



THE FOOTBALL STADIA IMPROVEMENT FUND
ANNUAL REPORT for the year ended 31 May 2003

Company Registered Number: 04007132



Contents

Directors and advisers	2	Profit and loss account for the year ended 31 May 2003	6
Directors' Report for the year ended 31 May 2003	3	Balance sheet as at 31 May 2003	7
Independent auditors' report to the members of The Football Stadia Improvement Fund Limited	5	Notes to the financial statements for the year ended 31 May 2003	8

Directors & advisors

Directors

Rt Hon Lord Pendry
(resigned 31 March 2003)

T D Brooking

D G Richards

R C Scudamore

G Thompson

F Pattison
(resigned 2 November 2002)

R F Burden
(appointed 31 March 2003)

Rt Hon W A Taylor MP
(appointed 13 August 2003)

Secretary

P A Lee

Registered office

25 Soho Square
London
W1D 4FF

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

Directors' Report

for the year ended 31 May 2003

The directors present their report and the audited financial statements of the company for the year ended 31 May 2003.

Membership

The members of the company are The Football Association and The F.A. 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.

Review of activities

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

The results for the year are set out in the profit and loss account on page 6.

Both the level of activity and the year-end financial position were satisfactory. The directors expect the level of activity to increase substantially over the next few years.

Donations received in the year are set out in Note 11 to the financial statements, and include monies received from The Football Association, The F.A. Premier League and Sport England. Future funding will be from the Football Association, the F.A. Premier League and Sport England plus a potential contribution from the pools companies based on their turnover.

Directors

Directors are appointed as follows:

The Football Association: Two directors

The F.A. Premier League: Two directors

Sport England: One director

The Department for Culture,
Media and Sport: One director

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 May 2003 and that applicable accounting standards have been followed.

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.

Auditors

Following the conversion of PricewaterhouseCoopers to a limited liability partnership (LLP), PricewaterhouseCoopers resigned as auditors of The Football Stadia Improvement Fund with effect from 10 February 2003. The Trustees appointed PricewaterhouseCoopers LLP as auditors to fill the casual vacancy until the Annual General Meeting. PricewaterhouseCoopers LLP have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board



P A Lee

Company Secretary

Independent auditors' report

to the members of The Football Stadia Improvement Fund Limited [LCF1]

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members 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 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

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 at 31 May 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

Chartered Accountants
and Registered Auditors
London

Profit and loss account for the year ended 31 May 2003

	Notes	Year ended 31 May 2003	Year ended 31 May 2002
		£'000	£'000
Income			
Interest received	4	426	544
Other Income		25	-
Expenditure			
Operating expenses		(494)	(353)
Operating (loss)/profit	3	(43)	191
Gift aid payment to The Football Foundation		(337)	(458)
Loss before taxation		(380)	(267)
Taxation	7	-	-
Loss after taxation		(380)	(267)
Retained loss for the year	13	(380)	(267)

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.

Balance sheet as at 31 May 2003

	Notes	31 May 2003 £'000	31 May 2002 £'000 Re-stated
Fixed assets			
Intangible assets	8	(86)	(171)
Current assets			
Debtors – due within one year	9	1,719	2,260
– due in more than one year	9	2,004	3,294
Cash on deposit		13,031	18,298
		16,754	23,852
Creditors: amounts falling due within one year	10	(10,774)	(13,556)
Net current assets		5,980	10,296
Total assets less current liabilities		5,894	10,125
Capital Funds: falling due in more than one year	11	(6,842)	(10,693)
Net liabilities		(948)	(568)
Capital and reserves			
Profit and loss account	13	(948)	(568)

The financial statements which comprise the profit and loss account, the balance sheet and the related notes were approved by the board of directors on 12 December 2003 [PMM2] and were signed on its behalf by:

DG Richards.

Director

Notes to the financial statements

for the year ended 31 May 2003

1. Principal accounting policies

The financial statements have been prepared in accordance 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.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom. The principal accounting policies of the company are set out below.

Financial Reporting Standard 18 – Accounting Policies, effective for accounting periods ending on or after 22 June 2001 has been adopted. The directors have reviewed the company's accounting policies and consider that the financial statements are prepared in accordance with FRS18.

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 Financial Reporting Standard No. 1 (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 is 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 a 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 communicated to 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.

2. Prior period adjustment

Following a review of the grants payable, it was decided that there is a constructive obligation to recognise grants which have been both authorised and communicated to the recipient, and that the remaining conditions are not significant enough to delay recognising these in the financial statements. As a result of this, the company has re-categorised those grants disclosed as committed in the prior year as grants payable.

Note 11 shows the effect on results for the prior year.

Notes to the financial statements

for the year ended 31 May 2003

3. Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting):

	Year ended 31 May 2003	Year ended 31 May 2002
	£'000	£'000
Amortisation of negative goodwill	(85)	(86)
Auditors' remuneration – for audit services	7	10
Auditors' remuneration – for non-audit services	11	31

4. Interest receivable

	Year ended 31 May 2003	Year ended 31 May 2002
	£'000	£'000
Bank interest received	426	544

5. Directors' emoluments

Staff costs include the following remuneration paid to directors:

	Year ended 31 May 2003	Year ended 31 May 2002
	£'000	£'000
Wages and salaries	31	34
Social security costs	4	2
Pension costs	-	-

6. Employees and staff costs

	Year ended 31 May 2003	Year ended 31 May 2002
	£'000	£'000
Wages and salaries	151	83
Social security costs	15	9
Pension contributions	7	6
	173	98

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.

