

**The Football Association Limited**

# **REPORT AND FINANCIAL STATEMENTS**

**31 December 2012**



Supporting football since 1863

The FA is the not-for-profit, governing body of football in England. It grows participation, promotes diversity and regulates the sport for everyone to enjoy.

Seven million players of all ages, 400,000 volunteers, 300,000 coaches and 27,000 qualified referees help The FA keep the grassroots game going.

The FA runs 24 England teams, across men's, women's, youth and disability football, utilising the world-class facilities of Wembley Stadium and St. George's Park.

Football is the nation's favourite game. The FA aims to grow it further in 2013.

To find out more about events in The Football Association's 150th year, and to get involved in football, visit [TheFA.com](http://TheFA.com) and follow @FA.

# Officers and professional advisers

## Directors

D A Bernstein  
(Chairman)  
A Horne  
(General Secretary)  
B W Bright  
R F Burden  
R Devlin  
M Game  
D Gill  
A Kleanthous  
K Lamb  
M R Leggett  
H Rabbatts CBE  
Sir D Richards

## Secretary

A Maclean

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## Bankers

Barclays Bank Plc  
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## Solicitors

Bird & Bird  
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## Independent Auditor

Deloitte LLP  
Chartered Accountants  
and Statutory Auditor  
London

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# Chairman's statement



**David Bernstein**

As we celebrate our 150th anniversary in 2013, it is important to look back to a century and a half ago on 26 October 1863 when Ebenezer Cobb Morley and his friends met at the Freemasons' Tavern near Holborn, London.

It has been an extraordinary journey from humble beginnings to where we are today and I am very proud to lead this great organisation in such a momentous year.

Our antecedents changed the sporting world by ultimately producing the first laws of the game and their original handwritten minute book is rightly a centrepiece of The FA's anniversary celebrations.

Modern football was born that day and its subsequent journey across continents and cultures has been extraordinary. Throughout, the English game has continued to sit at its heart.

## **Relationships**

We should never underestimate The FA's role and the importance of maintaining strong relationships both internationally and with the many relevant bodies in our own country. While The FA must lead, everyone involved in football has a responsibility to support the game, from promoting fair play and positive behaviour to encouraging equality and inclusion.

At the end of 2012, we produced a collective action plan for addressing issues and incidents of discrimination in English football. All of those involved in its drafting and agreement are committed to this vital agenda, and it is firmly at the top of my priority list.

We have worked hard to provide greater openness to the media as well as a stronger connection with fans. It is right they are lauded for their fantastic support.

Internationally, despite occasional frustrations, we continue to play our full part in influencing the development of world football through UEFA and FIFA. Following my stand at FIFA in 2011 in support of proper governance, I talked about The FA helping to be a catalyst for change. We hosted a very successful IFAB meeting in March 2012, which saw The FA at the forefront of issues of real importance to the global game including the introduction of goal-line technology.

I was also able to meet with FIFA President Joseph S. Blatter during his several visits to England and at the FIFA Congress in Budapest in May. We should be encouraged by the mood of change.

We have a real opportunity in hosting the UEFA Congress to build on these relationships and show again the best of our country.

The stand-out story of last summer was the Olympics and Paralympics and, aside from Team GB's success, it was the 70,000 Games Makers that shone in London 2012. In football, we have 400,000 such volunteers, committed to serving the wider game.

## **A club mentality**

On taking the Chair of Club England, I wanted to make its operation as close as possible to that of a successful football club with a strong sense of togetherness and trust. I believe we are making real progress and this should be one of many factors leading to better results in major championships.

After the departure of Fabio Capello it was imperative we appointed the right manager and we undertook a professional process that culminated in the arrival of Roy Hodgson. Roy has given us much to be positive about, especially with the memorable 2-1 victory against Brazil at the start of this year. The ongoing World Cup qualification campaign follows on from a creditable quarter-final showing at the European Championship.

During our summer stay in Poland, the trip to Auschwitz was something I will never forget. All were moved by the experience and it is a positive that we have been able to forge a close partnership with the Holocaust Education Trust. Football can play a powerful part in ensuring the lessons of the past are not forgotten.

We built on this with Stuart Pearce's side securing qualification for the 2013 UEFA European Under-21 Championship. Stuart also took charge of the men's Team GB squad at the Olympic Games alongside Hope Powell, who had the honour of leading the women's squad. Both teams played their part in a memorable summer.

# Chairman's statement

We have more exciting matches to come in 2013 with the men's seniors welcoming the Republic of Ireland and Scotland; Hope taking her team to the summer UEFA EURO in Sweden; and the U21 EURO and U20 World Cup in Israel and Turkey respectively.

## Football for everyone

Even after 150 years, there remains a simple beauty to the universality of football. From Wembley to parks pitches an invisible, unbreakable thread runs through. Through hope, ambition and a love of the game it links us all - every player, coach, official and fan.

It is why The FA is a not for profit organisation that fundamentally exists to support football at all levels.

I am particularly passionate about the strong progress in our disability programme, as highlighted by the Paralympics. Over 115,000 participants take part in some form of disability football every week, making it the seventh most popular team sport in the country. It is also appropriate that women's football will take a central position during 2013.

Every year we invest over £100m into this amazing pyramid of football, striving towards our vision of football for everyone. But the heartbeat is those 400,000 magnificent volunteers.

We will recognise them this year through our FA150 Grassroots Heroes programme supported by HRH the Duke of Cambridge, the President of The FA. I would like to pay tribute to him for his unstinting and valuable support.

Also, getting support for smaller teams on smaller pitches last summer with our youth football review was a momentous step forward. This will lead to a greater level of skill-based development for young children, with a focus on enjoyment and not just on winning. This all bodes well for future development.

## A terrific opportunity

Our anniversary year really is a terrific opportunity for us to showcase our wider work to the whole nation, particularly in terms of the grassroots and national game.

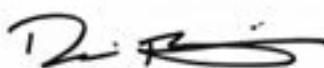
Wembley Stadium continues to excel. We all look forward to the return of the UEFA Champions League Final for the second time in three years as one of 30 major events to be staged at this great venue.

The FA Cup, both last and this season, continues to provide a unique spectacle. Its great heritage can never be replicated. I have had the pleasure of watching Cup ties at stadia as disparate as Crawley, Luton, Everton and Wembley. They have been outstanding occasions. The format works and should not be tampered with.

St. George's Park is a stunning national football centre and is home to important initiatives like COACH, promoting opportunities for black and minority ethnic coaches. Indeed, last October's official opening of St. George's Park by TRH Duke and Duchess of Cambridge was perhaps the most memorable single day of the year. I have no doubt it will fire the dreams of all who visit and it is a truly remarkable step forward for English football.

The FA and English football continues to be challenged in terms of governance. Progress has already been made in some areas, particularly around sustainability and transparency but we will continue to consult and work towards meeting wider expectations.

Our anniversary year should shine a great light on our passion and pride, and give us renewed vigour for the future.



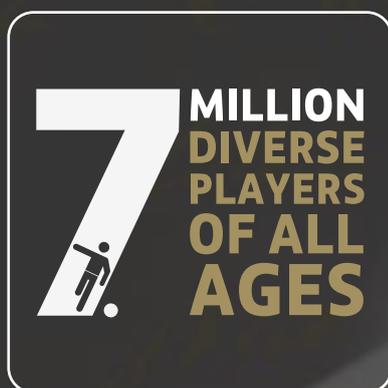
**David Bernstein**  
Chairman, The Football Association

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Even after 150 years, there remains a simple beauty to the universality of football. From Wembley to parks pitches an invisible, unbreakable thread runs through.

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## SUPPORTING FOOTBALL SINCE 1863



The FA was formed in 1863 in London with the agreement of 13 laws. This year, The FA celebrates 150 years of organised football.

The FA is the not-for-profit, governing body of football in England. It invests over £100m each year to grow participation, promote diversity and regulate the sport for all to enjoy.

The FA runs The FA Cups, 24 England teams across men's, women's, youth and disability football, utilising the world-class Wembley Stadium and St. George's Park.

Football is the nation's favourite game. The FA aims to grow it further in 2013.

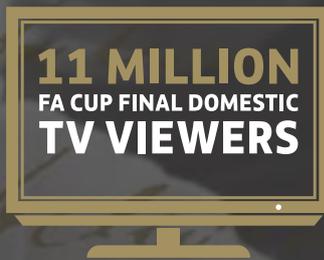
Get involved in football, and explore FA150 at [TheFA.com](http://TheFA.com) and [#FA150](https://twitter.com/FA150)



1863 **150 YEARS** 2013



**£100 MILLION**  
INVESTED IN THE GAME  
FOR 4 YEARS STRAIGHT



**11 MILLION**  
FA CUP FINAL DOMESTIC  
TV VIEWERS

ST GEORGE'S PARK  
COACHING HOME  
TO 24 TEAMS



**115,000**  
DISABILITY  
FOOTBALL  
PARTICIPANTS WEEKLY



**GREEN  
LIGHT**  
FOR 9v9 U11s-12s  
SMALLER GOALS  
AND PITCHES

WOMEN'S  
FOOTBALL  
**3RD**  
BIGGEST TEAM  
SPORT IN  
THE COUNTRY



# Review of the year



**Alex Horne**

As The Football Association looks towards October 2013 and its landmark 150th birthday, 2012 can be regarded as a defining 12 months for the organisation across a whole range of areas.

## **Club England**

The Club England set-up has made great strides, with its 24 teams coming together to share expertise and know-how, and providing clear pathways for players coming through and coaches to work alongside each other in pursuit of building winning teams.

The opening of the new national football centre St. George's Park will only help. The senior men's team were immediately in residence, staying before the FIFA World Cup qualifying victory against San Marino.

All of the development teams have now trained at St. George's Park at least once, often with different age groups and the senior teams in residence at the same time. This sense of togetherness can only help Club England's ultimate aim of senior success for men's and women's teams.

The men's team finished the year in strong contention for qualification for the 2014 FIFA World Cup, with two wins and two draws. The year began and finished with friendly defeats – at home to the Netherlands and away to Sweden – but in between it was an unbeaten story.

Following Fabio Capello's resignation in February, Roy Hodgson was appointed on 1 May and led the team through 11 matches without defeat, including the 0-0 draw against Italy in the UEFA EURO 2012 finals that led to a loss on penalties.

Meanwhile, Hope Powell's women's senior team secured a fifth major finals appearance by reaching the UEFA Women's EURO in Sweden in July.

Hope also guided the Team GB women's football team to a quarter-final defeat in a memorable home Olympic Games in London. Notably for Wembley Stadium, a phenomenal 70,000 fans were present to watch Steph Houghton's only goal see off the might of Brazil fuelling optimism and continued growth for the women's game.

The men's Under-21 EURO is coming up in Israel in June 2013, Stuart Pearce's Young Lions topped their group and then held firm in extremely difficult circumstances to see off Serbia in the play-offs.

Qualifying for a fourth straight finals appearance, Stuart also led the Team GB men to the Olympic quarter-finals while The FA also provided the blind and cerebral palsy teams that flew the flag for Team GB in the Paralympics. UK Sport has since confirmed more than £1m funding for the blind squad to prepare for the Rio Games in 2016.

The men's U19s qualified for the FIFA U20 World Cup to be played in Turkey in the coming summer, having reached the European U19 semi-final in 2012. There is also every chance the U19s could make the 2013 edition in Lithuania, with an elite group stage to negotiate in May.

At U17s level, the team secured victories against Estonia, Wales and Northern Ireland to qualify for the Elite Qualifying Round for the 2013 finals in Slovakia. The Under-16s, led by Kenny Swain, won the Victory Shield for a 12th consecutive time.

## **Football development**

There was unanimous support in the summer from The FA Council for The FA's youth football proposals.

This new player pathway developed after extensive consultation, with our children playing football on smaller pitches in reduced teams, will help hone greater skills at a lower age.

The changes go hand in hand with The FA Coaching philosophy, as outlined in the Future Game, which gives clear guidance on how the game should be played and coached. This approach is embedded in the new FA youth coaching courses, and in our own FA Tesco skills coaching programme.

These reforms are only a small element of the work done post-World Cup 2010 in issuing a 25-point plan to 'Raise our Game' to ensure that all of the English game is working together to produce more, better young English players at all levels.

# Review of the year

The FA continues to actively support the huge progress that has been made in reforming academies and centres of excellence through the Elite Player Performance Plan.

## **Football governance**

During the year, The FA handled high-profile player and match disciplinary matters with great integrity, while being firm, decisive and consistent on the big decisions in the full glare of the media and fan scrutiny. The FA is now providing even more transparency to aid fans and media through a new website offering guidance on the application of the Laws of the Game.

The FA is mindful of its own structures and the expectations placed upon it to be progressive, transparent, responsive and effective this year by the DCMS Select Committee Inquiry. The process to respond to this saw The FA working together with colleagues from the Premier League, Football League and National Game in an unprecedented way to bring forward recommendations which we believe will improve The FA's overall collective efficiency and effectiveness.

