

12. FINANCE

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12.1 HOW DOES THE FA GENERATE INCOME?

The FA generates much of its own income by marketing its principle assets – the England teams, The FA Cup, The FA Women's Cup and The FA Community Shield.

The key sources of revenue are outlined below:

- Sale of broadcasting rights - In July 2003 The Football Association negotiated a four-year agreement for domestic television rights with the BBC and Sky for its key brands. The FA's latest TV deal ensures that its games are seen by the widest possible audience including everything from women's internationals to The FA Trophy final.
- Sponsorship deals – The FA has five 'FA Partners' who advertise various pillars of The Football Association. Umbro, McDonald's, Carlsberg, Nationwide and Pepsi are the five FA Partners.
- Licensing – The Football Association generates income by selling the rights to produce items emblazoned with the FA Crest.
- Ticketing – The sale of tickets for FA-hosted events such as England home internationals and The FA Cup Final generates additional income. The FA Cup Final is one of the most prestigious events in the footballing calendar with tickets requests annually over subscribed. Further revenue comes from the sale of 10-year Club Wembley licences.

12.2 WHERE DOES ALL THE MONEY GO?

The FA is a 'not-for-profit' organisation. Seeking to promote and develop the game at all levels, The Football Association aims to maximise its income in order to ensure the health and longevity of the game.

All surplus revenue is ploughed back into the development of the game through a number of initiatives:

- FA Campaigns – The FA recognises the wider social responsibilities it has as the governingbody of the country's most popular sport. Beyond the day-to-day administrative functions The FA performs, much time, energy and money is spent devising and promoting campaigns designed to improve the sport. In addition, The Football Association supports a number of independent campaigns such as the anti-racism campaign 'Kick It Out'.
- International Tournaments – Administrative costs are incurred in the course of our involvement in International Tournaments such as the UEFA European Championship and the FIFAWorld Cup.
- Recently forged Charity partnerships
- International Relations - The FA's International Development Programme (IDP) has initiated projects in all regions of the world, ranging from goalkeeping courses to marketing, sports medicine, refereeing and administration workshops, each targeted at the specific needs of the region or country involved.
- New Wembley National Stadium – For information on the progress of the stadium's construction please visit www.wembleystadium.com
- Byrkley Lodge – The Football Association is committed to developing the next generation of talented young players. As a result, a National Football Centre is being developed at Burton- on-Trent to cater for elite player development. Further information on the future of the project can be found here - <http://www.thefa.com/TheFA/NFC/>

- Operational Costs – Operational costs represent the day-to-day costs of running The Football Association, such as staff wages, rental payments for our address at Soho Square etc.

12.3 THE FA ANNUAL REVIEW 2004/05

An overview of the financial performance of The Football Association can be found within The FA's Annual Review. For an archive of The FA's Annual Reviews please visit www.TheFA.com/TheFA/TheOrganisation and refer to the bottom of the page.

The Football Association's own research indicates that as revenue flows in professional football have increased, finance has become the single biggest issue for those involved in the game at every level. As a result The Football Association has responded to the challenge with the creation of the Financial Advisory Unit (FAU) and the Financial Advisory Committee (FAC). Furthermore, the football authorities, along with the support of the government, created the Independent Football Commission (IFC). Further information on the IFC can be found under 'Other Useful Resources' at the tail end of this document.

12.4 THE FINANCIAL ADVISORY COMMITTEE (FAC)

The FAC's chief objective is '...promoting and protecting the financial long-term health and stability of clubs in their communities'. Headed by an independent Chair and former chief economist of the CBI, Kate Barker, the FAC is an innovative body that has the specific task of coordinating a consistent approach to finance issues across the higher levels of the game in England.

The FAC meets periodically in order to review the work of the FAU, to consider issues raised through their work and to communicate policy changes and procedures on financial issues to The FA Board and the senior leagues for consideration. In addition, the FAC prepares an annual report.

The FAC is overseeing a number of positive initiatives with a view to achieving an effective regulatory and best practice framework:

- A review of all the cash-flows in the game. At present there is no comprehensive financial model that maps out the sources, flows and use of funds in the game.
- Researching the introduction of a domestic licensing scheme.
- Looking to establish a single, comprehensive financial reporting requirement for clubs alongside a database of information to underpin a benchmarking exercise.
- Establishing a Code of Corporate Governance and Good Practice for Football.
- Establishing a 'fit and proper' person test for directors, with sanctions directly applicable for breaches.
- Developing methods to incorporate supporter and other stakeholder group contributions.
- Considering requiring new owners of clubs to provide credible proof of funding plans.

12.5 THE FINANCIAL ADVISORY UNIT

The FAU was established in 1999, charged with promoting financial best practice amongst clubs and providing an advisory and educational resource for the game.

The Unit works on a day-to-day basis to:

- Increase the level of financial awareness in football
- Improve the level of corporate governance in football
- Improve internal control procedures in football
- Provide measures of club financial performance (e.g. benchmarking)

Furthermore, the FAU has prioritised its work in the following key areas:

- To visit and review all clubs in the Football League, Football Conference, Isthmian League, Southern League and Northern Premier League within a five-year timescale and report to the respective finance panel of each league. The FAU has not undertaken reviews of clubs in the FAPL but has instead focussed on developing the UEFA Licence with the FAPL.
- To promote financial best practice to clubs through seminars, courses and booklets.
- To work with leagues and clubs with respect to clubs subject to insolvency proceedings.

The FAU has continued to work with the FAPL, FAPL clubs and UEFA in the establishment of a licensing system to be applied to those clubs qualifying for European competitions – it will therefore apply for the majority, if not all, FAPL clubs. The FAU has been instrumental in the process to establish the Licence, acting as a 'pilot association' and helping to draft the criteria together with the FAPL.

