

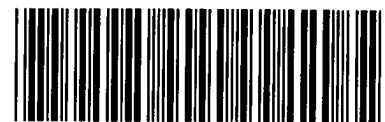
Company Registration No. 00077797

Football Association Limited

Report and Financial Statements

Year ended 31 July 2019

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Football Association Limited

Report and financial statements 31 July 2019

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Report and financial statements 31 July 2019

Officers and professional advisers

Directors

R Bains
M Bullingham (Chief Executive Officer – appointed 1 August 2019)
S Cartwright
G Clarke
R Cotter
M Glenn (Chief Executive Officer – resigned 31 July 2019)
S Hough (appointed 25 July 2019)
M Leggett (resigned 24 July 2019)
P McCormick OBE
J Nixon (appointed 18 July 2019 – resigned 18 October 2019)
J Pearce
J Rodwell (resigned 18 July 2019)
K Tinsley
R Parry (appointed 18 October 2019)

Secretary

R McDermott

Registered office

Wembley Stadium
Wembley
London
HA9 0WS

Independent auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ

Football Association Limited

Chairman's statement

The FA is now into the final year of its four-year strategic plan which we outlined in 2015 to 'Unite the Game, Inspire the Nation'. We set out to develop the English game on and off the pitch and create an organisation that is equipped to deal with the ever-evolving modern world.

I'm proud to say that we have made significant progress on our core objectives, and we remain focused on improving every level of English football, from the grassroots upwards. There is much more that we will achieve in the coming years and we continue to build on the strong foundations we have in place to drive important change across the game. The positive impact The FA can have across wider society is sizeable and the organisation has never been more focused on the crucial role we can play to help improve lives.

In his CEO Review of the Year, Mark details the progress we have made over the past year. Some things stand out, with The FA investing more than ever into the English game, restructuring and rebranding the women's football pyramid, and strong commercial deals which will safeguard the organisation and English football for the years to come. I have great confidence that we're heading in the right direction.

This season, we have seen a huge change in the perception of women's football, largely thanks to the success of the Lionesses at the Women's FIFA World Cup in France under the stewardship of Phil Neville and his support staff. The team captured the country's imagination last season, which followed on from success in the She Believes Cup and the U20s women's team bringing home a bronze medal in the U20 FIFA World Cup. With Team GB qualifying for this season's Tokyo 2020 Olympics, a European Championships on home soil in 2021 and grassroots participation continuing to grow year-on-year, it's a truly exciting time for the women's game.

The England men's senior team followed a strong performance at the 2018 FIFA World Cup by securing a third-place finish in the inaugural UEFA Nations League. Following this, and what was our most successful World Cup campaign since 1990, Gareth, the players and support staff are now focused on UEFA EURO 2020, which will culminate in both semi-finals and the final being held at Wembley Stadium connected by EE.

In the 2018/19 season Wembley Stadium hosted a record-breaking season of live music concerts at the stadium, attracting over 900,000 people through the doors. Holding events and drawing more people to our venue is an essential part of our business and we are proud and honoured to be hosting a total of seven matches of the upcoming UEFA EURO 2020 tournament. We continue to deliver world-class competitions and this year's Emirates FA Cup Final between Manchester City and Watford attracted more than 85,000 people to Wembley Stadium and was broadcast in over 100 markets worldwide to a global audience of around 80 million people.

As St George's Park moved into its sixth year, we continue to see its benefits in results across all of our 28 England teams. The tangible impact of this world class national football centre facility is evident and provides all of our teams a clear direction. The Technical Division at St George's Park and across the organisation continue to work hard to ensure our teams will produce strong results in the coming years.

We continue to make a big difference off the pitch, and we are committed to ensuring English football and The FA is For All as we strive to reflect the inclusive and diverse communities in which we operate. As part of this, we confirmed the next phase of our Elite Coach Placement Programme, with coaches from BAME backgrounds joining each of the England's men's teams throughout the 2019/20 season. This is the next stage of a programme, which was initially launched in 2018, to help solve the challenge of under-representation of BAME coaches.

We remain dedicated to keeping young people who play football safe with increased funding and resources into our safeguarding operating standards for County FA's. I am pleased at how, in the last few years, the whole game has risen to the challenge of reviewing and continuously improving our safeguarding work. Our safeguarding capability has never been stronger, and we strive to continue to improve year on year working alongside the leagues, clubs and partners on this subject more broadly. In 2016, The FA commissioned a thorough independent review into non-recent sex abuse, led by Clive Sheldon QC. This is a significant piece of work and covers the period from around the 1970s up until 2005 looking into both what the FA and the clubs at all levels knew or didn't know about the allegations of non-recent child sexual abuse against minors in football and what action was taken or should have been taken. The work of Clive Sheldon QC and his team continues, and the findings of this report will be delivered to the FA in due course.

Our support to survivors has continued through our partnership with Sporting Chance, who have been providing therapeutic interventions pre and post criminal cases, since early 2017. In addition, The FA's Benevolent Fund has been providing practical support to survivors and our Survivor Support and Safeguarding Advisory Group, includes five survivor representatives, who alongside independent safeguarding professionals, input to our safeguarding work. I have also continued to be informed by survivors who have asked to meet with me.

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Chairman's statement (continued)

We know that football can make a huge difference to communities and bring people together. It is powerful to see how our game can unite people and I'm proud to be a custodian of our national game, remaining as focused as ever on the tasks ahead. Our passionate and dedicated workforce plays a crucial role in driving significant and positive change at all levels of the game.

Finally, I'd like to thank Martin Glenn who stepped down as Chief Executive Officer last year after four very successful years. We've seen the organisation thrive under his leadership and he leaves it in a very good place. In Mark Bullingham, we have a strong successor who has been in the organisation since 2016 and has the full backing of The FA Board to help build on the platform laid by Martin and to take The FA into the next exciting era.



Greg Clarke

Chairman,

The Football Association

27 November 2019

Football Association Limited

Strategic report

This Strategic report contains the following sections:

- Strategic priorities;
- Chief Executive Officer's review of the year;
- Principal risks and uncertainties;
- Corporate social responsibility; and
- Financial review.

The directors, in preparing this Strategic report, have complied with s414C 'contents of strategic report' of the Companies Act 2006.

Strategic priorities

The FA has outlined seven strategic priorities with a focus on the landmark year of 2020, when Wembley Stadium connected by EE will host seven matches, including the semi-finals and final, of UEFA EURO 2020.

By 2020 we will deliver the following objectives:

- **ENGLAND TEAMS** - England men's and women's senior teams ready to win in 2022 and 2023;
- **EDUCATION** - A world-leading education programme for a diverse football workforce;
- **FEMALE FOOTBALL** - A doubling of the player base and fan following of women's football;
- **PARTICIPATION** – Flexible, inclusive and accessible playing opportunities for everyone;
- **DIRECT ENGAGEMENT** - Direct engagement with every fan, player and enabler;
- **REGULATION AND ADMINISTRATION** - Trusted regulation, efficient administration and world class competitions; and
- **VENUES** - Wembley Stadium and St. George's Park as world leading inspirational venues.

By 2020 the following enablers will allow us to be an organisation that:

- **OUR PEOPLE** - Recruits, retains and develops excellent people who are proud to serve the game;
- **UNDERSTANDING THE GAME** - Uses research, insight and measurement to understand the game and make better decisions;
- **STRONG FINANCIAL BASE** - Operates from a strong financial and commercial base to ensure we can invest in the game where it needs it most; and
- **COMMUNICATION** - Communicates positively, proactively and consistently to promote opportunity and celebrate excellence.

These priorities and our progress in these areas are discussed in more detail as part of the Chief Executive Officer's review of the year.

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Strategic report (continued)

Chief Executive Officer's review of the year (continued)

Martin Glenn left the organisation in a great position and I'm proud to say that in my first period as Chief Executive Officer of The FA, it is stronger and more effective than it has ever been. Identifying clear areas for growth in our four-year strategic plan in 2015 has proved vital in driving positive change across the organisation and across English football. Our challenge and opportunity now is to build on this with a new strategy in place for the start of next season.

We're fortunate to be in a very good position financially thanks to several strong commercial partnerships in the 2018/19 season. This means that for seven years in a row, we were able to invest record amounts of money back into the game at all levels. In the 2018/19 season, we invested £165 million into English football, allowing us to make even more of a difference in key areas.

Commercial highlights this year included ground breaking domestic broadcast partnerships with the BBC and ITV for The Emirates FA Cup, ensuring the competition will be exclusively free-to-air from the start of the 2021/22 season. This is a positive step to continue to grow the audience for the best and most historic domestic cup competition in the world. This season we announced Barclays as the first title sponsor of the revamped Women's Super League ("WSL"). This level of sponsorship is a significant step for the women's game and a sign that the league is growing at a rapid pace. We also welcomed BT to be the principal partner across all 28 of the England teams. All of this means more money than ever before being invested into our game.