The FA will continue to work in this collaborative way over the coming months to ensure that the right reforms are introduced at the right time. Meanwhile, the two independent non-executive directors Heather Rabbatts CBE and Roger Devlin were welcome appointments to The FA Board when they started work in January 2012.

The FA continues to lead the way in terms of equality and disability, and it is clear from the strategic vision how much value is put on participation. It is vital to make the game accessible to all and imperative to set the standard for openness and inclusion, encouraging a safe enjoyable environment for all who want to play.

The FA's vow to continue the fight against all forms of discrimination was highlighted in a number of ways including the launch of Opening Doors and Joining In, a campaign to fight prejudice including homophobia, and the launch of our anti-discrimination and inclusion plan at the end of 2012.

There is work to do but it is also right that The FA is recognised as leaders in this area with schemes like the COACH initiative to train more black and minority ethnic coaches. The key is creating opportunities at the end of the programme and giving confidence that there are routes into all levels of the game.

## **FA competitions**

The FA Cup saw Chelsea pick up the trophy for the fourth time in six years as Liverpool lost out in the 131st final. The match's 11 million-plus television audience for the new 5.15pm kick-off was the highest recorded since 2007, outstripping the UEFA Champions League Final also involving Chelsea.

An M&C Saatchi report which used independent analysis from Deloitte's Sports Business Group on the earlier rounds of the competition demonstrated the huge impact The FA Cup has on clubs at every level. There are fantastic financial rewards to be had behind the glory of giant killing or shock result, with more than £65m being generated for football clubs in this competition annually.

Dunston UTS won The FA Vase for the first time by defeating West Auckland Town, while York City, beaten finalists in 2009, won The FA Trophy at the expense of Newport County, who were at Wembley for the first time ever.

## **Wembley**

The stadium marked its fifth anniversary in May and has now had 12 million customers through the turnstiles. The FA Trophy final that month was the 100th football match.

Wembley marks its 90th anniversary in 2013 and has many major events planned. In 2012, the stadium welcomed more than two million people with 29 separate events. The Olympics were a real highlight with 640,000 fans across the nine games staged at Wembley, including an Olympic record crowd for women's football of 80,203 to see the US beat Japan in a thrilling final.

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**Our exciting sponsors are actively supporting us not only financially but with real tangible grassroots support and interest.**

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# Review of the year

It is a truly great venue and operated very effectively, but we are not complacent. These are difficult economic times for all fans of football, sport and music. In 2013, the focus, as ever will be on content and customer excellence, in particular for our Club Wembley customers who rightly expect a high-quality experience and value for money.

More football is on the way including the swift return of the UEFA Champions League Final in May. The fantastic lineup of matches also includes Republic of Ireland and Scotland, as well as three vital FIFA World Cup qualifiers in the autumn.

## St. George's Park

Delivered on time and on budget in under 18 months from breaking ground, everything about the facilities at St. George's Park is world-class. It has already become English football's hub for coach education, development programmes and for our 24 England teams. It will be the central setting in which coaches will be taught how, as well as what, to coach, teach, inspire and influence.

The focus on customer excellence will ensure that St. George's Park is a vibrant home for football, a place for sport and business to come together time and time again. From Premier League clubs to the England rugby team, St. George's Park is already proving a hit with major sporting sides and governing bodies.

Opened by TRH The Duke and Duchess of Cambridge on 9 October 2012, The FA President's support was a magnificent boost to everyone who had worked tirelessly for a number of years to make it happen.

The opportunity available to us through St. George's Park was best summed up by the Duke of Cambridge on opening day. He said: "It gives me great pride that we have created in this country facilities that are beyond compare anywhere else."

"St. George's Park is a totally new concept. It will provide more than just world class facilities for our national team and more than a university from which hundreds of coaches will graduate."

"It will provide employment and a social hub for local people and will foster community spirit and purpose and hope throughout England."

## Investments in the game

The Women's Super League had an excellent second season and continues to break new ground in promoting the game in this country. The FA has committed to introducing a second tier in 2014 and our new commercial focus will

see the women's game elevated with its own partnership deals. There is also increased interest from major broadcast partners like ESPN and BBC, with the latter due to show the 2013 Women's FA Cup Final live on BBC 2.

UEFA awarded The FA the hosting rights for the 2013 UEFA European Women's Under-17 Championship in the autumn. This is the first time the event has been played as a finals tournament and it is a clear sign of progress in developing women's football. This commitment was outlined in the Game Changer initiative at the end of 2012 which has, as its ultimate goal, the aim of making women's football the second most played team sport in the country after men's football.

In terms of the growing disability programme, strong progress is being made. Over 115,000 participants now take part in some form of disability football every week, making disability football seventh on the list of most popular team sports in England.

The Whole Sport Plan at the end of 2012 saw Sport England announce a £30m investment into grassroots football, particularly aimed at keeping teenage players in the game as they move towards adulthood. There will also be specific investment to develop the next generation of disabled and female players.

St. George's Park may be the ultimate facility for English football, but The FA is committed to improving grassroots facilities across the country.

From 2013, a three-year plan developed in consultation with partners the Premier League, Sport England and the Football Foundation will target improving 3,000 natural pitches across England, building 150 artificial pitches and developing 100 all weather surfaces while refurbishing changing rooms and toilets on a range of selected sites.

Howard Webb and his team of match officials gave an exemplary showing at EURO 2012, demonstrating the world-leading talent in this country. Mark Clattenburg reinforced this at the Olympics by taking charge of the men's final at Wembley while Marc Birkett represented England as second referee in the FIFA Futsal World Cup in November.

The year ahead will also see The FA work with a main charity partner in the Teenage Cancer Trust. It is an excellent cause that will allow us to underline how football can be such a positive force for good, particularly for young people. We will also continue to support the Bobby Moore Fund for Cancer Research UK, the Sir Bobby Robson Foundation and Armed Forces good causes.



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# 12 million

The stadium marked its fifth anniversary in May and we have now had 12 million customers through the turnstiles.

# Review of the year

## **Conclusion**

From the opening of St. George's Park to progressing with our plans for youth football across the whole game, 2012 has been a momentous year for The FA as a progressive and successful governing body.

As these financial statements outline, The FA is on a strong footing as it marks its 150th anniversary, with turnover of £318m in the year to December 2012 and investments of more than £100m into the game for a fourth successive year.

This stable financial outlook supports The FA's commitments within its Strategic Plan to 2015 where we set out our clear goals. These are to work with the game in England to build winning international teams, to keep on developing football and make it accessible to all those who want to enjoy it and to continue to govern the game effectively.

A handwritten signature in black ink, appearing to read 'Alex Horne', with a long horizontal line extending to the right.

**Alex Horne**

General Secretary, The Football Association

# Review of the year

## 2012 Results

### England Men's Senior Team

England 2 Holland 3 at Wembley on 29 February

Norway 0 England 1 in Oslo on 26 May

England 1 Belgium 0 at Wembley on 2 June

France 1 England 1 in Donetsk on 11 June\*

Sweden 2 England 3 in Kiev on 15 June\*

Ukraine 0 England 1 in Donetsk on 19 June\*

Italy 0 England 0 in Kiev on 24 June\*  
(Italy won 4-2 on penalties)

Italy 1 England 2 in Berne on 15 August

Moldova 0 England 5 in Chisinau on 7 September+

England 1 Ukraine 1 at Wembley on 11 September+

England 5 San Marino 0 at Wembley on 12 October+

Poland 1 England 1 in Warsaw on 17 October+

Sweden 4 England 2 in Stockholm on 14 November

### FA Cup Final

Chelsea 2 Liverpool 1 at Wembley on 5 May

### FA Vase Final

Dunston UTS 2 West Auckland Town 0 at Wembley on 13 May

### FA Women's Super League

Winners: Arsenal

Runners-up: Birmingham City

### FA Women's Premier League Cup Final

Sunderland 2 Leeds United 1 at Northampton on 6 May

### FA Youth Cup Final

First Leg: Chelsea 4 Blackburn Rovers 0 at Chelsea on 20 April

Second Leg: Blackburn Rovers 1 Chelsea 0 at Blackburn

Rovers on 9 May

(Chelsea won 4-1 on aggregate)

### England Women's Senior Team

Finland 1 England 3 in Larnaca on 28 February

Switzerland 0 England 1 in Larnaca on 1 March

France 3 England 0 in Larnaca on 4 March

Italy 3 England 1 in Larnaca on 6 March

Croatia 0 England 6 in Vrbovec on 31 March\*\*

England 1 Holland 0 at Salford on 17 June\*\*

Slovenia 0 England 4 in Velenje on 21 June\*\*

England 3 Croatia 0 at Walsall on 19 September\*\*

France 2 England 2 in Paris on 20 October

\* UEFA EURO 2012 Finals

+ FIFA WORLD CUP 2014 Qualifier

\*\* UEFA WOMEN'S EURO 2013 Qualifier

### FA Trophy Final

York City 2 Newport County 0 at Wembley on 12 May

### FA Sunday Cup Final

Hetton Lyons CC 5 Canada 1 at Sunderland on 29 April

### FA Women's Cup Final

Birmingham City 2 Chelsea 2 at Bristol City on 26 May

(Birmingham City won 3-2 on penalties)

### FA County Youth Cup Final

Essex 4 West Riding 2 at Colchester on 22 April

### FA Inter-League Cup Final

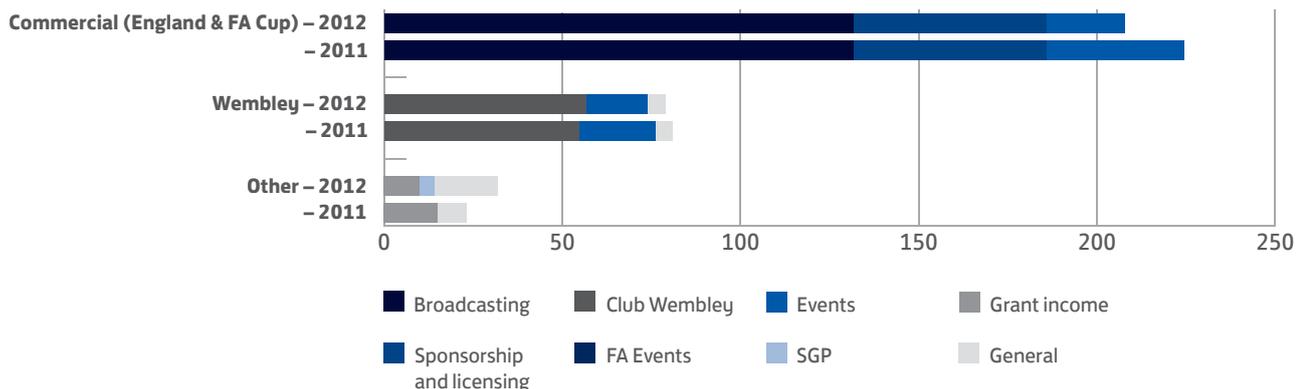
Jersey Football Combination 2 Isle of Man League 1 at

Douglas on 28 April

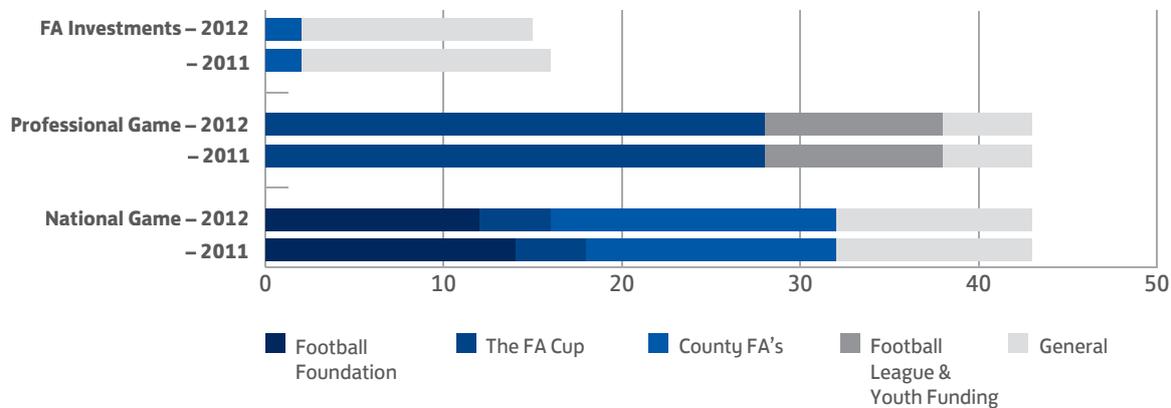
# Financial review

## Where does the money come from and where does it go?

### Group turnover



### Investments in the game



# Financial review



**Simon Winder**

## Overview

The FA's remit is to protect and grow the game of football in England. To do this The FA seeks to generate commercial revenues from its core activities and assets and aims to maximise the amount that it can invest directly into football. As with any organisation, The FA manages its finances and cash flows on a short, medium and long-term outlook to ensure that the organisation is not unduly exposed to external risks and factors not within our control.

