

# ANNUAL REPORT

The Football Stadia Improvement Fund Annual Report and Accounts for the year ended 31 May 2005  
Company Number 4007132



improving facilities • creating opportunities • building communities



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

# Annual Report and Accounts

for the year ended 31 May 2005



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## Directors and advisers

### TRUSTEES AND DIRECTORS

D G Richards  
R C Scudamore \*  
G Thompson  
R F Burden \*  
Rt Hon W A Taylor MP

\* Member of Audit and Remuneration Committees

### CHIEF EXECUTIVE & SECRETARY

P A Lee

### 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

# Directors' report

for the year ended 31 May 2005



The directors present their report and the audited financial statements of the company for the year ended 31 May 2005.

## 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.

## PRINCIPAL ACTIVITIES

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

## REVIEW OF ACTIVITIES

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 be maintained over the next few years.

The Football Association and the F.A. Premier League have agreed to fund the company's planned activities over three years with effect from 1 June 2004.

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 F.A. Premier League.



## 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

The directors that served during the year and to the date of this report were:

Sir Trevor Brooking (resigned 2 June 2005)

D G Richards

R C Scudamore \*

G Thompson

R F Burden \*

Rt Hon W A Taylor MP

## 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 2005 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.

The directors are responsible for the maintenance and integrity of the organisation's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## 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

P A Lee

Company secretary

# Independent auditors' report

to the members of the Football Stadia Improvement Fund Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

## RESPECTIVE RESPONSIBILITIES OF THE 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.

## 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 2005 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**  
**7 December 2005**

# Profit and loss account

for the year ended 31 May 2005

	Notes	Year ended 31 May 2005 £'000	Year ended 31 May 2004 £'000
<b>Income</b>			
Interest received	3	418	422
Other income		26	28
<b>Expenditure</b>			
Operating expenses		(259)	(488)
<b>Operating profit/loss</b>	2	185	(38)
Gift aid payment to The Football Foundation	6	(403)	(333)
<b>Loss on ordinary activities before taxation</b>		(218)	(371)
Taxation	6	-	-
<b>Loss on ordinary activities after taxation</b>		(218)	(371)
<b>Loss for the financial year</b>	13	(218)	(371)

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 profit/(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 2005

		31 May 2005	31 May 2004
	Notes	£'000	£'000
<b>Fixed assets</b>			
Intangible assets	7	-	-
<b>Current assets</b>			
Debtors – due within one year	8	1,795	1,116
– due in more than one year	9	2,599	1,234
Cash on deposit		9,186	16,314
		<b>13,580</b>	<b>18,664</b>
<b>Creditors: amounts falling due within one year</b>	10	<b>(15,117)</b>	<b>(9,753)</b>
<b>Net current (liabilities)/assets</b>		<b>(1,537)</b>	<b>8,911</b>
<b>Total assets less current liabilities</b>		<b>(1,537)</b>	<b>8,911</b>
<b>Capital Funds: falling due in more than one year</b>	11	<b>-</b>	<b>(10,230)</b>
<b>Net liabilities</b>		<b>(1,537)</b>	<b>(1,319)</b>
<b>Reserves</b>			
<b>Profit and loss account</b>	13	<b>(1,537)</b>	<b>(1,319)</b>

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 7 December 2005 and were signed on its behalf by:

*DG Richards*, Director

# Notes to the financial statements

for the year ended 31 May 2005



## 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.

### Going concern

The Football Association and The F.A. Premier League have confirmed to the directors that they will provide funds within the next year 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 F.A. Premier League have also confirmed that they will provide sufficient financial support to the company to enable it to meet its creditors as they fall due.

### 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 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, and the recipient has confirmed their acceptance of the offer. 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. OPERATING PROFIT/(LOSS)**

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

	Year ended 31 May 2005	Year ended 31 May 2004
	£'000	£'000
Amortisation of negative goodwill	-	(86)
Auditors' remuneration – for audit services	9	9
Auditors' remuneration – for non-audit services	4	-

**3. INTEREST RECEIVABLE**

	Year ended 31 May 2005	Year ended 31 May 2004
	£'000	£'000
Bank interest received	418	422

**4. DIRECTORS' EMOLUMENTS**

Staff costs include the following remuneration paid to directors:

	Year ended 31 May 2005	Year ended 31 May 2004
	£'000	£'000
Wages and salaries	10	10
Social security costs	1	1
	11	11

## 5. EMPLOYEES AND STAFF COSTS (INCLUDING DIRECTORS)

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 opposite.

	Year ended 31 May 2005	Year ended 31 May 2004
	£'000	£'000
Wages and salaries	144	131
Social security costs	15	15
Pension contributions	8	8
	167	154

## 6. 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.

a. Analysis of charge in the year	Year ended 31 May 2005	Year ended 31 May 2004
	£'000	£'000
Current tax		
On losses for the year	-	-

b. Factors affecting the tax charge for the year	Year ended 31 May 2005	Year ended 31 May 2004
	£'000	£'000
Profit/(loss) on ordinary activities before payment of deed of covenant and taxation	185	(38)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	55	(11)
Expenses not deductible for tax purposes	66	122
Taxation on covenant payments	(121)	(111)
	-	-

### 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.

## 7. INTANGIBLE FIXED ASSETS

The negative goodwill, which arose on the acquisition of assets from The Football Trust, has been 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.