Improving the tournament record of our senior England teams continues to be a key priority. The men's team kicked on from Russia 2018 by winning their UEFA Nations League group and earning their second semi-final in two years, finishing in third place overall. With this in mind, the 2019/20 season will see the new annual mid-season player break, which we were delighted to agree with the Premier League and English Football League. We believe this new initiative will have a positive impact by allowing players to have a break at a key time in our football calendar, which will benefit their performances for both club and country towards the end of the season.

The women's senior team certainly united and inspired the nation in a year which finished with a World Cup semi-final in France and Team GB qualifying for the 2020 Olympic Games in Tokyo. Achieving a record TV audience in the year, they captured hearts and minds across the country. This should prove to be a pivotal moment in the development of the women's game. This increased interest will help us to build on our goal of doubling the size of the women's game and I'm delighted that participation in the female game at grassroots level grew by 9%, proving that it remains on the rise. We've established 100 girls' school football partnerships to help put football on the school curriculum as we look to further increase participation. We also had a landmark moment at Wembley Stadium in May with another record crowd of over 43,000 for the Women's FA Cup Final. The appetite to play and watch the game is there and we will continue to help it thrive and prosper over the years ahead.

We know the quality and quantity of playing surfaces across the country remains the single biggest barrier to enjoyment and participation in football. This is a difficult challenge to overcome but one we are not shying away from and last year we contributed over £30m to the Football Foundation. Two particular success stories can be seen with the Liverpool Parklife programme and at Middlesex FA. In Middlesex, our funding enabled them to move to a new sporting hub with new all-weather pitches replacing grass pitches which were unable to meet the local playing demand. These new facilities have provided accessible year-round opportunities for local people of all ages to play football and benefit from physical activity. Meanwhile, in Liverpool, over 80% of affiliated football in the city this season was played at the new facilities – developed thanks to our funding – with only one weekend lost to bad weather. This is a step change in the experience for the local players. Separate investments include distributing £1.2m to County FAs to support a new club improvement programme, aiming to put local clubs at the heart of their communities. Meanwhile, we have also increased the number of FA licenced coaches to 12,000, a 75% increase, as part of our objective to provide world-leading education for a diverse football workforce.

As well as on the pitch we are also investing strongly in digital transformation to bring the game up to date with modern life and technology. This year has seen the FA Matchday app go live, making the process of managing grassroots clubs easier. We also launched FA SuperKicks, providing free skills, drills and challenges for children and parents to use at home, encouraging the younger generation to make football their exercise of choice.

Our home, Wembley Stadium, remains one of the world's iconic stadiums, hosting a record number of concerts this season. As well as football, we hosted NFL matches and music concerts from world class acts including the Spice Girls, Fleetwood Mac, Eagles, and Bon Jovi. Wembley Stadium also has an exciting year ahead, playing a major part in UEFA EURO 2020. It will host seven matches, including the prestigious semi-finals and final, putting our home of English football at the heart of the tournament.

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Strategic report (continued)

Chief Executive Officer's review of the year (continued)

We take responsibility to drive regulation of the game to a high standard. We have strong systems in place, including our new player status system. Our anti-doping programme is now recognised as an industry leader. Our new refereeing strategy will help double the size of our successful Centre of Refereeing Excellence ("CORE") programme, providing an elite development environment to referees from all backgrounds. It will help us to continue to enhance the quality and diversity of referees entering the professional game.

Our new diversity and inclusion plan, In Pursuit of Progress, celebrated its one-year milestone in August 2019. The strategy was designed and launched to ensure that the diversity of those people leading, coaching and governing football, better reflects the modern game. Football and The FA in particular need to be at the forefront of cultural change. Diversity is a performance opportunity for everyone in football, as a truly diverse organisation, with the broadest range of insight and thinking, is a better and higher performing organisation. We see that level of diversity across the grassroots and elite game and we want to make sure we reflect this off the pitch as well.

In October 2019 the New England Journal of Medicine published the report commissioned by The FA and PFA into the incidence of degenerative neurocognitive disease in ex-professional footballers. This study was the first of its kind anywhere in the world and looked at the medical records of over 7,500 former professional Scottish male footballers born between 1900 and 1976. The report showed that on average, the former professional footballers in this study lived three and a quarter-years longer and were less likely to die of many diseases such as heart disease or lung cancer. However, the study showed that the former professional footballers were around 3.5 times more likely to die of dementia. Although the FIELD study was not able to determine what exactly caused the increased rates of dementia, it is now incumbent on the wider game to gain a greater understanding of the potential cause for the link with dementia.

Our progress in many areas is making The FA more effective across the whole game, but we must continue to adapt and develop, using the constant opportunities provided by new technology to offer an even higher level of support to the whole of football, For All. This is our focus moving forwards.

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Strategic report (continued)

Chief Executive Officer's review of the year (continued)

STRATEGIC OBJECTIVES

1. England Ready to win in 2022 and 2023

Two years ago, the Men's senior team surpassed expectations in Russia 2018, by reaching our first World Cup Semi Final since 1990. This progressive ambition carried into this season where we won our highly competitive UEFA Nations League group and reached our second semi-final in two years, ultimately finishing third. We continue to invest in the infrastructure at St George's Park and performances on the pitch are reaping the benefits of this. These foundations are embedded within all 28 England teams to help give us clear focus and direction to build towards success in the future. Once again, we will set ourselves challenging but achievable goals as we head towards major international competitions in 2020 and 2022.

The Women's senior team had another strong year and contributed significantly to the growth and popularity of the women's game both at home and abroad. After winning the She Believes Cup in March 2019, the team reached their second successive World Cup Semi Final last summer. The match against USA was watched back home by a record audience of 11.7 million viewers – a remarkable sign of progress under the stewardship of Phil Neville. In progressing so far in the competition it meant that Team GB qualified for Tokyo 2020, which will be a tremendous event to play in. There is also much to look forward to beyond 2020 as England will host the 2021 UEFA European Championships where we are confident of delivering success. The future is bright as good performances have been reflected within younger teams too, with our U20s Women's team achieving a bronze medal at this year's U20 World Cup.

2. World leading education for a diverse football workforce

This season we launched The Boot Room, an online platform for coaches and prospective coaches to share news and best practice relating to courses and qualifications. The platform also provides guides and tutorials for coaches to implement moving forwards, on various topics ranging from medical advice to futsal.

We've continued to improve service levels to the National game following last year's change in leadership, stabilising the Learning Management System, and with The Professional game with progress made on pro game alignment, agreeing an Integrated Coaching Strategy with the PL and EFL. Diversity and Inclusion initiatives continue to be a focus while we have moved the Level 1 course further online, to improve its accessibility and affordability for all.

This year we've increased the number of FA licensed coaches by 75%, meaning there's now over 12,000 coaches across the country gaining world-class education and delivering expert coaching from grassroots right through to senior teams.

3. Doubling of the playing base and fan following of women's football

Participation has been strong in women's and girl's football, with a solid growth in affiliated teams and an increase of 9% in female players. This can be attributed to initiatives led by Wildcats and Mini Soccer. We also announced 100 girl's school football partnerships to help make football an important part of the girls' curriculum alongside other sports. The fan base of women's football continues to grow, with over 77,000 in attendance for the Lionesses match vs. Germany at Wembley Stadium in November 2019, significantly surpassing the previous record for a Lionesses game.

The restructure and rebrand of the women's football pyramid continue to help increase attendances by providing a more competitive league structure and in turn more viable commercial options for the clubs and leagues. Barclays became the first title sponsor of the WSL, which is a huge step for the growth of the women's game. Within the organisation, we formed the first dedicated professional Women's Board, which will advise The FA Board on all matters regarding the future of the WSL and Women's Championship.

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Strategic report (continued)

Chief Executive Officer's review of the year (continued)

4. Playing opportunities for everyone

We've seen positive growth in most categories, with the total number of affiliated teams increasing by 4% overall.

Female, Youth and Mini Soccer continued to track ahead of target. We saw a 7% increase in the total number of disability players, which follows the success of the England team winning the Powerchair European Championships.

We received over one million player registrations through the Whole Game System, four times the amount last year, showing great progress on the path to direct player registration. Over 4,000 teams competed in this year's FA People's Cup across 240 venues, while The FA Disability Cup celebrated its fourth year as the largest competition of its kind in the country, ensuring that players within impairment-specific football have a national FA competition to call their own.

Our 2018/21 National Game Strategy is increasing support for playing opportunities outside the traditional affiliated game, covering areas such as Futsal and Walking Football. On Futsal specifically, this year we announced more funding than ever, offering bursaries of up to £1,500 to clubs, leagues and County FAs to develop the game.