2012 was a strong financial year for the Group which saw the completion of the significant capital development at St. George's Park, whilst maintaining its levels of Investment in the Game. The finances of the Group are in a strong position to move forward.

During the year, the Group reviewed its strategy and financial plans for the next four years and the management team

and Board are confident that the Group is well-placed to deliver these. The FA has secured its long-term revenues through to 2014 (domestic broadcast and sponsorships) and as far as 2018 for international broadcast rights. The FA is committed to providing stability and long-term investment in key projects whilst ensuring that the Group has adequate reserves and a robust financial position.

## Financial results

The Group's turnover in the year was £318m (2011: £329m) – the decrease is mainly due to lower event income in 2012 (£22m), offset by prize monies from the UEFA EURO 2012 finals (£10m). Event income was reduced in 2012 given the absence of the UEFA Champions League Final and fewer events being staged at Wembley, partially offset by Olympic revenues.

This reduction in revenues is reflected in lower cost of sales of £54m (2011: £70m) which is predominantly due to the decrease in FA event cost of sales (£9m) and Wembley cost of sales (£10m). These variances are primarily driven by the absence in 2012 of the UEFA Champions League Final and the eight Take That concerts over summer 2011.

The increase in operating costs is largely due to the exceptional credit in 2011 (Wembley business rates rebate: £6m). Throughout the period the emphasis has been on maintaining the level of front-line investment and distributions into football and consequently the Group's investments in the game exceeded £100m for the fourth successive year reaching £101m (2011: £103m).

The combination of the above turnover and cost levels has helped deliver a Profit after Tax of £35m (2011: £40m) which improved the Group's balance sheet and reserves.

## Turnover

A detailed breakdown of the Group's turnover is given below:

£m	2012	2011	Change
Broadcasting	131	131	–
Sponsorship and Licensing	54	54	–
FA Events	22	40	(18)
FA Grants	10	15	(5)
Other Income	18	8	10
St. George's Park	4	–	4
Wembley Division:			
Club Wembley	56	54	2
Events	18	22	(4)
Other Income	5	5	–
<b>Total</b>	<b>318</b>	<b>329</b>	<b>(11)</b>

## Financial review

The Group's largest source of revenue is from the sale of broadcasting rights in respect of The FA Cup and England matches. Both the domestic and international broadcast revenues were renewed in 2012 – the domestic rights have been granted to ITV for a two year period to July 2014 (when the UEFA centralisation of rights commences) and the international rights have been granted to nine broadcasters for a six year period to July 2018.

Sponsorship and licensing revenue, mainly earned from contractual partners, is in line with the previous years. The FA Partner programme is now in place; with Vauxhall (England Lead Partner) and Budweiser (FA Cup Lead Partner), supported by Carlsberg, Mars, McDonald's, Tesco and Nike, who took over the kit supply and sponsorship from its subsidiary, Umbro in August. The programme benefits from long term partnerships with strong domestic and international companies, that not only contribute financially, but provide real tangible grassroots support and interest, such as The Mars Just Play scheme, the Tesco Skills Programme and the Mash-Up concept supported by Vauxhall.

The FA events income of £22m (2011: £40m) relates to gate receipts and programme sales from the home England matches and the latter stages of The FA Cup held at Wembley Stadium. The year on year reduction is because of the additional FA events held at Wembley Stadium in 2011, being the UEFA Champions League Final, one further home international and the Community Shield.

Grant income of £10m (2011: £15m) relates to income from Sport England and UEFA and finances a number of the National Game initiatives including; Girls Football Development, support for the Mars Just Play initiative, Development of small sided football, Grassroots Disability, Grassroots Coaching and the Respect campaign. The reduction in grant income from 2011 is largely due to the Sport England Community Club Development Programme (CCDP) grant being fully utilised in 2011.

Other income of £18m (2011: £8m) includes income from tournaments, FA Learning courses, disciplinary fines, and englandfans membership. The increase relates predominantly to the prize monies from the UEFA EURO 2012 finals.

Revenue generated by Wembley Stadium reduced by £2m to £79m (2011: £81m). Revenue generated by Club Wembley has increased by £2m, driven by inflationary price increases and strong seat sales. Wembley events revenue has decreased by £4m due to there being one concert in 2012 compared to nine concert nights in 2011. The reduction in concert event revenue is partially offset by the staging of nine Olympic football matches which generated revenue of £3m.

St. George's Park was officially opened in October 2012. St. George's Park generated £4m of revenue in 2012 (2011: £nil), principally from sponsorship and the hotel business.

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**For the fourth consecutive year The FA generated turnover of more than £300m and maintained investments in the game in excess of £100m.**

# Financial review

## Expenditure

The Group's costs decreased by £8m in the year, to £249m (2011: £257m) after adjusting for the exceptional rates rebate (£6m) in 2011, and this is summarised below:

£m	2012			2011			Change
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total	
Investments into the Game	–	101	101	–	103	103	(2)
Club England	15	6	21	13	8	21	–
Football Governance and Development	3	9	12	3	8	11	1
Commercial and Marketing	14	3	17	15	3	18	(1)
FA Events	4	–	4	13	1	14	(10)
Running The FA	–	16	16	–	16	16	–
Wembley	16	25	41	26	25	51	(10)
St. George's Park	2	5	7	–	1	1	6
Depreciation	–	30	30	–	28	28	2
Exceptional credit	–	–	–	–	(6)	(6)	6
<b>Total</b>	<b>54</b>	<b>195</b>	<b>249</b>	<b>70</b>	<b>187</b>	<b>257</b>	<b>(8)</b>

The FA have invested in excess of £100m into the game for the fourth consecutive year, investing £101m into all levels of the game in 2012 (2011: £103m). This represents 32% (2011: 31%) of Group turnover. Investments into the Game are split evenly between the National Game and the Professional Game in addition to some central FA investments. Further details are given below.

Club England includes all the costs associated with running England's 24 teams including men's, women's, youth and disability sides. Total expenditure remained consistent with 2011 at £21m, with savings in the men's senior team coaching staff offset by increased tournament costs from the UEFA EURO 2012 finals.

Football Governance includes areas such as disciplinary, compliance, refereeing, agents, financial matters and doping control while Football Development encompasses all ages, backgrounds and abilities in terms of participation and equality. Much of The FA's development expenditure is channelled through the National and Professional Game but certain centralised activity, including The FA Skills Coaches is reflected within Development. Football Governance and Development central costs in the year are £12m (2011: £11m).

Commercial and Marketing includes the costs to support two of the Group's key revenue streams, being broadcast and sponsorship. Commercial and Marketing costs in the year are £17m (2011: £18m).

The decrease in FA Event costs of £10m to £4m (2011: £14m) predominantly relates to the costs of hosting the UEFA Champions League Final at Wembley in May 2011.

Running The FA includes the costs of The FA Council, the executive office, Finance, HR, IT and Legal. Total expenditure remained consistent with expenditure in the previous year (2011: £16m).

Wembley costs decreased by £10m, to £41m (2011: £51m), with £2m of additional costs for staging the nine Olympic matches in 2012 offset by the Take That concerts in 2011 which resulted in £8m of costs. Further cost savings were generated from having one less Senior Men's home international and the Community Shield being held at Villa Park in 2012.

The exceptional credit in 2011 of £6m relates to the business rates refund in respect of the prior years following a reduction in the business rates valuation for Wembley Stadium agreed in March 2011.

# Financial review

## Investment into the game

Total investment into the game has decreased by £2m due mainly to the Community Club Development Programme initiative stopping in 2011. The FA's investment into the game is divided approximately equally across the Professional Game (the Premier League and the Football League) and the National Game (the term used to describe the rest of the game).

£m	2012			Total	2011	Change
	National Game	Professional Game	FA Investments		Total	
Football Foundation	12	–	–	12	11	1
Football Foundation – CCDDP	–	–	–	–	3	(3)
FA Cup	4	28	–	32	32	–
County FAs	16	–	2	18	16	2
Football League	–	10	–	10	10	–
Professional Footballers' Association	–	2	–	2	2	–
Professional Game Match Officials	–	1	–	1	1	–
Community Shield share to charity	–	–	–	–	1	(1)
Other	11	2	13	26	27	(1)
<b>Total</b>	<b>43</b>	<b>43</b>	<b>15</b>	<b>101</b>	<b>103</b>	<b>(2)</b>

In 2012, a total of £43m (2011: £43m) was distributed to the Professional Game through The FA Cup (£28m, 2011: £28m) which comprises prize funds, TV broadcast fees and FA Cup Pool distributions to clubs, direct grants to the Football League (£10m, 2011: £10m), funding for the Professional Footballers' Association (£2m, 2011: £2m), Professional Game Match Officials (£1m, 2011: £1m) and other investments into the game (£2m, 2011: £2m), which includes financial governance, stadia safety and security and International relations.

A total of £43m (2011: £43m) was distributed through the National Game into grassroots football, including the Football Foundation (£12m, 2011: £11m), The FA Cup (£4m, 2011: £4m), County FAs (£16m, 2011: £14m), and other investments in the game (£11m, 2011: £11m) in relation to the National Game Strategy. In 2011, £3m was distributed into the National Game through the Community Club Development Programme which was principally funded by grants from Sport England. The increased distributions to the County FAs in 2012 are driven by additional grant funding for 9v9 youth development.

An additional sum of £15m (2011: £17m) was invested into projects that span the whole game including The FA's Respect programme, FA Learning, medical and exercise science, safeguarding children, disability, women's football, talent identification and UEFA licensing.

## Net result

The Group's operating profit decreased by £3m to £69m (2011: £72m), as a result of the movements in revenue and costs explained in the sections above.

Net finance charges were £25m (2011: £24m) principally being the interest on the bank loans raised by WNSL to finance construction of the Stadium, based on a fixed interest rate of 7.1% (£21m) and the lease interest on the financing associated with the hotel at St. George's Park (£3m).

The Group incurred a tax charge of £9m in the year (2011: £9m). This comprises a current tax charge of £10m (2011: £10m), offset by a deferred tax credit in the year of £1m (2011: £1m).

The impact of the above resulted in a profit after taxation of £35m (2011: £40m).

The profit after tax is reduced by the actuarial loss on the final salary pension scheme (the "Scheme") of £1.3m (2011: actuarial loss of £0.3m) resulting in a total recognised gain in the year of £34m (2011: £40m).

# Financial review

## Balance sheet and cash flow

The Group's net assets increased by £34m, to £139m at the end of the year (2011: £106m), as a result of the total recognised gain in the year outlined above.

Total fixed assets increased to £710m, (2011: £705m) the largest element being tangible fixed assets (£684m), which primarily comprise Wembley Stadium. The £6m movement in tangible fixed assets is due to the completion of St. George's Park (£28m) and Wembley Stadium improvements (£8m), offset by the depreciation charge (£30m).

The St. George's Park additions comprise the assets forming the construction of the football facility (£13m) and the construction of the hotel facility (£15m) which is being financed through a finance lease arrangement with Legal and General. The initial finance lease funding amounted to £48m and is disclosed within the obligations under finance lease creditor. During 2012 £16m of the funding was drawn down and this is reflected in the decrease in other debtors during the year.

The sports facility construction at St. George's Park was funded by a combination of FA investment, sponsorship revenues, grant funding and the contractual retention of payments to the construction company, Bowmer & Kirkland. The retention of £12m has been repaid during 2012 and this explains the decrease in other creditors during the year.

Within current assets the principal movements are due to an increase in debtors and cash.

The overall debtors due within one year balance has increased by £24m during the year to £66m at 31 December 2012. The various movements are shown in the notes to the accounts (note 12). Trade debtors increased by £29m to £44m which predominantly reflects the timing of contractual invoices relating to commercial deals. Prepayments and accrued income has increased by £6m to £15m reflecting additional accrued income arising from sponsorship contracts and grants. These have been offset by a decrease in other debtors by £11m to £6m with the main factor being the draw down on the finance lease creditor referred to above.

The cash balance increased by £25m during the year to £96m at 31 December 2012. Further details of the cash flow movements are given below.

Creditors due within one year totalled £203m at 31 December 2012 compared to £176m 12 months earlier. The principal movements were as follows.

Bank loan obligations have reduced from £7m to £5m due to the mandatory repayment profile of the Wembley debt facility. Accruals have fallen by £3m to £23m – the decrease is predominantly due to the absence in 2012 of a construction accrual for St. George's Park. Deferred income (£140m) has risen by £40m in the year and relates to the recognition of revenue in the period from broadcasting, sponsorship and event payments where the cash was received in previous periods ahead of the rights accruing.

The main long-term creditor on the balance sheet are the bank loans in relation to the Stadium funding which amount to £274m in total, net of unamortised arrangement fees. The liability after one year is £269m. The Group continues to make both the mandatory and target repayments reducing the level of bank debt by £12m in the year. The decrease in the long-term other creditors balance of £12m relates to the retention payment referred to above.

