD

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Directors' report for the year ended 31 May 2008

The directors present their report and the audited financial statements of the company for the year ended 31 May 2008.



Membership

The members of the company are The Football Association and the Premier League. The company is a Company Limited by Guarantee. Each member of the company undertakes to contribute such amount as may be required, not exceeding £1, to the company's assets if it should be wound up while they are a member or within one year after they cease to be members.

Principal activities

The principal activity of the company is to provide funding for activities relating to the safety and comfort of spectators at, and the re-development of, football stadia.

Review of activities

The results for the year are set out in the profit and loss account on page 8. Both the level of activity and the year-end financial position were satisfactory. The directors expect the level of activity to be maintained over the next few years.

The Football Association and the Premier League have agreed to fund the company's planned activities for at least a further three years with effect from 1 June 2007.

Capital donations received in the year are set out in note 11 to the financial statements, and include monies received from The Football Association and the Premier League.

Directors

Directors are appointed as follows:

The Football Association:	Two directors
The Premier League:	Two directors
Sport England:	One director
The Department for Culture, Media and Sport:	One director

The directors who all held office throughout the year and up to the date of signing these financial statements, except as noted, are given below:

Sir David Richards (resigned 23 September 2008)

R C Scudamore

G Thompson (resigned 14 May 2008)

R F Burden

Baroness Taylor (resigned 21 November 2007)

Lord Giddens (resigned 17 September 2008)

Lord Triesman (appointed 14 May 2008)

Rt Hon Richard Caborn MP (appointed 12 March 2008)

The Directors would like to express their gratitude to the Directors who have resigned during the year and in particular to the out going Chairman, Sir David Richards for his commitment and efforts over the past eight years.

Financial risk management

The company's operations expose it to a variety of risks that include liquidity risk and interest rate risk. In view of the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The directors seek to manage these risks as follows:

Liquidity risk

The company operates with short term financing designed to ensure that the company has sufficient funds available for operation. The members have agreed to provide financial support to the Football Stadia Improvement Fund Limited, as and when required, up to the amount of working capital necessary to ensure that it is able to meet its debts as they fall due.

Interest rate risk

The company's bank facilities are subject to variable rates of interest with no hedging in place to manage exposure to changes in those rates. This policy will be revisited should the directors consider it necessary.

Statement of Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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:

- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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

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

Statement of disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and he/she has taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of the information.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board



R W Booker

Company Secretary

Independent auditors' report to the members of the Football Stadia Improvement Fund Limited

We have audited the financial statements of the Football Stadia Improvement Fund for the year ended 31 May 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

6 November 2008.

Profit and loss account

for the year ended 31 May 2008

	Notes	Year ended 31 May 2008 £'000	Year ended 31 May 2007 £'000
Income			
Interest received	3	100	184
Other income		83	95
Expenditure			
Operating expenses		<u>(578)</u>	<u>(575)</u>
Operating loss	2	(395)	(296)
Gift aid payment to the Football Foundation		<u>(72)</u>	<u>(168)</u>
Loss on ordinary activities before taxation		(467)	(464)
Taxation	6	-	-
Loss for the financial year	13	<u>(467)</u>	<u>(464)</u>

All activities are continuing.

The company had no gains or losses other than those included in the result above. Therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

Balance sheet

as at 31 May 2008

	Notes	31 May 2008 £'000	Restated 31 May 2007 £'000
Fixed assets			
Intangible assets	7	-	-
Current assets			
Debtors			
due within one year	8	3,189	7,241
due in more than one year	9	2,000	2,015
Cash on deposit		3,133	3,434
		<u>8,322</u>	<u>12,690</u>
Creditors: amounts falling due within one year	10	<u>(11,052)</u>	<u>(14,953)</u>
Net current liabilities		<u>(2,730)</u>	<u>(2,263)</u>
Total assets less current liabilities		<u>(2,730)</u>	<u>(2,263)</u>
Net liabilities		<u>(2,730)</u>	<u>(2,263)</u>
Reserves			
Profit and loss account	13	<u>(2,730)</u>	<u>(2,263)</u>

The financial statements which comprise the profit and loss account, the balance sheet and the related notes were approved by the board of Directors and signed on its behalf on 5 November 2008 by:



Roger Burden
 Director

Notes to the financial statements

for the year ended 31 May 2008

I. Principal accounting policies

The financial statements have been prepared under the historical cost convention, in accordance with the Companies Act 1985 and with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Capital funds have been reclassified as accrued income in debtors rather than off-setting against creditors. The effect of this change is to increase debtors by £2.955m (2007: £6.917m) and increase creditors by £2.955m (2007: £6.917m).