Access to adequate pitches remains the biggest barrier to participation and with this in mind we distributed £1.2m to County FAs via our new club improvement programme.

5. Direct engagement with every fan, player and enabler

Our FA digital channels continue to grow year on year and this season we launched a ground-breaking partnership with Twitter, which gave fans in over 10 markets worldwide unprecedented access to key moments from this season's The Emirates FA Cup. Users were given direct access to short in-game highlights within minutes of the action taking place, with longer packages available shortly after, garnering over 400 million views of clips in total.

We also launched the Matchday app, which makes organising and reporting on games easier for managers and officials at grassroots level, while players can now also pay match fees through the app.

We continue to adapt and simplify our processes and with this in mind we strengthened our digital investment products. This year we launched FA SuperKicks in partnership with McDonald's, aiming to encourage young children and their parents to take up football by providing free digital tutorials.

The squad announcement ahead of the Lionesses' World Cup campaign achieved over 10 million views and included HRH The Duke of Cambridge, David Beckham and Emma Watson.

Also, on women's football, The FA Player, a new live streaming platform, will broadcast Women's Super League ("WSL") games throughout the entire 2019/20 season. The app, which will be free to use and will help to grow the game's audience, will also show selected FA Women's Championship games and extended highlights from domestic cup competitions and the England women's team.

Meanwhile, our Events platform supported 50,000 sign-ups to programmes such as Girls' Football Week and The FA People's Cup. Finally, 82% of The FA's suite of websites is now optimised for mobile.

6. Trusted regulation and efficient administration

Our governance reforms make us compliant with a world-leading standard. This year's Pro Club survey showed that 81% of respondents were 'completely satisfied' with our Player Status and 87% with Judicial Services.

We are also leading the way when it comes to safeguarding and continue to drive our Safeguarding Operating Standard across all County FAs, holding them accountable to an uncompromising level of measures and requirements. We continue with our action plan to address areas identified for improvement,

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Strategic report (continued)

Chief Executive Officer's review of the year (continued)

within the County FA's, as things stand our safeguarding capability has never been stronger and the feedback from external organisations is excellent. .

The 2019/20 season will see English football's first winter break, a move which we are confident will benefit both club and country as we look to 'Unite the game, Inspire the nation'. The FA continues to deliver world-class competitions with The Emirates FA Cup Final attracting over 85,000 people to Wembley Stadium, with broadcast reaching 80 million viewers world-wide

We remain a trusted regulator of the game and regularly review our disciplinary process with this in mind. We run the largest anti-doping programme in the UK in collaboration with UK Anti- Doping and carry out extensive education on integrity and other regulatory issues within our club visit programme. Meanwhile, Data Protection compliance (specifically the changes brought about by the General Data Protection Regulation (GDPR) and The Data Protection Act 2018) remains a priority, proactively engaging our workforce with all employees being required to undertake a GDPR online training module.

7. Wembley Stadium and St. George's Park as inspirational venues

Wembley Stadium continues to thrive under the ownership of The FA, and it remains one of the world's most iconic stadiums. This year we hosted a record-breaking number of events, with 55 events seeing approximately 3.3 million spectators come through the gates of Wembley Stadium. As well as football, this included NFL fixtures and a record 14-night strong music calendar throughout the summer with over 900,000 spectators. We're excited to be hosting seven matches at next year's EURO 2020, including both semi-finals and the final.

St George's Park celebrated its sixth birthday this season and it continues to play a crucial role in helping develop England teams at all levels to deliver ahead of target. It's with the work at St George's Park in mind that we are confident of delivering success from our England teams.

STRATEGIC ENABLERS

1. Recruit, retain and develop excellent people who are proud to serve the game

A key priority is our Diversity and Inclusion agenda. We are now one year into our three-year In Pursuit of Progress plan, which sets out how we intend to create a more diverse organisation ourselves and use our position as a governing body to influence others in the footballing community to behave in a way that better reflects modern society.

We know that a healthy culture within the organisation is the foundation to the positive change we want to keep making so building on this continues to be a priority. To ensure this is sustained we continue to enhance and develop the capability of our leaders. We've seen success in our "For The Future" programme, which earmarks rising talent, as well as our apprenticeship scheme.

As part of our partnership with Heads Together we are reviewing at our own mental health programme across Wembley and England teams to ensure we provide the right levels of support to both our employees and our national team when they are in our care.

2. Use research, insight and measurement to better understand and anticipate the needs of the game

The FA Research & Insight team informs decision making and proactive campaigns across the organisation. We can now develop insight-led approaches to strategy and communications to help drive us towards our objectives.

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Strategic report (continued)

Chief Executive Officer's review of the year (continued)

- 3. Operate from a strong financial and commercial base to ensure we can invest in the game where it needs it most**

The new Broadcast deals that commenced in 2018 leave The FA in a strong financial position. The security of income has allowed us to implement a medium-term financial strategy to significantly increase our investments in the game, increase capital investments in Wembley Stadium and pay down the legacy debt.

We have generated operating profit of £63m in the year after investing a record £165m back into the game.

- 4. Communicate positively, proactively and consistently to promote opportunity and celebrate excellence**

We continued with our refreshed approach to communications which landed positively throughout Russia 2018. Following this success, we introduced the Lionesses Daily online show, which brought transparency to the senior women's team while at the Women's World Cup and brought a wider audience much closer to the women's game. The innovative squad announcement video with 23 celebrities announcing the team went viral with over 10 million views. For All remains our brand focus to promote inclusion, diversity and equality in the game.

CONCLUSION

The 2018/19 season was another strong year for The FA, both on and off the pitch. We have a clear vision and are progressing well with our four-year strategic plan. Securing some excellent commercial deals has also enabled us to invest record amounts of money into the English game.

We continue to adapt to make The FA more effective and to ensure that football is For All. We are looking forward to the year ahead and beyond.

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Strategic report (continued)

Results in the 2018/19 season

England Men's Senior Team

England 1 Spain 2 at Wembley on 8 September*

England 1 Switzerland 0 at King Power Stadium on 11 September

Croatia 0 England 0 in Croatia on 12 October*

Spain 2 England 3 in Spain on 15 October*

England 3 United States 0 at Wembley on 15 November

England 2 Croatia 1 at Wembley on 18 November*

England 5 Czech Republic 0 at Wembley on 22 March**

Montenegro 1 England 5 in Montenegro 25 March**

Netherlands 3 England 1 in Portugal on 6 June*

Switzerland 0 England 0 in Portugal on 9 June*

England Women's Senior Team

England 1 Brazil 0 in Nottingham on 6 October

England 1 Australia 1 at Craven Cottage on 9 October

Austria 0 England 3 in Austria on 8 November

England 0 Sweden 2 at Rotherham, on 11 November

England 2 Brazil 1 in Pennsylvania on 27 February**

United States 2 England 2 in Tennessee on 2 March**

Japan 0 England 3 in Florida on 5 March**

England 0 Canada 1 at Manchester, on 5 April

England 2 Spain 1 at Swindon, on 9 April

England 2 Denmark 0 at Walsall, on 25 May

England 0 New Zealand 1 at Brighton, on 1 June

England 2 Scotland 1 in France, on 9 June*

England 1 Argentina 0 in France on 14 June*

Japan 0 England 2 in France on 19 June*

England 3 Cameroon 0 in France on 23 June*

Norway 0 England 3 in France on 27 June*

England 1 United States 2 in France on 2 July*

England 1 Sweden 2 in France on 6 July*

*UEFA Nations League

** UEFA Euro 2020 Euro Qualifier

* FIFA Women's World Cup 2019 Qualifier

** She Believes Cup

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Strategic report (continued)

Principal risks and uncertainties

Outlined below are the key risks to achieving our strategic objectives and planned initiatives in the 19/20 Business Plan. Realising these risks could have a significant impact on The FA's reputation and long-term performance, and therefore all risks have clear and defined mitigation plans and owners. The FA's Senior Management Team review and discuss key risks on a monthly basis, and both the Senior Management Team and the Board review high-priority, strategic risks and issues on a quarterly basis in line with the agreed FA risk appetite. These risks and uncertainties and the related controls and plans are monitored by the Group Audit Committee on a regular basis.

Strategic risks

Player transfer and movement post-Brexit

The decision to leave the European Union presents a series of risks and opportunities that The FA is proactively trying to mitigate and leverage. The most significant risk of Brexit to The FA is the impact leaving the European Union will have on player transfer and movement. The Government has said that post-Brexit, citizens of the EEA and the Rest of the World must be treated the same with respect to migration. This means that the current system, where European players are afforded free movement and those outside the EEA must meet a Governing Body Endorsement (GBE), will have to change so both are treated equally.

