



# Annual Report

The Football Stadia Improvement Fund Limited  
Annual Report for the year ended 31 May 2006

Company Number 04007132



**The Football Stadia  
Improvement Fund**

*supporter of the football foundation*

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# Directors and advisers

## Directors

Sir David Richards (Chairman)

Sir Trevor Brooking

R F Burden \*

Lord Giddens

R C Scudamore \*

Baroness Taylor

G Thompson

\*Member of Audit and Remuneration Committees

## Bankers

Barclays Bank PLC

Hanover Square Corporate Banking Group

50 Pall Mall

London

SW1A 1QD

## Registered office

30 Gloucester Place

London

W1U 8FF

## Secretary

R W Booker

## Solicitors

Bates, Wells & Braithwaite

2-6 Cannon Street

London

EC4M 6YH

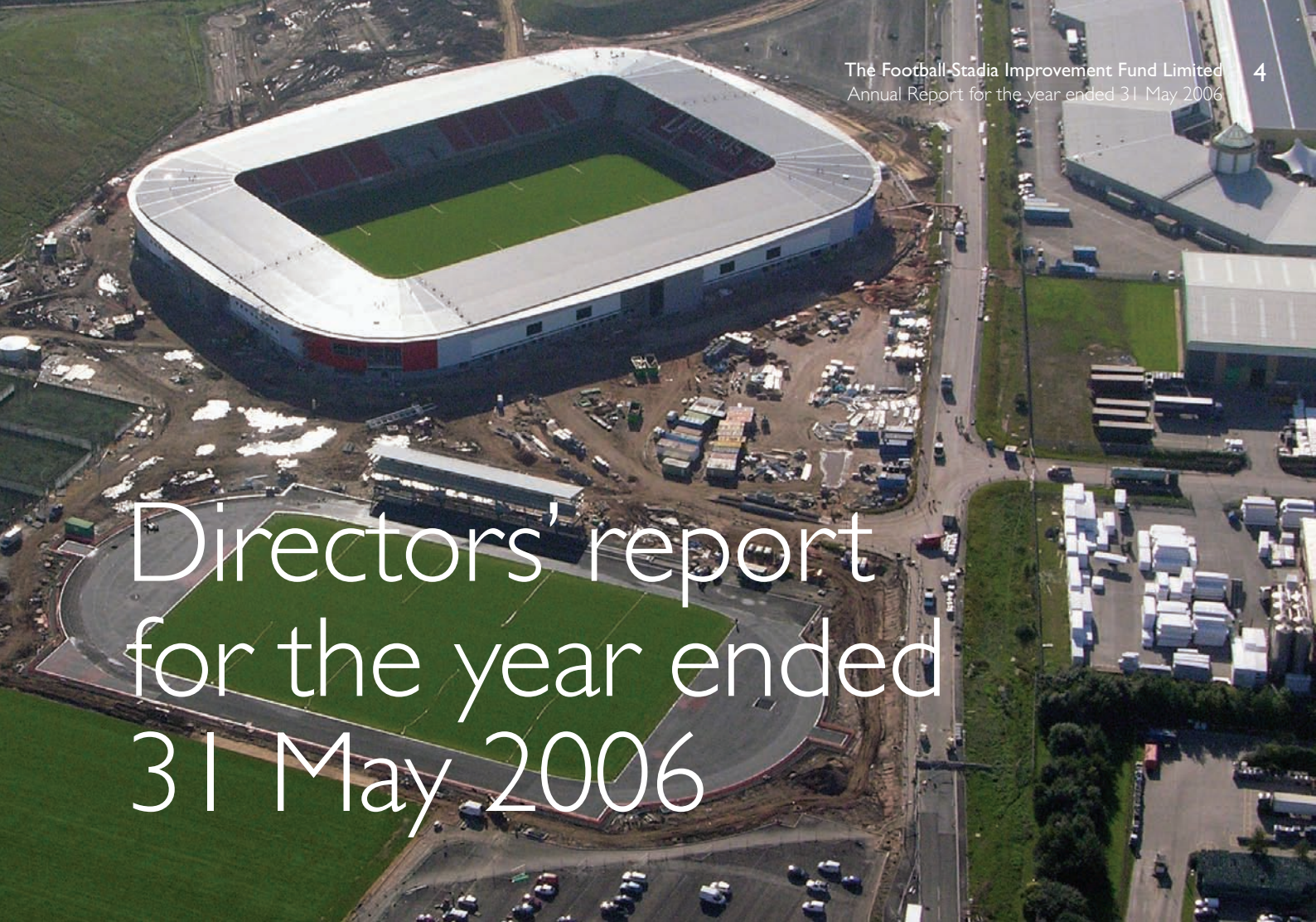
## Registered auditors

PricewaterhouseCoopers LLP

1 Embankment Place

London

WC2N 6RH



# Directors' report for the year ended 31 May 2006

The directors present their report and the audited financial statements of the company for the year ended 31 May 2006.

## 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 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 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 David Richards  
R C Scudamore  
G Thompson  
R F Burden  
Sir Trevor Brooking (resigned 2 June 2005)  
Baroness Taylor  
Lord Giddens (appointed 22 August 2005)

## Financial risk management

The company's operations expose it to a variety of risks that include credit risk, 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:

#### Credit risk

The company can make loans to football clubs. Interest is charged on these loans. The company has procedures in place to determine the likelihood of the repayment of the loan before it is actually made.

#### Liquidity risk

The company operates with short term deposit arrangements designed to ensure that the company has sufficient funds available for operation.

#### 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

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 2006 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 company'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.

## 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 2006 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also 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.

### 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 2006 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**  
**31 January 2007**

# Profit and loss account

for the year ended 31 May 2006