A valuation for the Pension Scheme was carried out under FRS17 by a qualified actuary on 31 December 2012. During the year, the deficit in the Scheme increased by £0.1m to £1.5m (2011: £1.4m). The increase in the deficit was principally due to an actuarial loss in the year (£1.7m) and interest payable on the scheme's liabilities (£0.4m) partially offset by the additional pension payments made to the Scheme to fund the past service deficit (£2.0m). Full information regarding the Scheme and the underlying assumptions used to calculate the financial position can be found in Note 1(g) and Note 19 of these financial statements.

In 2012 there was a net cash inflow from operating activities of £107m (2011: inflow £57m). During the year the Group made net interest payments of £24m (2011: £23m), paid corporation tax of £16m (2011: £12m), incurred net capital expenditure and financial investment of £46m (2011: £41m), invested £15m (2011: inflow of £nil) in treasury deposits, made bank loan repayments of £12m (2011: £17m) and received finance lease funding of £17m in relation to the construction of St. George's Park (2011: £31m). This resulted in an increase in cash in the year of £10m (2011: decrease of £4m).



**Simon Winder**

Group Financial Controller, The Football Association



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**£15 million**

The Group made charitable donations of £15m during the year.

# Directors' report

The directors present their annual report and the consolidated financial statements for The Football Association Limited and its subsidiaries (the "Group") for the year ended 31 December 2012.

## Principal activities and subsidiaries

The principal activity of The Football Association Limited ("the Company" or "The FA") is to promote the game of Association Football ("the game"). The principal activity of Wembley National Stadium Limited ("WNSL") is to organise sporting and other entertainment events at Wembley Stadium ("the Stadium" or "Wembley"). The principal activity of the National Football Centre Limited ("the NFC") is to operate the sports facility and hotel facilities at St. George's Park ("SGP") that opened to the public in August 2012. The principal activity of FA Learning Limited ("FAL") is to promote the game through the organisation and delivery of educational activities, principally in the fields of coaching, refereeing, medical and exercise science and safeguarding.

## Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a significant impact on the Group's long term performance. There is an established Risk Management process in place. The Group's senior management team review existing risks and identify new risks on a monthly basis. Suitable controls are implemented and action plans are established to mitigate risks. These risks and uncertainties and the related controls and plans are monitored by the Group Audit Committee (see below) on a regular basis.

## Commercial revenue

One of the most significant uncertainties for The FA is the future value of its main source of commercial revenues, being broadcasting rights and sponsorship rights. These are typically re-negotiated and sold on a four year cycle. Broadcasting and sponsorship revenues accounted for 58% (£185m) of the Group's turnover in 2012. All sponsorship contracts are sold through to 2014. Domestic broadcast agreements are also sold through to 2014. International broadcast agreements are contracted through to 2018 with a significant increase against previous income levels.

The co-terminus nature of a significant number of commercial contracts is a clear risk and the Group is dependent on market conditions and the perception of the performance of the England team and the appeal of The FA Cup. The Group considers it has sufficient time to manage these risks over the next two years to ensure that revenues are maintained and secured beyond 2014. There are several actions taken to mitigate these risks:

- revenue is diversified across a number of domestic and international broadcasters and new markets are explored

which has seen a significant growth in overseas broadcast income; and

- negotiations are normally concluded at least one year in advance of the contract start date.

In addition to the contract and term risks identified above there is also a significant credit risk due to the potential size of the contracts. The risks are heightened when dealing with overseas territories and broadcasters. To mitigate against the credit risk the following actions are taken:

- payment terms are negotiated so that cash is received in advance of rights issued;
- due diligence is performed on all potential partners; and
- bank guarantees or letters of credit are secured as appropriate.

Club Wembley revenue represented 18% of the Group's turnover in 2012. Club Wembley box and premium seats have been contracted for an average of eight and ten years respectively. Whilst the principal risk in the long term is renewal of the membership contracts, the short term risk exists that members do not pay their annual fee.

## Borrowing

The Group is carrying a significant level of borrowing in relation to the financing of the Stadium and it is the Group's policy to eliminate, as far as possible, all the interest rate risk. As part of the refinancing in 2008, WNSL fixed 100% of its interest rate liabilities.

The financing arrangements for WNSL (see Note 15) include certain cash flow covenants and these are forecast to be achieved based on Wembley's projections. Whilst there remains headroom against its covenants a significant downturn in Wembley's business plan could put WNSL in default of its banking covenants. Wembley Stadium is a key asset to the Group and The FA is committed to provide such financial support to WNSL that will mitigate this risk.

The Group entered into a new financing arrangement during 2011 relating to St. George's Park under a lease and leaseback of the hotel facility with funding of £48m. There are minimal financial covenants other than to service the lease and make the scheduled repayments from the ongoing trading activity of the hotel at St. George's Park. Again The FA will commit to provide such financial support to St. George's Park that will mitigate this risk.

# Directors' report

## Foreign currency

The Group's activities also expose it to foreign currency risk which is mitigated by the use of financial derivatives to reduce exposure to fluctuating currency movements. The use of financial derivatives is governed by the Group's Treasury Policy approved by the Board, which provides written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes. See Note 16 for detail.

## Expenditure

In addition to the specific factors described above, the overall mitigating factor for the Group is the significant level of discretionary expenditure in The FA's cost base. A significant element of The FA's expenditure is investment into the game and can be reduced without breaching legal commitments.

## Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

## Charitable donations

As part of its overall investment into the game, the Group made charitable donations of £14.9m (2011: £20.1m) during the year. The payments actually made to registered charities during the year can be summarised into the following headings:

	2012 £m	2011 £m
The Football Foundation	12.4	14.6
The Football Foundation – CCDF	–	3.0
Professional Footballers' Association	1.7	2.1
Donations generated from the Community Shield	0.3	0.4
Wembley National Stadium Trust	0.5	–
<b>Total charitable donations</b>	<b>14.9</b>	<b>20.1</b>

## Corporate social responsibility

The FA Group undertakes a number of charitable, goodwill and community-based activities as part of its Corporate Social Responsibility programme. The FA Group has one Official Charity Partner. In 2012 the Teenage Cancer Trust was selected by FA Group staff and the charity will receive £150,000 from the revenues generated by the traditional curtain-raiser to the season, The FA Community Shield. In addition to the donation, the Teenage Cancer Trust has access to a number of FA Group benefits which allows it to raise additional funds through the auctioning of signed England shirts, mascot places at England Senior Men's fixtures and Wembley Stadium Tours, as well as inclusion in The FA's match day programmes, tickets to England international matches and an annual fundraising event at Wembley Stadium. The FA Group is also supporting the Bobby Moore Fund and the Sir Bobby Robson Foundation, with both charities receiving £25,000 from The FA Community Shield. The FA continues to be a huge supporter of the Armed Forces and is helping celebrate 125 years of football in the British Army by organising an FA Legends team, managed by Roy Hodgson, to play the current British Army side coached by England Under-21 manager Stuart Pearce at the Madejski Stadium in Reading in May 2013. The FA also donates a large number of tickets annually through the charity Tickets for

Troops. Furthermore, The FA Group has recently teamed up with the British Heart Foundation to help save lives in England's football clubs and their communities by making more than 900 defibrillators available to clubs at Steps 1 to 6 of the National League System and clubs in the Women's Super League to assist with cardiac arrest casualties. The FA Group has recently made an initial donation of £400,000 towards the cost of the equipment which will be matched by the British Heart Foundation and contributions from clubs.

The FA's International Relations department offers the organisation's expertise overseas in a range of areas, such as stadium safety and security, football administration, coaching, refereeing and sports science. It offers support, education and training programmes to fellow member associations of FIFA, often working with partners such as diplomatic missions, NGO's and government agencies.

Closer to home, The FA Group is committed to working closely with the local community in Wembley and with Brent Council to ensure that the stadium benefits the area. Local residents are consulted on a regular basis and are encouraged to get involved in activity in and around the stadium. Local schools are invited to attend and make use of Wembley's Learning

# Directors' report

Zone and tickets to fixtures at the stadium are distributed locally. Wembley is inviting 5,600 local residents to attend a Wembley Open House weekend to celebrate the stadium's 90th birthday in April. A similar engagement process with residents close to St. George's Park has also been implemented and the state-of-the-art training facility has already created 250 jobs, circa 40 local teams can access the pitches on weekends, 100 apprenticeships will be created over the next 10 years and St. George's Park has worked with the Prince's Trust and the League Managers' Association to bring underprivileged children to play on site.

## Environmental Policy

The FA is committed to being a responsible business in its dealings with its stakeholders and partners, including customers, suppliers, staff, sub-contractors and the communities in which it works, as well as the wider environment. Active engagement with partners on environmental issues is fundamental to its philosophy. The FA's corporate commitment to sustainability has been formalised in the vision for Wembley Stadium which includes 'Demonstrating leadership in environmental sustainability'. The FA, Wembley Stadium and St. George's Park all have environmental policies which demonstrate their commitment to improving environmental performance.

During 2012 the Wembley Stadium Green Team has expanded to become The FA Group Green Team and now encompasses The FA and St. George's Park Environmental Management Systems.

The FA and St. George's Park Environmental Management Systems are in development and Green Team Sub Groups have been set up at both locations to ensure implementation is successful and that achievements are made effectively.

The Wembley Stadium Green Team Sub Group has continued to manage the key environmental impact areas which are energy, water, waste, transport, communications and sustainable procurement. The following environmental achievements have been made during 2012:

- Electricity consumption has been reduced by 5% from 2011 as part of an overall reduction of 32% since 2007.
- Wembley Stadium continues to be a zero waste to landfill venue, the peak diversion from waste to energy rate on an event day was 86% at the Capital Summertime Ball and the annual diversion rate for waste from the Stadium is on track to be 80%.
- Wembley Stadium continues to implement the Green Travel Plan running regular travel plan initiatives, working closely with Westtrans and Brent Council as well as sitting on a West London Travel Planning Best Practice group. Transport authorities from Singapore and Abu Dhabi have visited the Stadium to observe the Stadium's Green Travel Plan as a case study.

- During 2012 The FA Group Purchasing Policy was updated and now includes a section regarding sustainability. A network of procurement champions is being established across the business to ensure that there is a business-wide understanding of the elements in the Policy.
- Steps have been taken to reduce the water consumption at the Stadium and during 2013 water will be a high priority area of focus.
- The Wembley Stadium Going Green document was published to report on the environmental activities and achievements in full with external stakeholders.
- Internally, a 'Green Team Expo' was successfully run for all staff at the Stadium to learn more about the environmental activities at the Stadium, see how they can improve their impacts at home and find out about the activities being carried out by partner companies, sub-contractors and sponsors.

In recognition of the excellent environmental achievements at Wembley Stadium the following awards and certifications have been achieved during 2012:

- Winner of the Sustainability Award at the international Stadium Business Awards
- Green Apple Environmental Award – Gold Award
- Industry Green Certification for Venues – 2 Stars
- Recertification to the Carbon Trust Standard

Wembley Stadium seeks to play a leading role in sustainable event management and will be working with event owners during 2013 to achieve certification to ISO 20121 where requested. Wembley Stadium played host to the Olympic Games in the summer and continued to deliver a service with high sustainability standards to ensure LOCOG's targets were achieved.

## Equal opportunities

The FA Group actively promotes equal opportunities in employment and welcomes applications from all sections of the community. We are committed to inclusive practices and treating all applicants, employees and participants fairly, regardless of age, gender, race, nationality, ethnic origin, colour, sexual orientation, gender reassignment, marital status, religion or belief, ability or disability.

The FA's commitment is to work in partnership with all the football bodies and campaign groups such as Kick It Out to implement a zero tolerance policy to discrimination in all its forms.

The FA Group is committed to equality monitoring of its employees and we are in the process of implementing an online system to collate the relevant data to inform our inclusion practices and to identify areas of support that are required for the workforce.

# Directors' report

The FA Group has a Race Equality Advisory Group ("REAG"), Disability Equality Advisory Group ("DEAG") and an Advisory Group for Tackling Homophobia with a remit that includes advising The FA on widening diversity in The FA Group wider football workforce. REAG and DEAG will be replaced later in 2013 by an Inclusion Advisory Board with a wider remit.

## Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, an Employee Consultation Forum, staff surveys, a proactive Get Involved staff engagement programme and a staff intranet.

## Corporate governance

### The Board

The Board is responsible for The FA's overall strategy, all financial matters and oversees operating and financial performance and the system of internal control.

The Board receives written reports from the General Secretary and Group Chief Financial Officer/Group Financial Controller as standing items at each meeting, considers other matters which require formal noting or approval and receives regular updates on key strategic programmes. The Board also receives reports at each meeting from its committees and subsidiary companies.

The Board comprises 12 directors, being the Chairman, the General Secretary, two independent non-executive directors, four non-executive directors from the National Game and four non-executive directors from the Professional Game.

Roger Devlin and Heather Rabbatts CBE, the two independent non-executive directors, were appointed to the Board in January 2012 following approval by shareholders to change the Articles at a General Meeting in August 2011. The Articles provide the definition of independence for the independent non-executive directors and the Chairman. At the time of their appointment, the Chairman or independent non-executive directors shall not be a member of The FA Council or be an employee, director or officer, or have a material business relationship with an organisation within the football family.