This has a potential negative impact on the number of European players entering the English game which could result in a devaluation of the domestic rights of English competitions but could be an opportunity for the English players in the Premier League but also other leagues from English Football League (EFL) to the Barclays FA Women's Super League (WSL).

As the Governing Body, The FA's role is to determine the GBE system with other stakeholders and gain approval from the Home Office. Over the course of this season, we will aim to establish a tri-partite agreement between the PL, FA and Home Office. Similar arrangements will be sought with other leagues as outlined above.

Terrorism threat at Wembley Stadium

Given the high profile and public status of Wembley Stadium, the risk of a terrorist-related incident must be continually monitored and managed. If The FA does not prepare adequately to prevent or respond to a terrorist attack on a major event, it could result in reputational damage, financial loss and most importantly loss of life.

We therefore remain in regular contact with Counter Terrorism agencies, with risk profiles / categories determined on an event-by-event basis using intelligence gathered. Furthermore, throughout the season, we will continuously evolve and update our safety and security plans as per agency recommendations, as well as introduce improved safety and security infrastructure and processes. From a business perspective, we maintain and update annually, a detailed set of business continuity plans for all areas of the organisation. These plans aim to ensure that key processes and departments can continue to operate if The FA loses access to Wembley Stadium.

Safeguarding

The FA and Football takes the safety and welfare of children extremely seriously. The game has robust checks and processes already in place. However, the historical child sexual abuse that has come to light since November 2016 has seen us increase our efforts to ensure every child and young person has a safe, fun experience playing or participating in the world's most popular team game.

1. The FA, County FAs and every other football lead body has a collective responsibility for safeguarding across the entire game. Our united safeguarding strategy continues to be: Prevention – to prevent issues arising at source. We do this via policy, a national Designated Safeguarding Officer network, Criminal Record Checks and Codes of Conduct, as well as constant education and guidance.
2. Reporting – if issues do arise, we ensure everyone knows how to report concerns and make reporting as easy as possible.
3. Investigation and resolution – we commit to safeguarding concerns being investigated swiftly and with measurable outcomes.

The Football Association Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

The safeguarding work in football, like all organisations working with children and adults at risk, is about maintaining standards and continual learning and improvement. The FA continues to work closely with the County FAs and last season saw the second iteration of the Safeguarding Operating Standards (SOS) launch with a clear remit to ensure County FAs remain focused on meeting this industry standard. This work is mirrored in the professional game, led by the Premier League and EFL, whom we work alongside, sharing examples of effective safeguarding practice. In the NSPCC Child Protection in Sport Unit's (CPSU) annual review of The FA Safeguarding Framework, our work on the SOS, case management and survivor engagement and support was seen as excellent.

Discriminatory & anti-social behaviour

Discriminatory and anti-social supporter behaviour is becoming a larger issue in modern football. This is impacting the game at both an international level, with supporter misconduct and in our domestic leagues. England players have experienced racial abuse both on and off the pitch, which we made written complaints to UEFA and FIFA about and will continue to educate players and support staff on how to respond.

This risk must be continuously monitored and managed. As a proactive measure, the England Senior Team's and Men's U21 team have all undergone discriminatory behaviour training prior to their tournaments this summer. Team Operations and Security have all received training on the England Response Team Framework, as well as guidance from Legal and Communications for reporting of racial abuse. Additional spotters have been added to travel with the team to identify and report on incidents.

Domestically, The FA, through its Legal & Governance team, set policy, investigate and as necessary charge against discriminatory behaviour as part of our role as the National Governing Body. For the pro-game, we will continue to align with the Premier League and EFL on promoting the UEFA guidelines for reporting of racial abuse.

Our stewards and security at Wembley undergo industry leading training on how to identify and manage incidents and on-field security.

Football season post-2024

UEFA is undertaking a period of consultation to discuss proposals which would result in significant changes to the European club competition structure from 2024. The proposal would expand the third European club competition (UEFA Europa Conference League to be introduced in 2021 with 32 teams) resulting in the following structure:

1. UEFA Champions League would comprise 32 teams and would initially be selected based on club domestic rankings in the previous four seasons (2020/21 – 2023/24). Beyond the first season, it would only be possible to enter this League by reaching the semi-finals of League Two or winning a domestic league (the maximum country cap of five clubs remains).
2. UEFA Europa League would comprise 32 teams and would also be selected based on domestic rankings in the previous four seasons. Beyond the first season, entry to this League would be reached by reaching the semi-finals of League Three or qualifying via a club's domestic league position.
3. UEFA Europa Conference League would comprise 64 teams and would be selected based on domestic league position.

The aim of this proposal is to drive increased revenue opportunities, protect elite European club revenue streams, and meet the demands of a growing, international audience; however it would result in additional matches for English clubs (eight additional match days) in an already heavily-congested schedule, and would reduce the competition for a 'top four' finish in the Premier League, which has become a key feature among the 'big six' English clubs.

The FA continues to work with all stakeholders to reach an acceptable position.

IT change landscape

Building digital relationships with our customers is a foundational component of continuing to be a successful enterprise. Currently volunteers and participants invest unnecessarily large amounts of time navigating complex, slow and dated technology. County FAs cite system inadequacies as their biggest risk and sponsors are demanding direct access to data and the opportunity to engage with them digitally. To address these issues, we must deliver a large volume of new

The Football Association Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

technical and digital products over the coming seasons, which will require varying levels of change for our consumers, our County FAs, and our organisation to ensure success.

In order to mitigate this risk, The FA is focused on delivering dedicated, product-by-product change management plans, which align with the intended user base. For example, we will continue to develop the Matchday product in order to provide a simple and compelling experience for teams and team managers.

Grassroots facility investment

Grassroots facility investment remains the number one issue that impacts participation across the game in England. Accordingly, we continue to be committed to increasing the provision of grassroots facilities available to all. There is however a risk to ongoing grassroots facilities investment as the Government's £18m commitment to the Football Foundation ends in May 2020. Following an interim spending review held in September 2019, conversations are ongoing with DCMS (Department for Culture Media and Sport), Treasury and No.10 in relation to securing facilities investment for at least a further year in light of the uncertain political landscape.

The challenge of grassroots facilities is however a prominent topic in both public and Government thinking. This is largely due to last seasons proposed sale of Wembley Stadium. Despite the withdrawal of the offer to buy the Stadium, the negotiation process and potential sale discussions placed a spotlight on the inadequate facilities in grassroots sports. Since then, there has been a much wider debate between the media, politicians and others that could make a difference. The significant levels of analysis and planning carried out as we evaluated the offer has provided a framework that these discussions continue to build on and therefore, we remain hopeful that funding streams can be secured from alternative sources.

Financial risks

Commercial revenue

One of the most significant uncertainties for The FA is the future value of its main source of commercial revenues, being broadcasting and sponsorship rights. These are typically re-negotiated and sold on a four-year cycle. Broadcasting, sponsorship and licensing revenues accounted for 70% of the Group's turnover in the year. International broadcast agreements are secured through to July 2024 whilst major domestic broadcast agreements are secured through to July 2028.

During the year several new commercial deals were secured with new partners including PayPal, Head & Shoulders, Barclays, Google Cloud, Mitre and Boots. We have managed to secure a new lead partner for the incoming financial year and the renewal of the lead Wembley Stadium sponsor. Our Partnership with SSE expired in the year and we were unable to secure renewal. The FA is dependent on market conditions, the perception of the performance of the England senior men's team, the appeal of The Emirates FA Cup and the ability to fill Wembley Stadium.

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

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

Club Wembley revenue represented 8% of The FA's turnover in the year. Previously, Club Wembley box and premium seats had been contracted for an average of eight to ten years respectively with the majority of these licences expiring in July 2017. The renewal of these box and seat licences for the current season and future seasons presents a commercial risk to the organisation.

Borrowing

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, The FA has borrowings in place. The terms of the borrowing arrangements include certain financial covenants, which are forecast to be achieved based on the Group's projections (these projections are reviewed annually based on the 5-year strategy plan, with any adjustment to the borrowing facility requiring Board approval). While significant headroom is projected over the covenant targets, a dramatic downturn in the Group's performance could result in default of these covenants. This scenario is considered unlikely as currently significant headroom is projected and the Group also has the potential to reduce discretionary expenditure. However, given the quantum of the amounts borrowed, this remains a risk for the Group.

The Football Association Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

It should be noted that the overall mitigating factor for The FA 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 which can be reduced without breaching legal commitments.