	Notes	Year ended 31 May 2006 £'000	Year ended 31 May 2005 £'000
<b>Income</b>			
Interest received	3	353	418
Other income		256	26
<b>Expenditure</b>			
Operating expenses		<u>(455)</u>	<u>(259)</u>
<b>Operating profit</b>	2	154	185
Gift aid payment to the Football Foundation	6	<u>(416)</u>	<u>(403)</u>
<b>Loss on ordinary activities before taxation</b>		<b>(262)</b>	<b>(218)</b>
Taxation	6	-	-
<b>Loss for the financial year</b>	13	<u><b>(262)</b></u>	<u><b>(218)</b></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.

Capital funds are also received and are disclosed in note 11 to the financial statements.



# Balance sheet

as at 31 May 2006

	Notes	31 May 2006 £'000	31 May 2005 £'000
<b>Fixed assets</b>			
Intangible assets	7	-	-
<b>Current assets</b>			
Debtors – due within one year	8	249	1,795
– due in more than one year	9	2,185	2,599
Cash on deposit		9,589	9,186
		<u>12,023</u>	<u>13,580</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(13,822)</u>	<u>(15,117)</u>
<b>Net current liabilities</b>		<u>(1,799)</u>	<u>(1,537)</u>
<b>Total assets less current liabilities</b>		<u>(1,799)</u>	<u>(1,537)</u>
<b>Net liabilities</b>		<u>(1,799)</u>	<u>(1,537)</u>
<b>Reserves</b>			
Profit and loss account	13	<u>(1,799)</u>	<u>(1,537)</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 on 24 January 2007 and were signed on its behalf by:



Sir David Richards  
Director

# Notes to the financial statements

for the year ended 31 May 2006

## 1. 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 also confirmed that they will provide sufficient financial support to the company to enable it to meet its grant commitments 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

Operating profit is stated after charging/(crediting):

	Year ended 31 May 2006 £'000	Year ended 31 May 2005 £'000
Auditors' remuneration		
– for audit services	12	9
Auditors' remuneration		
– for non-audit services	3	4
	<hr/>	<hr/>

### 3. Interest receivable

	Year ended 31 May 2006	Year ended 31 May 2005
	£'000	£'000
Bank interest received	<u>353</u>	<u>418</u>

### 4. Directors' emoluments

Staff costs include the following remuneration paid to directors:

	Year ended 31 May 2006	Year ended 31 May 2005
	£'000	£'000
Wages and salaries		
Baroness Taylor	7	-
Lord Giddens	<u>7</u>	<u>-</u>
	14	-
Social security costs	<u>1</u>	<u>-</u>
	<u>15</u>	<u>-</u>

### 5. Employees and staff costs (including directors)

	Year ended 31 May 2006	Year ended 31 May 2005
	£'000	£'000
Wages and salaries	171	144
Social security costs	17	15
Pension contributions	<u>10</u>	<u>8</u>
	<u>198</u>	<u>167</u>