The Chairman and independent non-executive directors are appointed by the Council following a recommendation by the Nomination Committee and endorsement by the Board on a three-year term of office. The General Secretary is appointed by the Board. The National Game directors are elected by the National Game Representatives on Council and each is subject to re-election at least every three years. The Professional Game directors are appointed annually by The FA Premier League (two directors) and The Football League (two directors).

There is a clear division of responsibility between the roles of Chairman and General Secretary. The Chairman provides strong leadership for the Board on all aspects of its role and maintains effective relationships with key stakeholders in football both domestically and internationally. The General Secretary has executive responsibility for delivering strategies and programmes in line with the Board's direction.

The Board is empowered to appoint committees, incorporating independent membership, as it considers appropriate. The committees of the Board are:

- The National Game Board (with a number of sub-committees);
- The Professional Game Board (with a number of sub-committees);
- Group Audit Committee;
- Group Remuneration Committee;
- Nomination Committee;
- Finance Sub-Committee;
- Disability Equality Advisory Group (to be replaced by an Inclusion Advisory Board);
- Race Equality Advisory Group (to be replaced by an Inclusion Advisory Board);
- Women's Super League Board Sub-Group;
- Club England Board; and
- Health and Safety Committee.

On 29 November 2012 the Board approved the change in accounting reference date from 31 December to 31 July. This will align the statutory financial statements to the football season and our underlying broadcasting and sponsorship agreements. The next financial statements will therefore be produced for the seven month period ending 31 July 2013.

## Group Audit Committee

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness at least annually. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The FA Board has established a Group Audit Committee (the "GAC") with a mandate to provide independent oversight on the following matters across The FA Group:

- Governance, including risk management and internal control;
- External audit arrangements;
- Internal audit arrangements;
- The appropriateness of financial reporting; and
- Whistleblowing.



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# 24 teams

The Club England set-up has made great strides, with its 24 teams coming together to share expertise and know-how, and providing clear pathways for players coming through and coaches to work alongside each other in pursuit of building winning teams.

# Directors' report

The GAC's remit includes all operations and activities undertaken by The FA Group, covering the consolidated Group and the individual entities: The Football Association Limited; Wembley National Stadium Limited; National Football Centre Limited; and FA Learning Limited.

The GAC comprises an independent chairman, I Nunn, alongside R Devlin (Board director) and two independent non-Board members, N Humby and V Vaghela. The independent non-Board members have no connections with The FA such as through a material business relationship or by representing a shareholder. As well as bringing independence and objectivity, non-Board members are appointed onto the GAC in view of the skills and experience they can bring to the role. The GAC typically meets four times per year, with one meeting including the review of the financial statements of the Group.

The GAC reviews reports from management, internal audit and external audit on the Group's system of internal control and risk management, specifically those that support the integrity of the financial statements. The GAC also reviews, and where necessary challenges, the judgements of management in relation to the integrity of the financial statements.

## **Group Remuneration Committee**

The Group Remuneration Committee is chaired by R Burden, and comprises K Lamb, H Rabbatts CBE and D A Bernstein. The Group Remuneration Committee is responsible for advising the Board on the pay and terms and conditions of the General Secretary and members of senior management. In discharging its duties, the Group Remuneration Committee takes independent advice where appropriate. The remuneration policy is designed to attract, retain and

motivate executive directors to deliver the business strategy. Remuneration arrangements for senior positions incorporate performance measures which link to the business plan and individual performance criteria.

## **Nomination Committee**

The Committee meets as and when required and has responsibility for identifying and nominating candidates for the positions of independent non-executive director and Chairman. In doing so, the Committee use the services of external recruitment consultancies and openly advertise the positions.

## **The FA Council**

The role of Council is to regulate football matters including disciplinary matters, referees and match and competition sanctioning.

Council delegates areas of responsibility to numerous standing committees, sub-committees and working groups. The current standing committees are: Referees Committee, Protocol Committee, Leagues Committee, Membership Committee, Sanctions & Registrations Committee, Alliance Committee, Women's Football Committee, Youth Committee and Representative Matches Committee.

The Football Regulatory Authority is the regulatory, disciplinary and rule-making body of The FA. The Judicial Panel is a group of individuals from which Regulatory Commissions and Appeal Boards are drawn. The Regulatory Commissions have the authority to impose penalties or other sanctions for breach of the rules, with the Appeal Boards established to hear cases and appeals in prescribed circumstances.

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The Board comprises 12 directors, being the Chairman, the General Secretary, two independent non-executive directors, four non-executive directors from the National Game and four non-executive directors from the Professional Game.

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# Directors' report

## Directors and their interests

The persons listed below served as directors of the Company throughout the year, except as noted. Each of the directors held a non-beneficial ownership of one share in the Company.

The Board generally meets on a monthly basis and met 11 times during 2012. The attendance of directors at the scheduled meetings of the Board during 2012 was as follows. Figures in brackets indicate the maximum number of meetings during the year in which the individual was a Board Director.

Name	Role	Date appointed / resigned	Scheduled Board meetings
D A Bernstein	Chairman		11 (11)
A Horne	General Secretary		11 (11)
B W Bright	Leader of FA Council, Vice-President		11 (11)
Sir D Richards	The FA Premier League		9 (11)
R F Burden	FA Vice Chairman, Gloucester County FA		11 (11)
R Devlin	Independent Non-Executive	appointed 18 Jan 2012	11 (11)
M Game	Essex County FA		11 (11)
P A Gartside	The FA Premier League, Bolton Wanderers FC	resigned 4 July 2012	3 (6)
D Gill	FA Vice Chairman, The FA Premier League, Manchester United FC		11 (11)
A Kleanthous	The Football League, Barnet FC		9 (11)
K Lamb	The Football League, Middlesbrough FC		10 (11)
M R Leggett	Vice-President		11 (11)
H Rabbatts CBE	Independent Non-Executive	appointed 18 Jan 2012	10 (11)
E J Ward	Hampshire County FA	resigned 4 July 2012	6 (6)

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

## Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board



**Alistair Maclean**  
Company Secretary, The Football Association  
18 April 2013

# Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

# Independent auditor's report to the members of The Football Association Limited

We have audited the financial statements of The Football Association Limited for the year ended 31 December 2012 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related Notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Company's affairs as at 31 December 2012 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



## Mark Lee-Amies

(Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor,  
London, United Kingdom  
18 April 2013

## Consolidated profit and loss account

### Year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
<b>Turnover</b>	2	317,528	329,100
Cost of sales		(54,346)	(70,042)
<b>Gross profit</b>		263,182	259,058
Operating expenses (includes exceptional £5.9m credit in 2011 from business rates rebate)		(194,369)	(187,005)
<b>Operating profit</b>	5	68,813	72,053
Finance charges (net)	6	(24,516)	(23,743)
Other income	7	–	662
<b>Profit on ordinary activities before taxation</b>		44,297	48,972
Taxation charge on ordinary activities	8	(9,222)	(9,003)
<b>Profit on ordinary activities after taxation for the financial year</b>	21, 22	35,075	39,969

All the above results are derived from continuing operations.

## Consolidated statement of total recognised gains and losses

	Notes	2012 £'000	2011 £'000
Profit for the financial year		35,075	39,969
Actuarial loss on defined benefit scheme net of related deferred tax	19	(1,264)	(292)
<b>Total recognised gains relating to the year</b>		33,811	39,677

# Consolidated balance sheet

As at 31 December 2012

	Notes	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Intangible assets	9	250	250
Tangible assets	10	684,210	678,494
Fixed asset investments	11	25,548	26,660
		710,008	705,404
<b>Current assets</b>			
Stock		552	423
Debtors due within one year	12	65,728	42,458
Debtors due after more than one year	12	1,389	2,389
Cash at bank and in hand	13	96,028	70,685
		163,697	115,955
<b>Creditors: amounts falling due within one year</b>	14	(202,870)	(176,306)
<b>Net current liabilities</b>		(39,173)	(60,351)
		670,835	645,053
<b>Total assets less current liabilities</b>			
<b>Creditors: amounts falling due after more than one year</b>	15	(509,318)	(510,830)
<b>Provisions for liabilities</b>	17	(20,849)	(27,461)
<b>Net assets excluding pension liability</b>		140,668	106,762
Pension liability	19	(1,188)	(1,093)
<b>Net assets including pension liability</b>		139,480	105,669
<b>Capital and reserves</b>			
Called up share capital	20	–	–
Profit and loss account	21	139,480	105,669
<b>Shareholders' funds</b>	22	139,480	105,669

These financial statements of The Football Association, company number 00077797, were approved by the Board of Directors on 18 April 2013.

Signed on behalf of the Board of Directors



David Bernstein, Chairman

# Company balance sheet

As at 31 December 2012

	Notes	2012 £'000	2011 £'000
<b>Fixed assets</b>			
Tangible assets	10	5,013	4,202
Fixed asset investments	11	195,549	196,661
		200,562	200,863
<b>Current assets</b>			
Debtors due within one year	12	50,143	12,411
Debtors due after more than one year	12	137,638	120,596
Cash at bank and in hand	13	49,575	33,280
		237,356	166,287
<b>Creditors: amounts falling due within one year</b>	14	(129,599)	(119,356)
<b>Net current assets</b>		107,757	46,931
<b>Total assets less current liabilities</b>		308,319	247,794
<b>Creditors: amounts falling due after more than one year</b>	15	(17,185)	(3,437)
<b>Provisions for liabilities</b>	17	(752)	(2,044)
<b>Net assets excluding pension liability</b>		290,382	242,313
Pension liability	19	(1,188)	(1,093)
<b>Net assets including pension liability</b>		289,194	241,220
<b>Capital and reserves</b>			
Called up share capital	20	–	–
Profit and loss account	21	289,194	241,220
<b>Shareholders' funds</b>	22	289,194	241,220

These financial statements of The Football Association, company number 00077797, were approved by the Board of Directors on 18 April 2013.

Signed on behalf of the Board of Directors



David Bernstein, Chairman

# Consolidated cash flow statement

## Year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
<b>Net cash inflow from operating activities</b>	23(a)	106,993	56,832
<b>Returns on investments and servicing of finance</b>			
Interest paid		(25,678)	(24,328)
Interest received		1,610	1,391
<b>Net cash outflow from returns on investments and servicing of finance</b>		(24,068)	(22,937)
<b>Taxation</b>			
Corporation tax paid		(16,473)	(12,000)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(47,489)	(42,053)
Repayment of loan, treated as fixed asset investment	11	1,112	1,546
<b>Net cash outflow from capital expenditure and financial investment</b>		(46,377)	(40,507)
<b>Net cash inflow/ (outflow) before management of liquid resources and financing</b>		20,075	(18,612)
<b>Financing</b>			
Bank loan paid		(12,061)	(16,763)
Finance lease returns		1,135	580
Finance lease funding		16,194	30,833
<b>Net cash inflow from financing</b>		5,268	14,650
<b>Net cash inflow/ (outflow) before management of liquid resources (per balance sheet)</b>		25,343	(3,962)
<b>Management of liquid resources</b>			
Cash on deposits		(15,000)	–
<b>Increase/(decrease) in cash</b>	23(c)	10,343	(3,962)

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# 115,000

115,000 weekly participants  
in disability football.



# Notes to the accounts

Year ended 31 December 2012

## 1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

### a) Basis of accounting

The financial statements have been prepared under the historical cost basis in accordance with applicable United Kingdom accounting standards and Company law.

### b) Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report which also outlines the financial position of the Group, its cash flows, liquidity position and borrowing facilities. In particular, the Directors' report includes a summary of the principal risks and uncertainties affecting the Group.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

### c) Basis of consolidation

The Group accounts consolidate the results of the Company and all its subsidiaries. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

No profit and loss account is presented for the Company, as permitted by Section 408 of the Companies Act 2006. Profit after tax for the year for the Company was £49.2m (2011: £29.4m).

### d) Turnover

Turnover comprises the value of sales of goods and services (net of VAT, similar taxes and trade discounts) in the normal course of business.

Broadcasting contracts – Revenue derived from these contracts is recognised as turnover in proportion to the relative weighted values of the matches played during the year and covered under such contracts.

Sponsorship and related revenues – These are recognised in line with the rights provided, under each contract.

Match day and other sporting and entertainment – Revenue is recognised when the relevant event takes place.

Club Wembley licence fees - Revenue is recognised from when the licence agreement has been signed and the licence period has commenced. Revenue from licence fees is spread evenly across the term of the licence agreement.

Club Wembley season fees – When a customer first joins Club Wembley, revenue is recognised when the licence agreement has been signed and the licence period has commenced. For subsequent seasons, a transaction is recognised when the customer is invoiced. The season fee is spread evenly across the period to which it relates (1 August to 31 July if a full season).

### e) Barter transactions

Turnover and costs in respect of barter transactions for goods and services are recognised only where there is persuasive evidence of the value at which, if they had not been exchanged, the goods and services would have been sold for cash in a similar transaction.