	Negative Goodwill
	£'000
<b>Cost</b>	
At 1 June 2004 and 31 May 2005	(344)
<b>Amortisation</b>	
At 1 June 2004 and 31 May 2005	344
<b>Net book value</b>	
At 31 May 2004 and 31 May 2005	-

## 8. DEBTORS DUE WITHIN ONE YEAR

	Year ended 31 May 2005	Year ended 31 May 2004
	£'000	£'000
Loans to football clubs (see note 9)	143	955
Other debtors	55	37
Capital funds (see note 11)	1,578	-
Prepayments and accrued income	19	124
	<b>1,795</b>	<b>1,116</b>

## 9. DEBTORS DUE WITHIN MORE THAN ONE YEAR

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 ten 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.

	Year ended 31 May 2005	Year ended 31 May 2004
	£'000	£'000
Loans to football clubs	2,599	1,234

## 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Year ended 31 May 2005	Year ended 31 May 2004
	£'000	£'000
Grants payable	14,310	9,193
Trade creditors	731	140
Accruals	76	420
	<b>15,117</b>	<b>9,753</b>

## 11. CAPITAL FUNDS

	Reduction in Pool Betting Duty account	Littlewood Spot the Ball account	Football Association Contribution account	F.A. Premier League Contribution account	Funds held for Scotland, Wales and Northern Ireland (Note 12)	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 June 2004	3,961	329	2,816	(1,299)	4,423	10,230
Funds received	-	-	2,813	2,812	-	5,625
Interest received	-	-	-	-	173	173
Tax payable on interest	-	-	-	-	(47)	(47)
<b>Less:</b>						
Grants payable out of capital	(3,961)	-	(4,428)	(4,767)	-	(13,156)
Funds released	-	-	-	-	(4,396)	(4,396)
Expenses	-	-	-	-	(7)	(7)
Balance at 31 May 2005	-	329	1,201	(3,254)	146	(1,578)

In the previous year, capital grants were disclosed in the Balance sheet as due in more than one year as 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. However, in the current year the grants payable have exceeded the funding available, resulting in a debtor recoverable from the F.A and the F.A Premier League. The F.A. and the F.A. Premier League have confirmed to the directors that funds they have committed to The Football Stadia Improvement Fund, and that will be paid in 2005/06, will reimburse the company for this amount (see note 1).

## 12. FUNDS HELD FOR SCOTLAND, WALES AND NORTHERN IRELAND

The funds were released to The Scottish Football Partnership on 31 March 2005.

	Scotland			Wales		Northern Ireland		Total
	Littlewoods Spot the Ball account	Reduction in Pool Betting Duty	Scottish Football Association Contribution account	Reduction in Pool Betting Duty	Football Association of Wales Contribution account	Littlewoods Spot the Ball account	Reduction in Pool Betting Duty	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 June 2004	523	283	3,458	6	72	70	11	4,423
Interest received	21	12	136	-	4	-	-	173
Tax payable on interest	(6)	(3)	(38)	-	-	-	-	(47)
<b>Less:</b>								
Funds released	(523)	(300)	(3,556)	(6)	-	-	(11)	(4,396)
Expenses	(7)	-	-	-	-	-	-	(7)
Balance at 31 May 2005	8	(8)	-	-	76	70	-	146

### 13. PROFIT AND LOSS ACCOUNT

	31 May 2005	31 May 2004
	£'000	£'000
At 1 June 2004	(1,319)	(948)
Loss for the year	(218)	(371)
At 31 May 2005	(1,537)	(1,319)

### 14. COMMITMENTS

All grant commitments have been recognised once the grant recipient has confirmed their acceptance of the offer. In addition, grants totalling £2,079,157 (2004: £1,341,308) have been offered where acceptance is awaited.

### 15. RELATED PARTY TRANSACTIONS

Mr D G Richards and Mr R C Scudamore are the Chairman and Chief Executive of The F.A. Premier League respectively. The F.A. Premier League donated £2,812,500 (2004: £7,000,000) to The Football Stadia Improvement Fund during the year.

Mr G. Thompson is the Chairman and Mr Richards and Mr Burden are directors of The Football Association. The Football Association donated £2,812,500 (2004: £13,000,000) to The Football Stadia Improvement Fund during the year.

Mr Burden is a shareholder of Cheltenham Town FC. During 2004/05 a grant of £440,000 was made to Cheltenham Town FC towards the provision of a new stand. Mr Burden took no part in the decision making process for this grant.

Mr R Scudamore is a member and season ticket holder at Bristol City FC. During 2004/05 a grant of £815,000 was awarded to the Club towards the replacement of the Wedlock Stand. Mr R Scudamore took no part in the decision making process for this grant.

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 F.A. Premier League control 50 per cent of The Football Stadia Improvement Fund Limited. Accordingly there is no ultimate controlling party.



# The Football Stadia Improvement Fund

*supporter of the football foundation*