The employees of the Football Stadia Improvement Fund Limited 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 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 2006 £'000	Year ended 31 May 2005 £'000
Current tax		
On losses for the year	-	-
<hr/>		
b. Factors affecting the tax charge for the year	Year ended 31 May 2006 £'000	Year ended 31 May 2005 £'000
Profit on ordinary activities before payment of deed of covenant and taxation	154	185
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	46	55
Expenses not deductible for tax purposes	110	66
Income not accessible for tax purposes	(31)	
Taxation on covenant payments	(125)	(121)
	-	-
<hr/>		

#### 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

	Negative Goodwill £'000
<b>Cost</b>	
At 1 June 2005 and 31 May 2006	<u>(342,748)</u>
<b>Amortisation</b>	
At 1 June 2005 and 31 May 2006	<u>342,748</u>
<b>Net book value</b>	
At 31 May 2005 and 31 May 2006	<u>-</u>

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.

## 8. Debtors due within one year

	31 May 2006	31 May 2005
	£'000	£'000
Loans to football clubs (see note 9)	142	143
Other debtors	98	55
Capital funds (see note 11)	-	1,578
Prepayments and accrued income	9	19
	<u>249</u>	<u>1,795</u>

## 9. Debtors due within more than one year

	31 May 2006	31 May 2005
	£'000	£'000
Loans to football clubs	<u>2,185</u>	<u>2,599</u>

Loans to football clubs represent amounts advanced to certain F.A. Premier League, Football League and Scottish football clubs. The loans are generally repayable over a period of three years and are interest free. The exception is a loan to York City where interest is charged at base rate and repayable over five years. 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. The loan to York City is secured by a charge on the stadium and is repayable on any potential sale of the ground.

## 10. Creditors: amounts falling due within one year

	31 May 2006	31 May 2005
	£'000	£'000
Grants payable	11,218	14,310
Trade creditors	2,150	731
Corporation tax payable	6	-
Accruals	39	76
Capital funds (see note 11)	409	-
	<u>13,822</u>	<u>15,117</u>

## 11. Capital funds

	Reduction in Pool Betting Duty account	Littlewoods 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 2005	-	329	1,201	(3,254)	146	(1,578)
Funds received	-	-	2,813	2,812	600	6,225
Interest received	-	-	-	-	29	29
Tax payable on interest	-	-	-	-	(6)	(6)
<b>Less:</b>						
Grants payable out of capital	-	-	(4,242)	(19)	-	(4,261)
Funds released	-	-	-	-	-	-
Expenses	-	-	-	-	-	-
<b>Balance at 31 May 2006</b>	<b>-</b>	<b>329</b>	<b>(228)</b>	<b>(461)</b>	<b>769</b>	<b>409</b>

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. In the current year the funding available has exceeded the grants payable, resulting in an overall creditor.

## 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 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 2005	8	(8)	-	-	76	70	-	146
Funds received	-	-	-	-	600	-	-	600
Interest received	-	-	-	-	29	-	-	29
Tax payable on interest	-	-	-	-	(6)	-	-	(6)
<b>Less:</b>								
Funds released	(8)	8	-	-	-	-	-	-
Expenses	-	-	-	-	-	-	-	-
<b>Balance at 31 May 2006</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>699</b>	<b>70</b>	<b>-</b>	<b>769</b>

## 13. Profit and loss account

	31 May 2006	31 May 2005
	£'000	£'000
At 1 June 2005	(1,537)	(1,319)
Loss for the year	(262)	(218)
<b>At 31 May 2006</b>	<b>(1,799)</b>	<b>(1,537)</b>

## 14. Commitments

All grant commitments have been recognised once the grant recipient has confirmed their acceptance of the offer. In addition, grants totalling £655,667 (2005: £2,079,157) 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 (2005: £2,812,500) 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 (2005: £2,812,500) to the Football Stadia Improvement Fund Limited during the year.

Mr R Scudamore is a member and season ticket holder at Bristol City FC. During 2005/06 a grant of £239,359 was awarded to the Club towards the replacement seating and the upgrade of toilet facilities and the public address system. 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 Limited 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 Limited. 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 Limited 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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