Going concern

The Football Association and the Premier League have confirmed to the directors that they will provide funds over the next two years as part of their commitment to the company that will enable the company to meet the grant commitments that it has made in advance of the receipt of funding.

The Football Association and the Premier League have also confirmed that they will provide sufficient financial support to the company to enable it to meet its commitments as they fall due and for at least another twelve months after the date of signing these financial statements.

Cash flow statement

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985 and consequently has taken advantage of the exemption provided by FRS1 (Revised) relating to small companies and has not published a cash flow statement.

Goodwill

Negative goodwill represents the excess of the fair value of the consideration paid for assets acquired from The Football Trust over the fair value of those assets. Negative goodwill has been credited to the profit and loss account on a straight-line basis over its expected useful economic life.

Donations

Capital donations received during the year are accounted for on cash received basis, and have been included in the movements in capital funds.

Grants

Grants payable are charged against the capital funds when the grant has been authorised and a signed acceptance received from the recipient. This is deemed to have created a constructive liability as there are no significant conditions attached to payment of the grants.

Pension costs

The company makes payments into a personal pension scheme in respect of certain employees, the assets of which are held separately from those of the company in an independently administered fund. Contributions under this money purchase scheme are accounted for as they fall due for payment.

Deferred taxation

Provision is made for deferred taxation using the incremental liability method where the directors consider deferred taxation has a material impact on the financial statements. Material deferred tax assets are only recognised to the extent they are recoverable.

2. Operating loss

Operating loss is stated after charging:

	Year ended 31 May 2008 £'000	Year ended 31 May 2007 £'000
Auditors' remuneration – for audit services	11	12
Auditors' remuneration – for non-audit services	<u>5</u>	<u>5</u>

3. Interest receivable

	Year ended 31 May 2008 £'000	Year ended 31 May 2007 £'000
Bank interest received	<u>100</u>	<u>184</u>

4. Directors' emoluments

Staff costs include the following remuneration paid to directors:

	Year ended 31 May 2008 £'000	Year ended 31 May 2007 £'000
Wages and salaries	10	35
Social security costs	1	2
	<u>11</u>	<u>37</u>

5. Employees and staff costs (including directors)

	Year ended 31 May 2008 £'000	Year ended 31 May 2007 £'000
Wages and salaries	253	259
Social security costs	26	27
Pension contributions	15	13
	<u>294</u>	<u>299</u>

The employees of the Football Stadia Improvement Fund have joint contracts with the Football Foundation. A proportion of their costs incurred have been recharged to the Football Stadia Improvement Fund Limited by the Football Foundation as set out above.

6. Taxation

The Football Stadia Improvement Fund Limited covenants its taxable profit for the year to the Football Foundation, which is a registered charity. No liability to Corporation Tax therefore arises.

a. Analysis of charge in the year	Year ended	Year ended
	31 May 2008	31 May 2007
	£'000	£'000
Current tax		
On losses for the year	-	-

b. Factors affecting the tax charge for the year	Year ended	Year ended
	31 May 2008	31 May 2007
	£'000	£'000
Loss on ordinary activities before payment of deed of gift aid and taxation	(395)	(296)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(119)	(89)
Expenses not deductible for tax purposes	141	139
Taxation on gift aid payments	(22)	(50)
	-	-

c. Factors likely to effect future tax charges

The company covenants its taxable profits to the Football Foundation and is unlikely to attract tax charges in the foreseeable future.

A deferred tax asset has not been recognised on the basis that sufficient profits cannot be guaranteed at this stage of the company's development.

7. Intangible fixed assets

	Negative goodwill
	£'000
Cost	
At 1 June 2007 and 31 May 2008	343
Amortisation	
At 1 June 2007 and 31 May 2008	343
Net book value	
At 1 June 2007 and 31 May 2008	-

The negative goodwill, which arose on the acquisition of assets from The Football Trust, has been fully amortised over four years, this being the initial period over which the Football Stadia Improvement Fund received its share of funding from The Football Association, the Premier League and the Government.