Inability to stage an event at Wembley Stadium

A major incident could have an impact on the ability to host an event at Wembley Stadium or affect people's willingness to attend matches and events. Such an incident could have the potential to significantly disrupt the operation of the business and could have an adverse effect on the Group's revenues. This risk is managed by having appropriate insurance cover, an effective business continuity plan in place and prevention measures such as increased security screening.

The Football Association Limited

Strategic report (continued)

Corporate social responsibility

In May 2019, The FA launched its Heads Up campaign, a new partnership with the Royal Foundation and Heads Together. The campaign aims to generate the biggest ever conversation around mental health and is harnessing the influence and popularity of football to help show the world that mental fitness is just as important as physical fitness. The campaign builds on the decades of work to tackle the stigma and drive the conversation around mental health.

While the campaign is aimed at everyone including players, supporters, friends and families, it's widely recognised that football is a uniquely powerful way to reach men in particular. Men are three times more likely to commit suicide than women, with suicide the most likely cause of death for men under the age of 45. The campaign is encouraging more men to feel comfortable talking about their mental health and feel able to support their friends and families through difficult times.

As part of the partnership, The FA has also selected Heads Together- and its mental health charity partners, MIND, CALM and Sporting Chance- as our official charity partners until the end of the 2020/21 season.

Alongside its wider charitable work, The FA has a particular focus on engaging communities around Wembley Stadium. Last season the Stadium distributed approximately 14,000 complimentary tickets to local stakeholders including local businesses, charities, disadvantaged community groups, residents and schools.

Engaging and encouraging young people to be active continues to form an important part of The FA's strategy and the 2018/19 season saw the full launch of the Go Sketch School Football programme which uses football coaching and graphic design to engage primary and secondary school students in Brent. A total of 306 students from across the Borough successfully completed the programme.

The FA also launched its Event Day Work Experience programme which targets young people from vulnerable backgrounds, providing them with an opportunity to build a career in the hospitality industry by receiving training and on-site work experience during event days at Wembley. Across the 2018/19 season 20 young people from Brent successfully completed the programme.

The Wembley Stadium also hosts the Wembley Stadium Learning Zone which provides a community space within the stadium, predominantly delivering educational workshops to young people. Over 6,000 young visitors came to the Learning Zone in 2018/19 and the space is, in addition, used for a wide range of other community programmes such as:

- BOAT (Brent Outreach Autism Team) – transition preparation for primary to secondary transfer as well as for those leaving secondary school and beginning college life.
- Brent Parent and Carer Forum for the young carers in our community.
- Aspirational courses for Looked After Children.
- Sessions for Profound and multiple learning difficulties (PMLD) children and their parents.
- Events with the Brent Virtual School, including two theatre workshops.
- Care Leavers Youth group.

The stadium also provides funds for Wembley National Stadium Limited Trust, donating almost £1m to good causes in 2018/19. This is distributed independently by the Trust into a wide range of community sporting activities which improve health and wellbeing through physically activity. Locally, for example, the Trust provided grants of £17,500 to Centrepont Soho, in partnership with QPR in the Community for a football project for young homeless people; £5,000 to Willesden Volleyball Club for their school's programme; and £1,750 to Old Manorians FC for new kit and equipment.

The Football Association Limited

Strategic report (continued)

Corporate social responsibility (continued)

Sustainability

At The FA, sustainability is defined as *'the need to be efficient in the present and ensure that we protect the needs of future generations'*.

Sustainability has been a key issue for The FA since the new Wembley Stadium opened its doors to the sporting public and music fans in 2007. The FA developed its first sustainability strategy for Wembley Stadium in 2009 and aligned the stadium's Environmental Management System (EMS) to the ISO 14001 international standard in 2013.

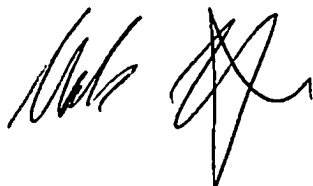
In 2018 The FA engaged with internal and external stakeholders, to understand the key impact areas across all of The FA's activities and identified the following impact areas to focus on:

- Energy
- Water
- Waste
- Food
- Transport
- Community, Diversity & Wellbeing
- Health & Safety
- Training & Culture
- Procurement & Commercial Partnerships

In order to address these impact areas, The FA is developing a new sustainability strategy led by our internal FA Sustainability Team (FAST). FAST meets monthly with representatives from each impact area, including the Senior Management Team. FAST have established objectives and targets to drive change and ensure continual performance improvements across the business. Numerous initiatives have been implemented throughout 2018 to support the achievement of these targets, including switching to a renewable energy tariff, reusing pitch soil from Wembley Stadium in local parks, running health screenings for employees and providing complimentary tickets to events at Wembley Stadium for local community groups.

The FA has developed a Sustainable Events Policy and Management System to align our bowl event activities to our values of inclusivity, leadership, responsibility and efficiency as outlined in our Statement of Purpose and Values. Through this Policy and System, the aim is to ensure our events are accessible to all, demonstrate leadership in event sustainability management, ensure all those involved in events are treated with respect and reduce the overall environmental impacts of our events. With this Policy and System in place, The FA is committed to achieve certification to the international standard for event sustainability management systems, ISO 20121.

The FA is For All; for our people and for the environment.



Mark Bullingham
Chief Executive Officer
The Football Association

27 November 2019

Football Association Limited

Strategic report (continued)

Financial review

Overview

The new Broadcast deals that commenced in 2018 leave The FA in a strong financial position. The security of income has allowed us to implement a medium-term financial strategy to significantly increase our investments in the game, increase capital investments in Wembley Stadium and pay down the legacy debt.

We have generated operating profit of £63.0m in the year after investing a record £165.0m back into the game. Investments in the game have increased £38.0m compared to the prior year with the focus being on competition prize money, women's football, facilities and grassroots football.

Turnover

Broadcast income has increased £116.7m in the year to £262.6m as a result of increases in both our domestic and international broadcast deals for The FA Cup and England games. During the year new deals were completed with the BBC and ITV for The FA Cup meaning domestic and International rights for The FA Cup are now contracted to 2024.

Sponsorship income has declined £15.7m to £63.4m due to World Cup bonus payments in the prior year and the expiry of several deals at the end of the 2017/18 season including the England lead partnership with Vauxhall. A new England lead partnership has been signed with BT and the EE partnership with Wembley Stadium has been renewed. The largest deal in Women's football was agreed with Barclays who became the title partner for the WSL. New deals were also signed with Deliveroo and Google. This leaves sponsorship income in a strong contracted position going forward.

After the decline in the previous year following the end of the 10-year licence. Club Wembley income increased by £2.5m to £36.0m as we saw a positive impact on membership sales during and after the World Cup in Russia. The product offering has been updated and along with a major capital investment programme is having a positive impact on membership sales.

Income from Events held at Wembley generated £70.6m, an increase of £1.8m despite the number of events falling to 54 from 58 in 2017/18. A record 14 concert nights, 3 NFL games and the Anthony Joshua fight were offset by fewer England matches and THFC games as their tenancy ended part way through the year.

Grant income represents grants received from various public sector funders and sporting organisations including Sport England, UEFA and FIFA. It also includes the release of capital grants that were received towards the cost of building Wembley Stadium. Grant income has decreased £1.4m since 2017/18 mainly due to contributions received from UEFA towards the U17 European Championships in 2017/18.

Other income decreased by £14.5m due primarily to the World Cup prize money received in the prior year.

Cost of sales

Cost of sales has decreased £2.4m to £91.3m due to the Russia World Cup costs in the prior year partially offset by costs associated with the higher events revenue in the current year.

Football Association Limited

Strategic report (continued)

Financial review (continued)

Investments in the game

The FA increased its investment in the game by £38.0m to a new record level of £165.0m. The main priorities for the increased investments were competition prize money and facilities.

	2019	2018	Change
	£'m	£'m	£'m
Coaching & Participation	8	10	(2)
County FAs	17	15	2
Disability, Equality and Child Protection	5	5	-
FA Competition prize funds	51	33	18
Facilities	19	10	9
Other football organisations	25	17	8
Women's football	11	9	2
Parklife	10	10	-
Other Investments	19	17	1
	165	127	38

Coaching and participation has declined in the year due to the closure of the FA Skills programme which was previously funded by a partnership deal with Lidl which ended at the end of the 2017/18 financial year.

Competitions prize money predominantly relates to FA Cup distributions to clubs across all tiers of English football. This increased by £18.0m compared to the prior year to reflect the additional income from the renewal of both the domestic and international broadcast deals.

A total of £29.0m was invested into facilities including £10.0m in the Parklife programme. Facilities investment is all channelled through The FA's partnership with The Football Foundation. The FA has committed to a step change in this annual investment into the single facilities fund which will be invested in projects identified in the Local Football Facility Plans in-line with the National Football Facilities Strategy.