### f) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

# Notes to the accounts

Year ended 31 December 2012

## g) Pension costs

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the Group, in a separate trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuations are obtained at least triennially and are updated approximately at each balance sheet date for FRS17 purposes. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

## h) Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as assets and are depreciated over the shorter of the lease terms and their useful lives. In respect of the finance lease entered into in relation to the hotel at St. George's Park, the lessor provided funding at the inception of the lease in order for the Group to construct the hotel. At inception of the lease the asset was recorded in other debtors. As construction occurred, amounts were drawn down from an escrow account, reducing the other debtor, and construction costs incurred were capitalised as part of the assets under construction within tangible fixed assets.

The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Finance costs arising in respect of the element of the construction at St. George's Park held under finance lease, are accounted for in accordance with SSAP 21, and are being charged to the profit and loss account as incurred. No other finance costs have been incurred in respect of St. George's Park.

## i) Grants and deferred income

Grants received in respect of capital expenditure are credited to a deferred grant account and are released to the profit and loss account over the expected useful lives of the relevant assets by matching with the relevant depreciation expense. Where a grant relates to an asset which is not depreciated, the grant remains in deferred grants until the end of the asset's life or when the asset is sold.

Revenue grants are credited to income so as to match them with the expenditure to which they relate.

## j) Investments

Fixed asset investments are shown at cost less provision for impairment.

## k) Intangible fixed asset

The intellectual property intangible asset is not amortised on the grounds of its expected durability. An impairment review is performed annually.

The directors consider that the Group's intangible asset has an indefinite life due to Wembley National Stadium Limited's proven and sustained ability to organise sporting and other entertainment events at the Stadium.

## l) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. No depreciation is charged in respect of land. Depreciation is provided on all other tangible fixed assets on a straight line basis, at rates calculated to write off the cost of those assets over their useful expected lives, and incorporating any residual value, as follows:

**Stadium** – The assets that comprise the Stadium have been categorised into operating classes and depreciated according to the useful economic life of that class. Useful economic lives range from 5 to 50 years.

# Notes to the accounts

Year ended 31 December 2012

**Land and buildings** – No depreciation is charged in respect of land. As with Stadium assets, building assets are categorised into operating classes and depreciated accordingly over the useful economic lives which range from 5 to 50 years. Long leasehold property is depreciated over the remaining life of the lease if less than 50 years, otherwise not depreciated.

**Leasehold improvements** – 15 years

**Fixtures, fittings, plant and equipment** – Between 3 – 10 years.

**Assets in the course of construction** – Not depreciated until brought into use.

Assets in the course of construction relate to costs associated with the construction of St. George's Park. These assets were transferred to their respective asset classes when the site was brought into use in August 2012. They are being depreciated over their useful economic lives from this point.

## **m) Stock**

Stock is stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

## **n) Borrowing costs**

The arrangement fees for the committed funding have been offset against the bank loan and are being amortised over the period of the bank loan. Finance costs, including amortisation of arrangement fees, directly attributable to construction of the stadium were capitalised and are being depreciated on a straight line basis over the life of the Stadium. Borrowing costs incurred from since the date of Operational Completion are charged to the profit and loss account as incurred.

## **o) Foreign currency**

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as at the date of the transaction (or where appropriate, at the rate of exchange in a related forward exchange contract). Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

## **p) Derivative financial instruments**

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

The foreign exchange financial instruments must be related to actual foreign currency assets or liabilities or to a probable commitment. It must involve the same currency or similar currencies as the hedged item and must also reduce the risk of foreign exchange movements on the Group's operations. Gains and losses arising on these contracts are deferred and recognised in the profit and loss account only when the hedged transaction has itself been reflected in the Group's financial statements.

For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

If an instrument ceased to be accounted for as a hedge, for example because the underlying hedged position has been eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time.

## **q) Distributions to the game**

Distributions to the game comprise grants and donations that are made to both the Professional Game and National Game. These are recognised when a constructive obligation arises, and are charged to the profit and loss account in the period to which the distribution relates.

# Notes to the accounts

Year ended 31 December 2012

## 2. Segmental information

Turnover, operating profit and net assets/(liabilities) by class of business are set out below. The group sells rights to overseas broadcasters, so group turnover by destination includes £41m (2011: £34m) to the rest of the world, outside the United Kingdom.

	Promotion of Football Association		Stadium and non FA event management		Operation of St. George's Park		Inter segment transactions		Group	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000	2012 £'000	2011 £'000	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Turnover	226,940	239,261	89,821	99,639	9,199	4,244	(8,432)	(14,044)	317,528	329,100
Operating profit/(loss)	63,411	33,746	13,165	21,496	(3,129)	(467)	(4,634)	(17,278)	68,813	72,053
Interest payable and similar charges	(1,359)	(912)	(21,220)	(22,007)	(3,494)	(2,458)	–	–	(26,073)	(25,377)
Interest receivable & other income	1,280	1,625	221	594	56	77	–	–	1,557	2,296
Profit/(loss) before tax	63,332	34,459	(7,834)	83	(6,567)	(2,848)	(4,634)	(17,278)	44,297	48,972
Net assets/(liabilities)	289,194	241,220	56,696	61,136	(11,659)	(7,891)	(194,751)	(188,796)	139,480	105,669

The inter segment transactions comprise a number of adjustments to eliminate transactions between Group companies. These adjustments include the staging fees paid by The FA to WNSL, The FA's investment in WNSL and FA funding provided to St. George's Park.

The operations of the National Football Centre and FA Learning at St. George's Park has been included as a class of business, the prior year comparative figures have been restated to separate transactions relating to St. George's Park.

### Barter transactions

The amount of barter transactions for goods and other services recognised in turnover is £1.2m (2011: £1.2m).

# Notes to the accounts

Year ended 31 December 2012

## 3. Directors' remuneration

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Emoluments	755	728
Benefits in kind	4	–
Pension payments	20	12
<b>Total</b>	<b>779</b>	<b>740</b>

There are no directors to whom retirement benefits are accruing in respect of qualifying services in respect of defined benefit schemes (2011: none).

There is one director (2011: one) to whom retirement benefits are accruing in respect of qualifying services in respect of the money purchase pension scheme.

### Details of highest paid director

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Total emoluments and benefits in kind	532	516
Company contributions to money purchase schemes	20	12
<b>Total</b>	<b>552</b>	<b>528</b>

# Notes to the accounts

Year ended 31 December 2012

## 4. Employee information

	<b>2012</b>	2011
	<b>No.</b>	No.
Average monthly number of persons employed by the Group during the year:		
Promotion of Association Football	570	525
Stadium and event management	104	104
Hotel management	79	–
<b>Total</b>	<b>753</b>	<b>629</b>
Their aggregate remuneration comprised:		
	<b>£'000</b>	£'000
Wages and salaries	37,832	36,099
Social security costs	4,007	4,184
Other pension costs	1,601	1,689
Severance costs	(75)	134
<b>Total</b>	<b>43,365</b>	<b>42,106</b>

## 5. Operating profit

### Operating profit is after charging / (crediting):

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Depreciation – owned tangible fixed assets	29,926	27,785
Loss on sale of fixed assets	–	20
Amortisation of deferred capital grants	(1,051)	(1,037)
Auditors' remuneration:		
– Fees payable to the Group's auditors for the audit of the Group's annual accounts (including £72,400 (2011: £74,450) relating to the Company)	145	139
– Fees payable to the Group's auditors for tax services to the Group (including £141,725 (2011: £178,079) relating to the Company)	224	262
– Fees payable to the Group's auditors for other services to the Group (including £nil (2011: £2,600) relating to the Company)	55	3
Hire of plant and machinery under operating leases	45	51
Other operating lease rentals	600	594

# Notes to the accounts

Year ended 31 December 2012

## 6. Finance charges (net)

	2012 £'000	2011 £'000
Bank interest payable	(21,389)	(22,919)
Finance lease interest payable	(3,234)	(2,458)
Other interest payable	(1,450)	–
Total interest payable	(26,073)	(25,377)
Bank interest receivable	1,557	1,634
Net interest payable	(24,516)	(23,743)

## 7. Other income

	2012 £'000	2011 £'000
Additional credit in relation to a broadcaster that went into administration in 2009	–	662

## 8. Taxation

	2012 £'000	2011 £'000
<b>Current tax</b>		
UK corporation tax at 24.5% (2011: 26.5%)	(10,690)	(8,037)
Adjustment in respect of prior years	632	(1,582)
	(10,058)	(9,619)
<b>Deferred tax</b>		
Origination and reversal of timing differences	(995)	(3,926)
Adjustment in respect of prior years	66	4,558
Difference due to change in tax rate	1,765	(16)
	836	616
Total tax (charge)	(9,222)	(9,003)

# Notes to the accounts

Year ended 31 December 2012

## 8. Taxation

From 1 April 2013, the main rate of corporation tax will reduce to 23%. This was substantively enacted in July 2012 and is reflected, where appropriate, in the tax disclosures. In the 2013 Budget Statement, the Government announced further reductions to the main rate of corporation tax, such that there will be a rate of 20% in place from April 2015. This change was not substantively enacted at the balance sheet date and therefore has not been reflected in the financial statements. The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

**The actual tax charge differs from the standard rate for the reasons set out in the following reconciliation:**

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Profit on ordinary activities before tax	44,297	48,972
Tax at 24.5% thereon (2011: 26.5%)	(10,853)	(12,978)
Effects of:		
Expenses not deductible for tax purposes	(195)	(90)
Depreciation in excess of capital allowances	(1,393)	(659)
Non-taxable release of grant income	371	507
Movement in short term timing differences	339	1,183
Unutilised tax losses	–	(872)
Capitalised finance costs	(234)	(252)
Deferred tax on pension scheme contributions	389	273
Adjustment in respect of prior years	631	(1,581)
Brought forward losses now utilised	3,066	3,131
FA grant funding of NFC	–	4,108
Non-qualifying depreciation	(2,179)	(2,389)
Current tax charge for period	(10,058)	(9,619)

## 9. Intangible fixed assets

	<b>Intellectual property</b>
	<b>£'000</b>
<b>Cost and net book value</b>	
At 1 January 2012 and 31 December 2012	250

Intangible assets represent the cost attributed to intellectual property on the acquisition of the Stadium.

# Notes to the accounts

Year ended 31 December 2012

## 10. Tangible fixed assets

Group	Land and buildings £'000	Stadium £'000	Leasehold improvements £'000	Assets in the course of construction £'000	Fixtures, fittings, plant and equipment £'000	Total £'000
<b>Cost</b>						
At 1 January 2012	67,000	660,148	–	78,550	30,205	835,903
Transfers	42,663	–	2,857	(59,464)	13,944	–
Additions	17,902	3,002	2,002	–	13,817	36,723
Disposals	–	(1,186)	–	(19,086)	(79)	(20,351)
<b>At 31 December 2012</b>	<b>127,565</b>	<b>661,964</b>	<b>4,859</b>	<b>–</b>	<b>57,887</b>	<b>852,275</b>
<b>Accumulated depreciation and impairment</b>						
At 1 January 2012	–	118,214	–	19,086	20,109	157,409
Charge for the year	559	24,336	123	–	4,908	29,926
Disposals	–	(105)	–	(19,086)	(79)	(19,270)
<b>At 31 December 2012</b>	<b>559</b>	<b>142,445</b>	<b>123</b>	<b>–</b>	<b>24,938</b>	<b>168,065</b>
<b>Net book value</b>						
<b>At 31 December 2012</b>	<b>127,006</b>	<b>519,519</b>	<b>4,736</b>	<b>–</b>	<b>32,949</b>	<b>684,210</b>
At 31 December 2011	67,000	541,934	–	59,464	10,096	678,494

### Group

Land and buildings includes freehold land, which is held at cost of £67.4m (2011: £64.5m) following the purchase of land and buildings from Wembley plc in 1999. It also includes long leasehold property of £3.9m (2011: £2.5m).

The assets in the course of construction relate to the sports and hotel facility at St. George's Park, the site of the National Football Centre. These assets were transferred to their respective asset classes when the site was brought into use in August 2012. They are being depreciated over their useful economic lives from this point. Included within the above assets is £45.9m (2011: £31.8m) of assets held under finance leases. This relates to the lease and leaseback arrangement to fund the construction of the hotel at St. George's Park, which has been classified as a finance lease. The minimum lease term is 30 years. These assets are held at cost of £47.3m (2011: £31.8m) less accumulated depreciation of £1.4m (2011: Nil).

The total amount of finance costs included within the cost of the stadium asset at the year end is £73.6m (2011: £73.6m).