8. Debtors due within one year

	31 May 2008	Restated 31 May 2007
	£'000	£'000
Loans to football clubs (see note 9)	77	170
Amount due from the Football Foundation Trading Limited	139	108
Other debtors	4	18
Accrued capital funds (see note 11)	2,955	6,917
Prepayments and accrued income	14	28
	<u>3,189</u>	<u>7,241</u>

9. Debtors due within more than one year

	31 May 2008	31 May 2007
	£'000	£'000
Loans to football clubs	<u>2,000</u>	<u>2,015</u>

Loans to football clubs represent amounts advanced to certain Football League clubs. The loans are repayable over periods of up to ten years and are interest free and guaranteed by the Football League as appropriate.

10. Creditors: amounts falling due within one year

	31 May 2008	Restated 31 May 2007
	£'000	£'000
Grants payable	10,824	13,980
Trade creditors	11	8
Amounts due to the Football Foundation	176	918
Corporation tax payable	6	8
Accruals	35	39
	<u>11,052</u>	<u>14,953</u>

Amounts due to the Football Foundation are unsecured, are not interest bearing and have no fixed repayment date.

11. Capital Funds

	Littlewoods Spot the Ball account £'000	Football Association Contribution account £'000	Premier League Contribution account £'000	Funds held for Wales and Northern Ireland (Note 12) £'000	Total £'000
At 1 June 2007	329	(5,096)	(2,938)	788	(6,917)
Funds received	-	5,625	2,812	-	8,437
Interest received	4	-	-	33	37
Tax payable on interest	-	-	-	(7)	(7)
Less:					
Grants payable out of capital	-	(1,926)	(2,579)	-	(4,505)
Funds released	-	-	-	-	-
Expenses	-	-	-	-	-
Balance at 31 May 2008	333	(1,397)	(2,705)	814	(2,955)

Funds are paid out over a period as and when grants are made. This period can exceed one year, although certain amounts will be paid out in the succeeding financial year. The grants payable exceeds the funds received, resulting in an overall capital deficit. The Football Association and the Premier League have confirmed that they will provide sufficient financial support to the company to enable it to meet its creditors as they fall due (see note 1). The above capital deficit has been recognised in the financial statements (note 8) as amounts immediately due to cover the company's grant over-commitment.

12. Funds held for Wales and Northern Ireland

	Wales:		Northern Ireland:		Total £'000
	Football Association of Wales Contribution account £'000	Littlewoods Spot the Ball account £'000			
At 1 June 2007	718	70			788
Funds added	-	-			-
Interest received	33	-			33
Tax payable on interest	(7)	-			(7)
Less:					
Funds released	-	-			-
Expenses	-	-			-
Balance at 31 May 2008	744	70			814

13. Profit and loss account

	31 May 2008	31 May 2007
	£'000	£'000
At 1 June	(2,263)	(1,799)
Loss for the year	(467)	(464)
At 31 May	(2,730)	(2,263)

14. Commitments

All grant commitments have been recognised once the grant recipient has confirmed their acceptance of offer.

15. Related party transactions

Sir David Richards and Mr R.C. Scudamore are the Chairman and Chief Executive of the Premier League respectively. The Premier League donated £2,812,500 (2007: £2,812,500) to the Football Stadia Improvement Fund during the year.

Mr G.Thompson is the Chairman and Sir David Richards and Mr Burden are directors of The Football Association. The Football Association donated £5,625,000 (2007: £nil) to the Football Stadia Improvement Fund during the year.

As described in note 5, employees of the Football Stadia Improvement Fund have joint employment contracts with the Football Foundation and, accordingly, a portion of their costs incurred have been recharged to the Football Stadia Improvement Fund. In addition the Football Foundation recharges the Football Stadia Improvement Fund Limited for an agreed proportion of its running costs.

The Football Stadia Improvement Fund gifts (under gift aid) its taxable profit for the year to the Football Foundation, which is a registered charity.

16. Ultimate controlling party

Each of The Football Association and the Premier League control 50 per cent of the Football Stadia Improvement Fund Limited. Accordingly there is no ultimate controlling party.



FUNDING PARTNERS

The Football Stadia Improvement Fund 30 Gloucester Place London W1U 8FF
T 0845 345 4555 F 0845 345 7057 E enquiries@footballfoundation.org.uk W www.footballfoundation.org.uk
Company Number 4007132 Registered in England and Wales

www.footballfoundation.org.uk/stadia

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