The investment in the Women's Game increased again this year with a further £2m being invested. The increased investment was in two areas, firstly to help support the full professionalisation of the Women's Super League and secondly to increase participation through Wildcats, the Girls specific recreational football programme targeted at 5-11 year olds.

Operating expenses

Operating expenses have decreased £8.0m to £149.3m. Included in 2017/18 costs was a £12.9m impairment of tangible fixed assets relating to the Hilton hotel; excluding this, costs have increased by £4.9m mainly as a result of staff cost increases.

Interest

With the transition from the Term Loan to the Revolving Credit Facility (RCF), there was a reduction in interest payable of the facility due to the better interest rates negotiated under the RCF. This, together with lower interest on the pension liabilities, resulted in a reduction of interest paid to £6.0m (2018: £6.9m)

Net Assets

The net assets of The FA as at 31 July 2019 have increased by £17.3m over the previous twelve months, to £159.4m (2018: £142.1m).

Wembley Stadium and St. George's Park are The FA's key tangible fixed assets. Tangible fixed assets decreased by £6.8m to £544.3m (2018: £551.0m). The decrease represents the annual depreciation charge, partly offset by fixed asset additions.

The FA has total debtors of £86.3m (2018: £60.9m), which includes trade debtors of £30.3m (2018: £23.9m) relating to amounts owed from sponsors, broadcasters and Club Wembley members.

Football Association Limited

Strategic report (continued)

Financial review (continued)

The main liabilities on the statement of financial position are The FA's banking facilities, the finance lease obligations on the sale and leaseback facility for the hotel at St. George's Park and deferred income and grants.

During the year, The FA had borrowing arrangements with Barclays, HSBC and Santander, consisting of a £100.0m Term Loan, repaid in October 2018 and a £171.4m Revolving Credit Facility ("RCF"). The amount drawn down on the revolving credit facility ("RCF") and term loan amounted to £118.0m (2018: £100.0m). The FA manages the RCF on a monthly basis in order to meet the cash requirements of The FA. The FA's term loan of £100.0m was repaid in full on 28 September 2018 through drawdown of £100m of the RCF. The RCF expires in October 2022. The outstanding obligation under the finance lease for St. George's Park is £48.9m (2018: £49.3m).

At 31 July 2019, net debt of The FA was £126.4m (2018: £106.7m). This comprised £116.7m of bank borrowings (net of capitalised borrowing costs), £48.9m relating to the St George's Park finance lease, offset by £39.2m cash.

Covenant compliance certificates are provided to the bank every six months. There is significant headroom on the covenants attached to the banking facilities.

Debt and cashflow

There was a slight decrease in cash of £1.6m to £39.2m (2018: £40.8m). Net cash flows generated from operating activities were £10.7m. In the prior year, due to the cash received in advance at the commencement of the new contractual broadcasting and sponsorship deals there was a net cash inflow from operating activities of £71.2m. The FA made net interest payments of £6.0m (2018: £7.0m) and made net drawdowns on The FA's borrowings of £18.0m (2018: £42.0m repayment). Key movements in investing activities related to £23.7m (2018: £20.2m) purchase of tangible fixed assets.



Mark Burrows
Chief Financial and Operating Officer
The Football Association

27 November 2019

Football Association Limited

Directors' report

The directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 July 2019.

As permitted under section 414C (11) of the Companies Act 2006, the following disclosures required by regulations made under section 416(4) have been included in the Strategic Report and form part of this report by cross-reference:

- Financial risk management objectives and policies including liquidity and financing (refer to the Principal risks and uncertainties section); and
- Events which have occurred since the end of the financial year (refer to the Chief Executive Officer's review of the year and financial review section).

Going concern

The directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in Note 1 (c) to the financial statements.

Dividends

In accordance with The FA's Articles of Association, no share shall entitle the holder thereof to any payment in respect of a dividend.

Equal opportunities

At The FA, equality, diversity and inclusion mean valuing and celebrating our differences. Differences can be something tangible like gender, race and ethnicity. Less obvious differences include heritage, religion, sexual orientation, unseen disabilities, family or social status and age. We are committed to treating all our employees and prospective employees fairly regardless of these differences. We have policies and practices in place to ensure this happens. In addition to this we have an Inclusion Advisory Board with a remit that includes advising The FA on widening diversity in The FA's wider football workforce alongside partnerships with all the football bodies and campaign groups such as Kick It Out with the aim of eradicating discrimination. In 2018 we published a three-year diversity and inclusion plan called 'In Pursuit of Progress' covering all areas of our work across football; from highlighting our commitment to broaden our talent pipeline, to our work on increasing representation in elite coaching, to supporting LGBT+ people in football.

Disabled employees

As an inclusive employer, we welcome applications from everyone and recruit on merit. Our resourcing team works with candidates to make reasonable adjustments as appropriate. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group and the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

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, staff intranet as well as all-staff conferences and other staff communication events.

Governance statement

The FA receives funding from Sport England and is therefore subject to the Tier 3 requirements of A Code for Sports Governance (the "Code"). Sport England confirmed that The FA is compliant with the Code. This governance statement is prepared as part of the Code requirements.

The FA was subject to an audit of its Code compliance by Sport England in April 2018. This highlighted an issue relating to Code Requirement 3.1 regarding the maximum terms of office to be served by FA Council Members. At the 2019 AGM, shareholders approved a change to the Articles of Association to revise a provision which, in certain circumstances, enabled an FA Council Member to serve for a term of office longer than permitted by the Code. The revised provision means that an FA Council Member can no longer serve for a term of office longer than permitted by the Code and ensures that The FA remains fully compliant with the Code.

Football Association Limited

Directors' report (continued)

The Governance Framework of The FA

(i) The Board

The Board is the primary decision-making body within The FA and 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 comprises 10 directors, being the Chairman, the Chief Executive Officer, three non-executive directors from the National Game, three non-executive directors from the Professional Game and two independent non-executive directors. David Gill (UEFA Executive Committee Member) and Paul Elliott (Inclusion Advisory Board Chair) are nominated Board observers.

Independent Non-Executive Chairman: Greg Clarke

Greg became the Independent Chairman of The Football Association in August 2016. Greg has a wealth of football experience, having spent six years as Chairman of the English Football League, prior to which he was on the Board and then Chairman of Leicester City FC. During a distinguished business career, he was CEO of Cable & Wireless, a former Chairman of the Met Office, a non-executive Board director of BUPA and former Chairman of Redefine International. Greg remains a director of Eteach UK and the Chair of Circet. Greg serves on the Nominations and Remuneration Committees and has also been appointed onto the FIFA Council and so attends UEFA Executive Committee meetings.

Executive Director: Mark Bullingham, Chief Executive Officer

Mark took over as The FA's Chief Executive Officer on 1 August 2019. Mark joined The FA in August 2016 and previously led the commercial, marketing, digital and participation functions at the organisation, where under his tenure annual revenue at The FA rose by over £100m. He previously held the position of CEO EMEA for Fuse Sports & Entertainment, responsible for running one of the fastest growing businesses in the sector with a client portfolio including 10 of the top 30 global brands. Prior to Fuse Mark was the Director of Marketing for the America's Cup Event Authority in San Francisco. Mark has negotiated over \$2bn of partnerships across a variety of platforms in sports, arts and music and is a qualified Level One coach involved in grassroots football.

National Game Representatives

Robert Cotter

Bob was appointed onto The FA Board in July 2016, having been appointed to The FA Council in 2009 as representative of Northamptonshire County FA. He is the Chair of the National Game Board and serves on the Youth Participation and Development Committee, Futsal Committee, National Game Finance Committee, Nominations Committee and Health and Safety Committee. He is the Chairman of Northamptonshire County FA and a former primary school head teacher.

Jack Pearce

Jack was appointed onto the Board in 2015, having first been appointed as a Divisional Representative on The FA Council in 2001 and is a Vice-Chair of The FA. Jack serves on the National Game Board, Remuneration Committee, Judicial Panel, National Game Finance Committee and Alliance Committee, the latter of which he chairs. Jack was formerly a player and manager of Bognor Regis Town and continues to serve the club as its General Manager and Vice-Chairman. Jack is a Board member of the National League and a Council member of Sussex County FA as well as being a trustee of the Football Foundation.

Sue Hough

Sue was appointed onto the Board in July 2019, having first been appointed as a representative of the Women's Football Conference on The FA Council in 2000. Sue chairs the Women's Football Board and serves on the National Game Board, The FA Women's Super League and FA Women's Championship Board, Disability Football Committee, Judicial Panel and Referees' Committee. Sue is the CEO of Dorset County FA and in 2013 received an MBE for her services to women's and disability football.