7. Taxation

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

8. Intangible fixed assets

	Negative Goodwill £'000
Cost	
At 1 June 2002	(344)
At 31 May 2003	(344)
Amortisation	
At 1 June 2002	173
Released in year	85
At 31 May 2003	258
Net book value	
At 31 May 2003	86
At 1 June 2002	(171)

The negative goodwill, which arose on the acquisition of assets from The Football Trust, is amortised over four years, this being the initial period over which The Football Stadia Improvement Fund will receive its share of funding from The Football Association, The F.A. Premier League and the Government.

9. Debtors

	Year ended 31 May 2003	Year ended 31 May 2002
	£'000	£'000
Loans to football clubs:		
– amounts due within one year	1,821	2,186
– amounts due after one year	2,004	3,294
Other debtors	70	-
Prepayments and accrued income	4	74
Provision for bad and doubtful debts	(176)	-
	3,723	5,554

Loans to football clubs represent amounts advanced to certain F.A. Premier League, Football League and Scottish football clubs. The loans are repayable over periods of up to five years and are interest free. The F.A. Premier League and Football League guarantee the loans to English Clubs as appropriate. Loans to Scottish football clubs are guaranteed by The Scottish Premier League and Scottish Football League as appropriate.

10. Creditors: amounts falling due within one year

	Year ended 31 May 2003	Year ended 31 May 2002
	£'000	£'000
Grants payable	10,016	12,754
Trade creditors	361	116
Accruals	397	686
	10,774	13,556

The inclusion of grants awarded not yet paid is a result of the change in accounting policy during 2002/03. See note 2 for more details.

11. Capital Funds

	Reduction in Pool Betting Duty account	Littlewoods Spot the Ball account	Football Association Contribution account	F.A. Premier League Contribution account	Sport England	Funds held for Scotland, Wales and N. Ireland (Note 12)	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening balances 1 June 2002	3,869	329	7,952	8,299	(1,393)	4,391	23,447
Effect of prior period adjustment	(369)	-	(3,403)	(5,573)	(3,409)	-	(12,754)
Revised opening balances	3,500	329	4,549	2,726	(4,802)	4,391	10,693
Funds received	969	-	1,000	7,000	4,810	403	14,182
Interest received	-	-	-	-	-	145	145
Tax payable on interest	-	-	-	-	-	(34)	(34)
Less:							
Grants paid out of capital	(1,350)	-	(7,636)	(8,742)	(8)	(6)	(17,742)
Funds released	-	-	-	-	-	(409)	(409)
Expenses	-	-	-	-	-	(7)	(7)
Balance at 31 May 2003	3,119	329	(2,087)	984	-	4,485	6,842

Capital grants have been disclosed in the Balance Sheet as due in more than one year as funds will be paid out over a period as and when grants are made. This period will exceed one year, although certain amounts will be paid out in the succeeding financial year.

12. Funds held for Scotland, Wales and Northern Ireland

	Scotland			Wales		Northern Ireland		Total
	Littlewoods Spot The Ball account	Reduction in Pool Betting Duty	Scottish F.A Contribution account	Reduction in Pool Betting Duty	F.A. of Wales Contribution account	Littlewoods Spot The Ball account	Reduction in Pool Betting Duty	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening balances at 1 June 2002	489	327	3,281	43	68	70	113	4,391
Funds added	-	86	-	87	-	-	231	404
Interest received	18	9	114	1	3	-	1	146
Tax payable on interest	(4)	(2)	(26)	-	(1)	-	(1)	(34)
Less:								
Grants paid out of capital	(6)	-	-	-	-	-	-	(6)
Funds released	-	(87)	-	(88)	-	-	(234)	(409)
Expenses	(6)	-	(1)	-	-	-	-	(7)
Balance at 31 May 2003	491	333	3,368	43	70	70	110	4,485

13. Profit and loss account

	2003	2002
	£	£
At 1 June 2002	(568)	(301)
Retained (loss) for the year	(380)	(267)
At 31 May 2003	(948)	(568)

14. Commitments

As a result of the change in accounting policy, all grant commitments have been recognised in the SoFA during the year. There are no further commitments.

15. Related party transactions

Mr R C Scudamore and Mr D G Richards are the Chief Executive and Chairman of The F.A. Premier League respectively. The F.A. Premier League donated £7,000,000 to The Football Stadia Improvement Fund during the year.

Mr G. Thompson is the Chairman of The Football Association. The Football Association donated £1,000,000 to The Football Stadia Improvement Fund during the year.

Mr T D Brooking was the Chairman of Sport England. Sport England donated £4,810,000 to The Football Stadia Improvement Fund during the year.

As described in Note 6, 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 F.A. Premier League control 50 per cent of The Football Stadia Improvement Fund Limited. Accordingly there is no ultimate controlling party.





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