# Notes to the accounts

Year ended 31 December 2012

## 10. Tangible fixed assets

<b>Company</b>	<b>Stadium £'000</b>	<b>Fixtures, fittings, plant and equipment £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2012	2,445	9,479	11,924
Additions	–	1,608	1,608
Disposals	–	(51)	(51)
<b>At 31 December 2012</b>	<b>2,445</b>	<b>11,036</b>	<b>13,481</b>
<b>Accumulated depreciation</b>			
At 1 January 2012	121	7,601	7,722
Charge for the year	51	746	797
Disposals	–	(51)	(51)
<b>At 31 December 2012</b>	<b>172</b>	<b>8,296</b>	<b>8,468</b>
<b>Net book value</b>			
<b>At 31 December 2012</b>	<b>2,273</b>	<b>2,740</b>	<b>5,013</b>
At 31 December 2011	2,324	1,878	4,202

# Notes to the accounts

Year ended 31 December 2012

## 11. Fixed asset investments

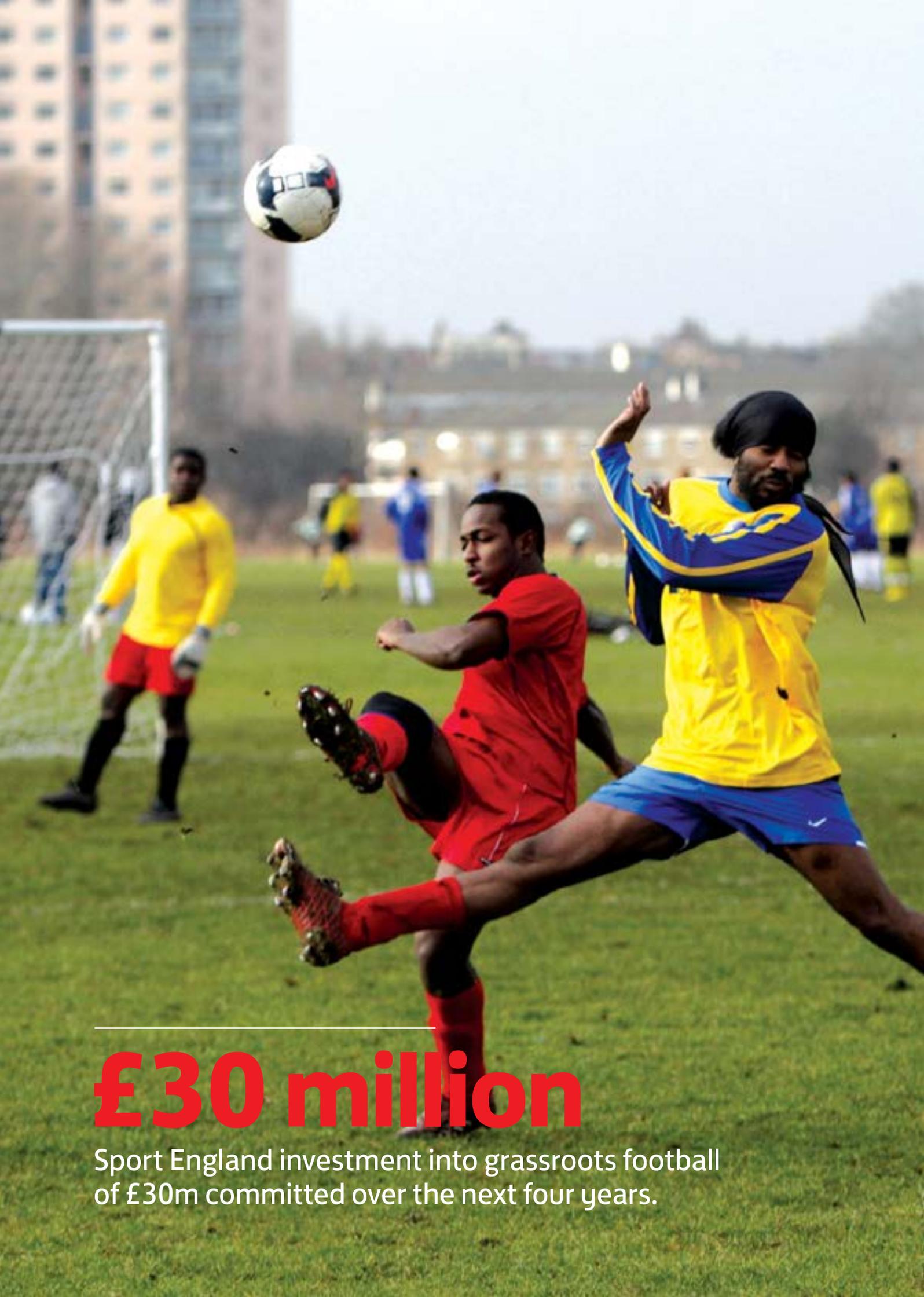
	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Subsidiary undertakings	–	–	170,001	170,001
Subsidiary undertakings (via intermediary)	25,548	26,660	25,548	26,660
<b>Total</b>	<b>25,548</b>	<b>26,660</b>	<b>195,549</b>	<b>196,661</b>

Analysis of movement in investments	Group		Company
	Subsidiary company investment (via intermediary) £'000	Shares in Group companies £'000	Subsidiary company investment (via intermediary) £'000
At 1 January 2012	26,660	170,001	26,660
Repayment of loan, treated as fixed asset investment	(1,112)	–	(1,112)
At 31 December 2012	<b>25,548</b>	<b>170,001</b>	<b>25,548</b>

The subsidiary company investment of £25.5m comprises a back to back loan to an intermediary bank, the counter party being WNSL. The FA currently receives interest on this investment at a rate of 2.6%.

### Details of subsidiary companies, in each of which 100% of the nominal value of £1 ordinary shares is held, are as follows:

Name	Activity
Wembley National Stadium Limited	Organising sporting and other entertainment events at Wembley Stadium
National Football Centre Limited	Operation of hotel and sports facilities
FA Learning Limited	Educational activities
England 2018/2022 Bidding Nation Limited	Dormant
The English National Stadium Property Company Limited	Dormant



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**£30 million**

Sport England investment into grassroots football of £30m committed over the next four years.

# Notes to the accounts

Year ended 31 December 2012

## 12. Debtors

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
<b>Amounts falling due within one year</b>				
Trade debtors	44,241	15,353	36,323	6,244
VAT receivable	12	338	–	–
Other debtors	6,113	17,432	931	615
Prepayments and accrued income	15,362	9,335	12,889	5,552
	65,728	42,458	50,143	12,411
<b>Amounts falling due after more than one year</b>				
Loans to clubs	349	484	349	484
Loans to subsidiary undertakings	–	–	136,387	118,207
Other debtors	138	–	–	–
Deferred tax asset (see Note 18)	902	1,905	902	1,905
	1,389	2,389	137,638	120,596
<b>Total debtors</b>	<b>67,117</b>	<b>44,847</b>	<b>187,781</b>	<b>133,007</b>

A loan to WNSL of £127.5m (2011: £113.6m) is included in loans to subsidiary undertakings above and is repayable only after certain obligations under the financing arrangements have been discharged.

From 20 December 2007, no interest was payable on this loan. WNSL must ensure that up to £100.0m of any investment from The FA (including loans or equity investments) will be retained for a minimum period of 50 years from the date of practical completion, unless specific permission from the Secretary of State is given otherwise.

## 13. Cash at bank and in hand

Cash at bank and in hand includes short term treasury deposits totalling £25.0m (2011: £10.0m). These have been classified as liquid resources in the cash flow statement in accordance with FRS1.

# Notes to the accounts

Year ended 31 December 2012

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

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Bank loan	4,607	6,872	–	–
Obligations under finance lease	3,121	2,864	–	–
Trade creditors	1,313	2,136	712	108
Amounts due to subsidiary undertakings	–	–	1,401	2,881
Other creditors				
– UK corporation tax payable	5,760	12,178	5,534	12,178
– Social security and other taxes	6,111	4,701	5,697	4,507
– Other	7,334	8,880	2,008	6,666
Accruals	23,356	26,454	8,850	10,793
Deferred grants	10,830	11,322	9,048	17,282
Deferred income	140,438	100,899	96,349	64,941
<b>Total</b>	<b>202,870</b>	<b>176,306</b>	<b>129,599</b>	<b>119,356</b>

Deferred income predominantly comprises contractual broadcasting and sponsorship income received in advance and the upfront Club Wembley licence fees.

# Notes to the accounts

Year ended 31 December 2012

## 15. Creditors: amounts falling due after more than one year

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Bank loan	269,423	278,933	–	–
Obligations under finance leases	46,439	45,561	–	–
Other creditors	–	11,876	–	–
Deferred grants	123,044	114,161	–	–
Deferred income	70,412	60,299	17,185	3,437
<b>Total</b>	<b>509,318</b>	<b>510,830</b>	<b>17,185</b>	<b>3,437</b>

In the analysis above, the Group bank loan of £277.0m (2011: £289.0m) is stated net of unamortised arrangement fees of £2.9m (2011: £3.2m). It is repayable in instalments over the 15-year term of the loan, secured as a first charge over the assets of WNSL. Each annual repayment will include a mandatory amount, together with a targeted amount based on performance.

### The amounts of mandatory repayments on the Group bank loan are as follows:

Bank Loan	2012 £'000	2011 £'000
Less than one year	4,607	6,872
Between one and two years	6,120	4,607
Between two and five years	76,655	17,883
More than five years	189,584	259,665
<b>Total</b>	<b>276,966</b>	<b>289,027</b>

# Notes to the accounts

Year ended 31 December 2012

At 31 December 2012 the Company had annual commitments under non-cancellable finance leases as set out below:

<b>Finance leases</b>	<b>2012</b>	2011
	<b>£'000</b>	£'000
Less than one year	3,121	2,870
Between one and two years	3,184	3,121
Between two and five years	9,938	9,743
More than five years	99,401	102,780
	<b>115,644</b>	<b>118,514</b>
Less: Finance charges allocated to future periods	(66,084)	(70,089)
<b>Total</b>	<b>49,560</b>	<b>48,425</b>

Deferred grants greater than one year comprise the following amounts:

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Sport England	79,441	77,154
Department of Culture, Media and Sport ("DCMS")	20,087	17,568
London Development Agency ("LDA")	18,158	18,581
Other	5,358	858
<b>Total</b>	<b>123,044</b>	<b>114,161</b>

The grants are amortised over the life of the assets they relate to in line with depreciation charged on those assets. The amount amortised to the profit and loss account during the year was £1.1m (2011: £1.0m).

The Sport England grant includes an amount of £76.9m which was made under the terms of agreements dated 11 November 1997 and 15 May 1998. £11.2m of this grant funding relates to Wembley Stadium. This will be amortised over the life of the building, leaving a balance of £67.3m which represents grants in respect of land of £64.5m, long leasehold property of £2.5m and £0.3m for business intellectual property rights.

The DCMS grant includes an amount of £17.2m which relates to the S106 payments to improve infrastructure of the surrounding area to Wembley Stadium. The LDA grant relates to infrastructure work, which includes certain elements of costs relating to concrete, steel framework and concourses around the Stadium.

# Notes to the accounts

Year ended 31 December 2012

## 16. Financial instruments

The Group has a policy to hedge significant foreign exchange risk. The FA has entered into a number of forward and option foreign exchange contracts and as at 31 December 2012 these foreign exchange contracts have a fair value loss of £0.1m (2011: loss of £1.2m). These contracts have been entered into to minimise The FA's exposure to foreign currency risk. The fair value has been calculated in accordance with the guidance set out in FRS 25, Financial Instruments: Disclosure and Presentation and is disclosed as required by the Companies Act 2006.

The Group also has a policy to hedge significant interest rate risk. WNSL has entered into an interest rate swap for £341.5m, the full amount of its Senior Facility. The swap has been profiled on the mandatory repayment schedule and has been fixed at a swap rate of 7.072% p.a. (2011: 7.072%). The rate is fixed for the term of the loan except for any changes to the bank margin (which is included in the rate). As at 31 December 2012 the interest rate swap contract has a fair value loss of £85.8m (2011: loss of £79.6m). The fair value has been calculated in accordance with the guidance set out in FRS 25, Financial Instruments: Disclosure and Presentation and is disclosed as required by the Companies Act 2006. The fair value takes into account the current and unprecedented low interest rates.

## 17. Provisions for liabilities

<b>Group</b>	<b>Deferred tax (see Note 18) £'000</b>	<b>Provisions for Commercial Agreements £'000</b>	<b>Total £'000</b>
At 1 January 2012	21,395	6,066	27,461
Utilised in the year	(2,256)	(5,041)	(7,297)
Charged in the year	–	685	685
<b>At 31 December 2012</b>	<b>19,139</b>	<b>1,710</b>	<b>20,849</b>

<b>Company</b>	<b>Deferred tax (see Note 18) £'000</b>	<b>Provisions for Commercial Agreements £'000</b>	<b>Total £'000</b>
At 1 January 2012	–	2,044	2,044
Utilised in the year	–	(1,977)	(1,977)
Charged in the year	–	685	685
<b>At 31 December 2012</b>	<b>–</b>	<b>752</b>	<b>752</b>

It is expected that the expenditure in relation to the provisions for commercial agreements will be incurred within three years of the balance sheet date.

# Notes to the accounts

Year ended 31 December 2012

## 18. Deferred tax

### Analysis of deferred tax asset

	Deferred tax asset	
	Group £'000	Company £'000
At 1 January 2012	1,905	1,905
Utilised in the year	(1,003)	(1,003)
At 31 December 2012	902	902

A deferred tax asset relates to short term timing differences between the Company's taxable profits and its results as stated in the financial statements. In the opinion of the directors there will be future taxable profits against which the deferred tax asset will be recovered.