Football Association Limited

Directors' report (continued)

Professional Game Representatives

Peter McCormick OBE

Peter was appointed onto the Board and Council in August 2015 as a representative of the Premier League and also serves on the Professional Game Board, FA Challenge Cup Committee, Football Regulatory Authority, Nominations Committee, Council Membership & Appointments Committee and Remuneration Committee, the latter of which he chairs. Peter is Chairman of the Legal Advisory Group of the Premier League and Chairman of the League's Football Board, both Executive positions. Peter was Chairman of the Premier League in 2014-15. Peter chairs Tribunals and Appeals for the Premier League, Football Association and Professional Game Match Officials Ltd. He is Chairman of Football Stadium Improvement Fund Ltd and a trustee of the Football Foundation. Peter heads the Corporate and Commercial team at McCormicks Solicitors. He is an internationally recognised expert in Sports, Media and Entertainment Law. Peter is also a leading national figure in Charities Law and was awarded the OBE for services to charity in 2000.

Rick Parry

Rick was appointed onto the Board in October 2019 as a representative of The English Football League and serves on the Professional Game Board. Rick is the Chairman of the English Football League and is one of the UK's most experienced leaders in football, having served as both chief executive of Liverpool Football Club (1997-2009) and the Premier League (1991-1997).

Rupinder Bains

Rupinder was appointed onto the Board in November 2017, jointly representing The English Football League and The FA Premier League. Rupinder is founder and Managing Director of the law firm Pinder Reaux & Associates Limited. The firm specialises in media, defamation and reputation management and sports law. Rupinder serves on the Membership and Sanctions Committee and Women's Football Board.

Independent Non-Executive Directors

Stacey Cartwright

Stacey was appointed onto the Board in June 2018. Stacey previously led the Harvey Nichols Group as Deputy Chair and Chief Executive Officer, prior to which she held senior executive roles at Burberry Plc, Egg Plc and Granada. Stacey also has non-executive experience having served on the boards of GSK and Liverpool FC and has been appointed onto the boards of Savills, AerCap and Genpact. Stacey serves on The FA's Group Audit Committee and Nominations Committee.

Kate Tinsley

Kate was appointed onto the board in October 2017. Kate is currently the Divisional Managing Director of Ibstock Plc having formerly been Chief Executive Officer of The Buildbase Group. Prior to this Kate has served in senior finance roles at Saint Gobain, BSS PLC and Grafton Group PLC. As an FA qualified coach Kate is passionate about football and motivated by her desire to ensure that football is For All. This includes making sure that there are equal opportunities for people of all ages and backgrounds to play and enjoy football at all levels of the game. Kate serves on the Remuneration Committee and Group Audit Committee.

Independence

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. Three of the ten directors are independent in line with the requirements of the Code.

Board Appointments

The Chairman and independent non-executive directors are ratified by the Council following a recommendation by the Nominations Committee and endorsement by the Board. The National Game directors are elected by the National Game Representatives on Council. The Professional Game directors are appointed by The FA Premier League (one director) and The English Football League (one director), with a further director being jointly appointed by both leagues. The Chairman, independent non-executive directors and National Game Representatives are subject to a maximum of three terms of three years. Mervyn Leggett retired from the Board in July 2019 having served for the maximum number of terms and was replaced by Sue Hough. The Professional Game Representatives are appointed annually and are subject to a maximum of 9 years. Jim Rodwell was replaced by The English Football League in July 2019 by John Nixon, who in turn was subsequently replaced by Rick Parry in October 2019. The Board maintains a matrix detailing the skills, experience and knowledge required of the Board and appointments are made with reference to this.

Board Roles

There is a clear division of responsibility between the roles of Chairman and Chief Executive Officer. The Chairman provides strong leadership for the Board on all aspects of its role and maintains effective relationships with key

Football Association Limited

Directors' report (continued)

stakeholders in football both domestically and internationally. The Chief Executive Officer has executive responsibility for delivering strategies and programmes in line with the Board's direction.

In accordance with the requirements of the Code, the Board has appointed Stacey Cartwright as the Senior Independent Director and she acts as a sounding board for the Chairman, an intermediary for the other directors as necessary, an alternative contact for shareholders or Council Members at Board level and leads on the process of appraising the Chairman.

Board Induction

Newly appointed directors are subject to a formal induction process which includes meeting with each of The FA's Senior Management Team.

Board Evaluation

The FA carried out an externally facilitated evaluation of the Board in 2019 with the results presented to the Board in September 2019. An externally facilitated evaluation of the National Game Board, Remuneration Committee and Nominations Committee was also carried out during the reporting period. An evaluation of the performance of each individual director was carried out by the Chairman and of the Chairman by the Senior Independent Director.

(ii) Board Committees

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 one sub-committee);
- Group Audit Committee;
- Remuneration Committee;
- Nominations Committee;
- Inclusion Advisory Board;
- Women's Football Board;
- FA Women's Super League and FA Women's Championship Board;
- Health and Safety Committee; and
- Disability Football Committee.

National Game Board

The National Game Board ("NGB") receives delegated authority from The FA Board to manage football right through from the grassroots level of the game up to the National League. This includes the development and implementation of the National Game Strategy and decisions on how funding allocated by The FA is spent and distributed within the National Game. The NGB comprises Brian Adshead, Rimla Akhtar, Bob Cotter (Chair), Mark Frost, Sue Hough, Neil Hope, George Doring (Competitions Committees), Jack Pearce, Philip Smith, Mike Spinks (Schools Committees), John Taylor, John Topping and David Simpson. The NGB has a number of sub-committees with responsibility for specific matters within grassroots football.

Professional Game Board

The Professional Game Board ("PGB") receives delegated authority from The FA Board to manage football at the professional level of the game which includes the administration of The Emirates FA Cup and The Community Shield. The PGB has authority to determine how funding allocated by The FA is spent and distributed within the Professional Game. The PGB has one sub-committee, The FA Challenge Cup Committee which manages and controls The FA Challenge Cup competition. The PGB comprises Peter McCormick (Chair, Premier League), Rebecca Caplehorn (Premier League), Paul Barber (Premier League), Phil Alexander (Premier League), Rick Parry (EFL), Mark Ashton (EFL), Jez Moxey (EFL), and John Nixon (EFL).

Group Audit Committee

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

- governance, including risk management and internal control
- external audit arrangements
- internal audit arrangements
- the appropriateness of financial reporting
- compliance, whistleblowing and fraud

Football Association Limited

Directors' report (continued)

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

The GAC is comprised of an independent chairman, Tim Score, alongside Stacey Cartwright and Kate Tinsley (FA independent non-executive board directors) and two independent members, Mary Reilly and Jill Ainscough.

The independent chairman and independent members have no connections with The FA companies such as through a material business relationship or by representing a shareholder. As well as bringing independence and objectivity, these members are appointed onto the GAC in view of the skills, experience and professional qualifications 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 FA 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 preparation of the financial statements.

Remuneration Committee

The Remuneration Committee comprises Peter McCormick OBE (Chair), Kate Tinsley, Jack Pearce and Greg Clarke. It is responsible for advising the Board on the pay and terms and conditions of the Chief Executive Officer, members of senior management and the Chair and non-executive directors of FA Group companies. In discharging its duties, the 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.

Nominations Committee

The Nominations Committee comprises Greg Clarke (Chair), Stacey Cartwright, Bob Cotter and Peter McCormick OBE. It is responsible for identifying and nominating candidates for the positions of independent non-executive director and Chairman, succession planning within the Board and senior management and recommending to the Board the candidate for the role of senior independent director. The Committee uses the services of external recruitment consultancies and openly advertises the positions.

Inclusion Advisory Board

The Inclusion Advisory Board ("IAB") was established in 2013 and provides advice to the Board in respect of inclusion matters, including ensuring that inclusion and diversity is at the core of everything The FA does. The IAB is chaired by Paul Elliott and comprises Rupinder Bains, Shelley Alexander, Rimla Akhtar, Chris Ramsey, Hannah Dingley, Christina Pauros and Nuala Walsh who are each independent from The FA and bring knowledge and experience of inclusion, equality and diversity matters.

Women's Football Board

The Women's Football Board ("WFB") manages all strategic and operational matters relating to women's and girls' football within the policy framework and budget set by the Board. This excludes the management of the FA Women's Super League and FA Women's Championship. The WFB is chaired by Sue Hough MBE and comprises Rupinder Bains, Elaine Oram, Shelley Alexander, Sue Campbell, Jason Lee, Dr Robina Shah, Thura Win, Elizabeth Jenkin, Bruce Buck and Svenja Geissmar.

