

I. FINANCIAL RECORDS

1 (a) *Records to be Kept*

An Affiliated Association, Competition or Club shall keep accounting records for recording the fact and nature of all payments and receipts so as to disclose with reasonable accuracy, at any time, the financial position including the assets and liabilities of the Affiliated Association, Competition or Club.

(b) *Records to be Retained*

An Affiliated Association, Competition or Club must retain accounting records for six years.

(c) *Corporate Bodies – Accounts*

An Affiliated Association, Competition or Club which is formed and registered under the Act shall, on demand, forward to The Association a copy of its annual accounts most recently approved by its Board of directors. Such accounts must:

(i) be prepared in accordance with the requirements of the Act and any other applicable regulatory requirements; and

(ii) have attached either an accountant's compilation report or an audit report prepared by an independent Appropriately Qualified Accountant. A copy of the report must be provided to The Association with the accounts; and

(iii) be laid before the members of the Club at a general meeting.

An affiliated Association, Competition or Club is required to file a set of annual accounts with the Registrar of Companies within the period available for delivering such accounts under the Act.

If the Affiliated Association, Competition or Club is a Subsidiary Undertaking, then the annual accounts of any Group of which it is a member most recently approved by its Board of directors shall also on demand be forwarded to The Association.

(d) *Unincorporated Bodies – Financial Statements*

An Affiliated Association, Competition or Club which does not prepare annual accounts in accordance with the Act shall prepare annual accounts, including a profit and loss account and balance sheet.

Such accounts must:

(i) be forwarded to The Association on demand; and

(ii) be prepared within nine months of the financial year end of the Affiliated Association, Competition or Club; and

(iii) be prepared in accordance with the constitution of the Affiliated Association, Competition or Club and any applicable regulatory or legal requirements; and

(iv) have attached either an accountant's compilation report or an audit report prepared by an independent Appropriately Qualified Accountant; and

(v) have been laid before the members of the Affiliated Association, Competition or Club at a general meeting called in accordance with its constitution.

(e) Bodies Required to Prepare only a Receipts and Payments Statement

An Affiliated Association, Competition or Club that is not a member of The FA Premier League, The Football League, The National League, the Isthmian League, the Northern Premier League or the Southern League and is not a Full Member or

Associate Member of The Association and does not own gross assets exceeding ten thousand pounds, and does not prepare accounts under the provisions of Rules 11(c) or (d) must prepare an annual Receipts and Payments Statement in a form acceptable to The Association.

Such a Receipts and Payments Statement must be prepared within nine months of the financial year end of the Affiliated Association, Competition or Club and must be approved by its Board or Executive Committee.

A copy of any Receipts and Payments Statement shall, on demand, be forwarded to The Association or relevant Affiliated Association.

(f) Errors and Omissions to be Reported

Any material errors or omissions in the accounting records of an Affiliated Association, Competition or Club must be reported by such body to The Association or, in the case of a Competition not sanctioned by The Association, or a Club not being a Full Member Club nor an Associate Member Club, to the relevant Affiliated Association.

(g) Documentation of Loans Made to a Club

All loans extended to a Club should be documented. Copies of the documentation should be retained by the Club. The loan document should include the following information:

(i) the value of the loan;

(ii) the length of the loan;

(iii) the interest rate charged, and whether this is fixed or variable;

(iv) repayment terms;

(v) the full names of the individual or corporate body extending the loan; and

(vi) the terms in the event of a default on the loan, and the document should be signed by two Club Officials or Management Committee Members who are independent of the party extending the loan

(h) Gate Records to be Kept by Clubs

When a Club charges for admission to a match, it is necessary for that Club to have a system that enables them to:

- (i) record the full gate receipts for each Match;
- (ii) account for the full gate receipts in the Club's accounting records and bank account; and
- (iii) accurately record the number of entrants into the ground for each Match.

The Club should retain documentation supporting this system for six years. RULES OF THE ASSOCIATION 2016-2017 124

PROVISIONS RELATING TO CLUBS

2 (a) *Form of Clubs*

A Club must not be a sole trader and must have Articles of Association, rules or other form of written constitution in a form acceptable to The Association that as a minimum is capable of complying with the following provisions.

(b) *General Provisions*

A Club shall include the following provisions in its Articles of Association (where a corporate body) or Club rules (where an unincorporated association):

(i) "The members and the directors of the Company shall so exercise their rights, powers and duties and shall where appropriate use their best endeavours to ensure that others conduct themselves so that the business and affairs of the Company are carried out in accordance with the Rules and regulations of The Football Association Limited for the time being in force.

(ii) No proposed alteration to the provisions set out herein shall be effective unless the proposed alteration has been approved in writing by The Football Association Limited 14 days or more before the day on which the alteration is proposed to take place.

(iii) The office of (a/an Director/Officer or Official) shall be vacated if such person is subject to a decision of The Football Association Limited that such person be suspended from holding office or from taking part in any football activity relating to the administration or management of a football club."

(c) *Club Companies – Winding Up Provisions*

A Club which is incorporated under the Act shall have the following provisions in its Articles of Association:

"On the winding-up of the Company the surplus assets shall be applied, first, in repaying the Members the amount paid on their shares respectively. If such assets are insufficient to repay the said amount in full, they shall be applied rateably, so that the loss shall fall upon the Members in proportion to the amount called up on their shares respectively. No Member shall be entitled to have any call upon other Members for the purpose of adjusting the Members' rights; but where any

call has been made and has been paid by some of the Members such call be enforced against the remaining Members for the purpose of adjusting the rights of the Members between themselves.

If the surplus assets shall be more than sufficient to pay to the Members the whole amount paid upon their shares, the balance shall be given by the Members of the Club, at or before the time of dissolution as they shall direct, to The Football Association Benevolent Fund, or to some Club or Institute in the [here insert the name of the appropriate city or county] having objects similar to those set out in the Memorandum of Association or to any local charity, or charitable or benevolent institution situate within the said [here insert the name of the appropriate city or county].

In default of any such decision or apportionment by the Members of the Club, the same to be decided upon and apportioned by a Judge of the High Court of Justice having jurisdiction in such winding-up or dissolution and as he shall determine.

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Alternatively such balance may be disposed of in such other manner as the Members of the Club may, with the written consent of The Football Association Limited, determine.”

Where a Club is registered as a Community Interest Company under the Act or as a registered society under the Cooperative and Community Benefit Societies Act 2014, it shall include all of the above provisions in its Articles of Association or rules. Should these provisions not be acceptable to the relevant Regulator, any proposed variation from the above provisions must receive prior written approval from The Association. The Association will consider any such variations on a case by case basis.

(d) Unincorporated Clubs – Winding Up Procedures

Where a Club which is an unincorporated association is wound up and there are surplus assets after the payment of debts of the Club, the surplus assets shall be transferred only to a Club, Competition or Affiliated Association or The Association.

(e) Notifiable Changes

A Club shall not alter its constitution or make a material change to its financial structure without prior notification to The Association or if not a Full or Associate Member Club then the Parent Association of the Club. Any new entity shall be deemed, for the purposes of playing status in a Competition, to be a new Club.

For the purposes of this Rule, an alteration in constitution or material change in financial structure shall include such as winding-up of a Club, incorporation of an unincorporated Club, an agreement by which all the assets and goodwill of the Club are sold or transferred, entry into compulsory or voluntary liquidation, the convening of a meeting of creditors or the appointment of a receiver, administrative receiver, manager or administrator or if the Club ceases for any reason to carry on business or becomes a Parent Undertaking or Subsidiary Undertaking.