### Net deferred tax position

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
This comprises fully provided deferred taxation attributable to:				
Capital allowances	(13,747)	(16,705)	917	1,112
Short term timing differences	(9)	793	(15)	793
Capitalised finance costs	(9,265)	(10,298)	–	–
Tax losses	4,784	6,720	–	–
Deferred tax (liability)/asset	(18,237)	(19,490)	902	1,905

### The net deferred tax position is disclosed as follows:

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Deferred tax asset	902	1,905	902	1,905
Deferred tax liability	(19,139)	(21,395)	–	–
Deferred tax (liability)/asset	(18,237)	(19,490)	902	1,905

### Group

A deferred tax liability has been provided for accelerated capital allowances in line with FRS 19. This liability relates to capital allowances claimed on the Stadium.

A deferred tax liability has been provided for capitalised finance costs in line with FRS 19. This liability relates to a deduction taken for finance costs which will be released to the profit and loss account in future periods.



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# 2 million

In 2012, the stadium welcomed more than two million people with 29 separate events.

# Notes to the accounts

Year ended 31 December 2012

## 19. Pension arrangements

The Group operates a defined benefit pension scheme in the UK (the "Scheme"). A full actuarial valuation was carried out at 1 January 2009 and an FRS 17 valuation was carried out at 31 December 2012 by a qualified actuary. The present value of the defined benefit obligation was measured using the projected unit credit method. The major assumptions used for the FRS 17 valuation were:

<b>Assumptions at 31 December</b>	<b>2012</b>	2011
	<b>% p a</b>	% p a
Discount rate	4.50	4.70
Expected long-term rate of return on Scheme assets	4.20	4.00
RPI assumption	3.00	3.00
CPI assumption	2.20	2.00
Rate of increase of pensions in payment	3.00	3.00

The underlying mortality assumption in 2012 is based upon the standard table known as S1LPA on a year of birth usage, with CMI\_2011 improvement factors and a long-term future improvement rate of 1.25% p.a. (2011: PCA00 on a year of birth usage with medium cohort future improvement factors subject to a minimum annual rate of future improvement equal to 1.0% p.a.).

## Employee Benefit Obligations

The amounts recognised in the balance sheet are as follows:

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Present value of Scheme liabilities	(58,069)	(53,162)
Market value of Scheme assets	56,526	51,708
Deficit in the Scheme	(1,543)	(1,454)
Related deferred tax asset	335	361
Net pension liability	(1,188)	(1,093)

# Notes to the accounts

Year ended 31 December 2012

## The amounts to be recognised in the profit and loss for the year are as follows:

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Interest on Scheme liabilities	2,469	2,797
Expected return on Scheme assets	(2,083)	(2,469)
Charge to the profit and loss	386	328
Actual return on Scheme assets	4,105	1,232

## Changes in the present value of the Scheme liabilities for the year are as follows:

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Present value of Scheme liabilities at beginning of period	53,165	52,387
Interest cost	2,469	2,797
Actuarial losses/(gains)	3,696	(840)
Benefits paid	(1,261)	(1,182)
Present value of Scheme liabilities at end of period	58,069	53,162

## Changes in the fair value of the Scheme assets for the year are as follows:

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Market value of Scheme assets at beginning of period	51,708	50,299
Expected return	2,083	2,469
Actuarial gains / (losses)	2,022	(1,237)
Benefits paid	(1,261)	(1,182)
Contributions paid by the Company	1,974	1,359
Market value of Scheme assets at end of period	56,526	51,708

The Company contribution due to be paid to the scheme for the year ended 31 December 2013 is £2.5m.

The insurance premiums payable on the policies insuring the death in service benefits and the levies payable to the Pension Protection Fund and the Pensions Regulator are payable in addition to the above.

# Notes to the accounts

Year ended 31 December 2012

The major categories of Scheme assets as a percentage of total Scheme assets for the year are as follows:

	2012 %	2011 %
Equities and Property	53	52
Bonds	43	43
Cash	4	5
Total	100	100

The expected long-term rate of return on the Scheme assets has been calculated based upon the major asset categories shown in the above table and an expected rate of return on equities and property of 6.0% (2011: 6.0%), an expected rate of return on bonds of 3.2% (2011: 3.0%) and an expected rate of return on cash of 0.5% (2011: 0.5%).

Analysis of amount recognisable in statement of total recognised gains and losses ("STRGL") for the year are as follows:

	2012 £'000	2011 £'000
Actual return less expected return / (loss) on Scheme assets	2,022	(1,237)
Experience gains arising on Scheme liabilities	520	975
Changes in assumptions underlying the present value of Scheme liabilities	(4,216)	(135)
Actuarial loss	(1,674)	(397)
Related deferred tax	410	105
Net actuarial loss recognised in STRGL	(1,264)	(292)

Cumulative amount of actuarial gains and losses recognised in STRGL:

	2012 £'000	2011 £'000
Cumulative loss at beginning of period	(5,825)	(5,428)
Recognised during the period	(1,674)	(397)
Cumulative actuarial loss at end of period	(7,499)	(5,825)

# Notes to the accounts

Year ended 31 December 2012

## Movement in deficit during the year:

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Deficit in Scheme at beginning of period	(1,457)	(2,091)
Net expenses recognised in profit and loss account	(386)	(328)
Contributions paid by the Company	1,974	1,359
Actuarial loss	(1,674)	(397)
Deficit in Scheme at end of period	(1,543)	(1,457)

## History of experience gains and losses:

Amounts for the current and previous four accounting periods are as follows:

	<b>2012</b>	2011	2010	2009	2008
	<b>£'000</b>	£'000	£'000	£'000	£'000
Present value of scheme liabilities	(58,069)	(53,165)	(52,390)	(53,118)	(37,674)
Market value of scheme assets	56,526	51,708	50,299	44,065	35,667
Deficit in the Scheme	(1,543)	(1,457)	(2,091)	(9,053)	(2,007)
Actual return less expected return on Scheme assets	2,022	(1,237)	3,064	4,416	(7,050)
Experience gains and losses arising on Scheme liabilities	520	975	(29)	883	(397)
Change in assumptions underlying the present value of Scheme liabilities	(4,216)	(135)	896	(13,236)	8,175

From 1 January 2003 new employees have not been able to enter the Scheme. The Scheme was closed to future accrual at 30 April 2010 and all active members became deferred members at this date.

During the year the Group made contributions of £1.6m (2011: £1.7m) into the money purchase scheme. Included within the contributions to the money purchase scheme is a year-end accrual of £0.2m (2011: £0.2m).

# Notes to the accounts

Year ended 31 December 2012

## 20. Called up share capital

The Company has an authorised share capital of £101 (2011: £101) represented by 2,000 (2011: 2,000) ordinary equity shares of 5p each and one Special Rights Preference share of £1 (2011: £1), which is included in liabilities.

At 31 December 2012, 1,614 ordinary shares (2011: 1,614) had been issued and allotted but nil paid.

The shares do not entitle the owner to any dividend or bonus in the Company. The Special Share is held jointly by The FA Premier League Limited and The Football League Limited.

## 21. Profit and loss account

	<b>2012</b>	2011
	<b>£'000</b>	£'000
<b>Group</b>		
At 1 January	105,669	65,992
Profit for the year	35,075	39,969
Other recognised losses relating to the year	(1,264)	(292)
At 31 December	139,480	105,669

	<b>2012</b>	2011
	<b>£'000</b>	£'000
<b>Company</b>		
At 1 January	241,220	212,063
Profit for the year	49,238	29,449
Other recognised losses relating to the year	(1,264)	(292)
At 31 December	289,194	241,220

# Notes to the accounts

Year ended 31 December 2012

## 22. Reconciliation of movements in shareholders' funds

	<b>2012</b>	2011
	<b>£'000</b>	£'000
<b>Group</b>		
Profit for the financial year	35,075	39,969
Other recognised losses relating to the year	(1,264)	(292)
Net additions to shareholders' fund	33,811	39,677
Opening shareholders' funds	105,669	65,992
Closing shareholders' funds	139,480	105,669

	<b>2012</b>	2011
	<b>£'000</b>	£'000
<b>Company</b>		
Profit for the financial year	49,238	29,449
Other recognised losses relating to the year	(1,264)	(292)
Net addition to shareholders' fund	47,974	29,157
Opening shareholders' funds	241,220	212,063
Closing shareholders' funds	289,194	241,220

# Notes to the accounts

Year ended 31 December 2012

## 23. Notes to the consolidated cash flow statement

### (a) Reconciliation of operating profit to net cash inflow from operating activities

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Operating profit	68,813	72,053
Depreciation	29,926	27,785
Amortisation of deferred capital grants	(1,051)	(1,037)
Amortisation of deferred income grants	(875)	(875)
Increase in stock	(129)	(41)
Increase in debtors	(38,253)	(6,074)
Increase/(decrease) in creditors	53,812	(33,708)
Decrease in provisions	(3,276)	(902)
Other income	–	662
Adjustment for pension funding	(1,974)	(1,031)
Net cash inflow from operating activities	<b>106,993</b>	<b>56,832</b>

### (b) Analysis of net debt

	<b>At 1</b>		<b>Non cash</b>	<b>At 31</b>
	<b>January</b>	<b>Cash flow</b>	<b>movement</b>	<b>December</b>
	<b>2012</b>	<b>£'000</b>	<b>£'000</b>	<b>2012</b>
	<b>£'000</b>			<b>£'000</b>
Cash at bank and in hand	60,685	10,343	–	71,028
Liquid resources	10,000	15,000	–	25,000
Cash at bank and in hand (per balance sheet)	70,685	25,343	–	96,028
Bank loans due within one year	(6,872)	6,872	(4,607)	(4,607)
Bank loan due after one year	(278,933)	5,189	4,321	(269,423)
Finance lease due within one year	(2,864)	2,864	(3,121)	(3,121)
Finance lease due after one year	(45,561)	(3,999)	3,121	(46,439)
Net debt	<b>(263,545)</b>	<b>36,269</b>	<b>(286)</b>	<b>(227,562)</b>

The net non cash movement relates to the amortisation of bank signing fees (£0.3m) in relation to the stadium financing.

# Notes to the accounts

Year ended 31 December 2012

## (c) Reconciliation of net cash flow to movement in net debt

	<b>2012</b>	2011
	<b>£'000</b>	£'000
Increase / (decrease) in cash in the year	10,343	(3,962)
Management of liquid resources	15,000	–
Cash and non-cash outflow / (inflow) from change in debt financing	10,640	(31,488)
	35,983	(35,450)
Net debt brought forward	(263,545)	(228,095)
Net debt carried forward	(227,562)	(263,545)

# Notes to the accounts

Year ended 31 December 2012

## 24. Guarantees and other financial commitments

### (a) Lease commitments

The Group has entered into non-cancellable operating leases in respect of plant and machinery. In addition the Group leases certain land and buildings on operating leases. The rents payable under these leases are subject to renegotiations at various intervals specified in the leases.

The minimum annual rentals under the foregoing leases are as follows:

	Group			
	2012		2011	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
– within one year	61	21	59	–
– between two and five years	–	182	–	194
– after five years	–	–	–	–
<b>Total</b>	<b>61</b>	<b>203</b>	<b>59</b>	<b>194</b>

	Company			
	2012		2011	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire:				
– within one year	61	–	59	–
– between two and five years	–	118	–	118
– after five years	–	–	–	–
<b>Total</b>	<b>61</b>	<b>118</b>	<b>59</b>	<b>118</b>

### b) Company commitments and contingent commitments to WNSL

WNSL has an annual support agreement with The FA extending to 31 March 2027. Support payments under this agreement during the year to 31 December 2012 amounted to £13.9m. It is expected that a further c£14m per annum will be received under this agreement until certain conditions are met.

# Notes to the accounts

Year ended 31 December 2012

## 25. Related party transactions

By the Company's nature, and in accordance with its rules, The FA enters into a number of transactions in the normal course of business with County and other Affiliated Associations, The Premier League Limited, The Football League Limited, The Football Foundation, The Football Stadia Improvement Fund and other competitions and football clubs, of which certain members of the Board are directors.

The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No. 8 "Related Party Disclosures" not to disclose transactions with group companies which are related parties.

The FA has a one third interest in Professional Game Match Officials Limited ("PGMOL"), a company limited by guarantee. The results of this associated Company have not been included in this report as they are immaterial. If the equity method of accounting under FRS 9 was used the Group's net assets would increase by £122,000 (2011: £65,000), and the Group's profit after tax would increase by £57,000 (2011: loss after tax of £14,000). The FA contributed £1,259,000 (2011: £1,328,000) towards the operating costs of PGMOL that are necessary for providing match officials to the Professional Game.



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# 5 consecutive major finals

Hope Powell's women's senior team secured a fifth major finals appearance by reaching the UEFA Women's EURO in Sweden.