FA Women's Super League and FA Women's Championship Board

The FA Women's Super League and FA Women's Championship Board was established in 2019 and has specific responsibility for managing the FA Women's Super League and FA Women's Championship competitions. The Board comprises Dawn Airey (Chair), Liz Nicholl, David Gregson (all independent members), Bruce Buck, Svenja Geissmar, Omar Berrada, Rebecca Caplehorn, Nicola Ibbetson, Lee Sanders (all club representatives), Mark Bullingham, Baroness Sue Campbell and Sue Hough (all FA appointed members).

Health and Safety Committee

The Health and Safety Committee is responsible for overseeing health and safety matters within The FA and to ensure that The FA is discharging its statutory and regulatory obligations. The Committee is chaired by Bob Cotter and comprises other members of The FA's executive.

Football Association Limited

Directors' report (continued)

(iii) The FA Council and Committees

The role of The FA Council is to regulate football matters including disciplinary matters, management of the National League System, the registration, control and development of referees, youth football and match and competition sanctioning. The Council meets five times per season and meetings routinely include presentations from members of the executive on topical issues within the game.

The FA Council delegates areas of responsibility to numerous standing committees, which have various sub-committees and working groups. The current standing committees are: Referees Committee, Council Membership and Appointments Committee, Leagues Committee, Membership and Sanctions Committee, Alliance Committee and Youth Participation and Development Committee.

The Council comprises representatives from different constituencies of the game, including County FAs, the Premier League and EFL, various leagues within the National League System, managers, players and supporters.

The Football Regulatory Authority ("FRA") is the regulatory, disciplinary and rule-making body of The FA. Membership of the FRA consists of four representatives from each of the National Game (John Topping, David Elleray, Nick Robinson and Richard Tur) and Professional Game (Robert Coar, Stephen Pearce, Peter McCormick OBE and Rebecca Caplehorn) and a further four independent members (Sir Ian Johnston, Graeme Le Saux, Chris Brady and Rachel Yankey).

The Judicial Panel is a group of individuals from which Regulatory Commissions and Appeal Boards are drawn. This includes Council Members, individuals with experience of the game of football and professionally qualified members such as barristers and solicitors. The Regulatory Commissions have the authority to impose penalties or other sanctions for breach of The FA's Rules, with the Appeal Boards established to hear cases and appeals in prescribed circumstances.

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 met twelve times during the reporting year. Six of these were scheduled meetings, four were unscheduled meetings and two were strategy sessions. The attendance of directors at each meeting of the Board 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 resigned/ appointed	Scheduled Board meetings
G Clarke	Chairman		12 (12)
R Bains	The FA Premier League, The English Football League		12 (12)
S Cartwright	Senior Independent Non-Executive		12 (12)
R Cotter	Northamptonshire CFA		12 (12)
M Glenn	Chief Executive Officer	Resigned on 31 July 2019	11 (12)
S Hough MBE	Women's Football Conference	Appointed 25 July 2019	0 (0)
M R Leggett	FA Vice-Chairman, Vice-President	Resigned 24 July 2019	10 (12)
P McCormick OBE	FA Vice-Chairman, The FA Premier League		12 (12)
J Nixon	The English Football League, Carlisle Utd FC	Appointed 18 July 2019, resigned 18 October 2019	1 (1)
J Pearce	Divisional Representative, Bognor Regis Town FC		11 (12)
J Rodwell	The English Football League, Scunthorpe United FC	Resigned 18 July 2019	10 (11)
K Tinsley	Independent Non-Executive		9 (12)

Football Association Limited

Directors' report (continued)

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. Please refer to note 7 of the financial statements for a breakdown of each director's remuneration for the season.

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.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

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



Richard McDermott

Company Secretary

27 November 2019

Football Association Limited

Directors' responsibilities statement

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Football Association Limited

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Football Association Limited (the 'parent company') and its subsidiaries (the 'group') which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and company statement of financial position;
- the consolidated and parent statements of changes in equity;
- the consolidated cash flow statement; 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in respect of these matters.

Football Association Limited

Independent auditor's report to the members of Football Association Limited (Continued)

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

Use of our report

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.



Judith Tacon (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

27 November 2019

Football Association Limited

Consolidated profit and loss account Year ended 31 July 2019

	Notes	2019 £'000	2018 £'000
Turnover	3	467,227	375,527
Cost of sales		(91,292)	(93,644)
Gross profit		375,935	281,883
Investments into the game		(165,611)	(127,509)
Operating expenses	5	(147,556)	(157,236)
Gains on foreign exchange and mark-to-market revaluation	5	11	1,084
Total operating expenses		(313,156)	(283,661)
Operating profit / (loss)		62,779	(1,778)
Interest receivable and similar income	4	667	338
Interest payable and similar expenses	4	(6,438)	(7,042)
		(5,771)	(6,704)
Profit / (loss) on ordinary activities before taxation	5	57,008	(8,482)
Tax on profit / (loss) on ordinary activities	8	(11,602)	(2,054)
Profit / (loss) for the year		45,406	(10,536)

All the above results are derived from continuing operations.

Consolidated statement of comprehensive income Year ended 31 July 2019

	Notes	2019 £'000	2018 £'000
Profit / (loss) for the year		45,406	(10,536)
Remeasurement of hedged derivative contracts	20	(25,026)	(4,187)
Actuarial (losses) / gains on pension scheme	23	(3,067)	10,553
Total comprehensive income / (loss) for the year		17,313	(4,170)

All the above results are derived from continuing operations.

Football Association Limited

Consolidated statement of financial position As at 31 July 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	10	216	222
Tangible assets	11	544,282	551,053
Deferred tax asset	13	715	-
		<u>545,213</u>	<u>551,275</u>
Current assets			
Stock		162	489
Debtors due within one year	14	85,518	59,454
Debtors due after more than one year	14	829	1,518
Cash at bank and in hand		39,241	40,750
Pension asset	23	12,888	16,229
		<u>138,638</u>	<u>118,440</u>
Creditors: amounts falling due within one year	15	<u>(212,417)</u>	<u>(236,196)</u>
Net current liabilities		<u>(73,779)</u>	<u>(117,756)</u>
Total assets less current liabilities		<u>471,434</u>	<u>433,519</u>
Creditors: amounts falling due after more than one year	16	<u>(312,048)</u>	<u>(285,758)</u>
Provisions for liabilities	13	<u>-</u>	<u>(5,688)</u>
Net assets		<u>159,386</u>	<u>142,073</u>
Capital and reserves			
Called up share capital	19	-	-
Hedge reserve	20	(26,166)	(1,140)
Profit and loss account		185,552	143,213
Shareholders' funds		<u>159,386</u>	<u>142,073</u>

These financial statements of Football Association Limited, company number 00077797, were approved by the Board of Directors on 27 November 2019

Signed on behalf of the Board of Directors



Mark Bullingham
Chief Executive Officer

Football Association Limited

Company statement of financial position As at 31 July 2019

	Notes	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	11	12,359	10,641
Fixed asset investments	12	230,001	230,001
Deferred tax asset	13	2,577	-
		<u>244,937</u>	<u>240,642</u>
Current assets			
Debtors due within one year	14	179,753	145,487
Debtors due after more than one year	14	244,416	244,407
Cash at bank and in hand		11,162	22,170
Pension asset	23	12,888	16,229
		<u>448,219</u>	<u>428,293</u>
Creditors: amounts falling due within one year	15	<u>(154,816)</u>	<u>(178,351)</u>
Net current assets		<u>293,403</u>	<u>249,942</u>
Total assets less current liabilities		<u>538,340</u>	<u>490,584</u>
Creditors: amounts falling due after more than one year	16	<u>(141,513)</u>	<u>(112,888)</u>
Provisions for liabilities	13	<u>-</u>	<u>(2,930)</u>
Net assets		<u>396,827</u>	<u>374,766</u>
Capital and reserves			
Called up share capital	19	-	-
Hedge reserve	20	(26,166)	(1,140)
Profit and loss account		<u>422,993</u>	<u>375,906</u>
Shareholders' funds		<u>396,827</u>	<u>374,766</u>

The profit and loss for the financial year generated by the parent Company was a £50.2 million profit (2018: £7.5 million loss). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company.

These financial statements of Football Association Limited, company number 00077797, were approved by the Board of Directors on 27 November 2019

Signed on behalf of the Board of Directors


Mark Bullingham
Chief Executive Officer

Football Association Limited

Consolidated statement of changes in equity As at 31 July 2019

	Share capital £'000	Profit and loss account £'000	Hedge reserve £'000	Total £'000
Balance at 31 July 2018	-	143,213	(1,140)	142,073
Profit for the financial year	-	45,406	-	45,406
Remeasurement of pension obligations	-	(3,067)	-	(3,067)
Remeasurement of hedged derivative contracts	-	-	(25,026)	(25,026)
Total comprehensive income	-	42,339	(25,026)	17,313
Balance at 31 July 2019	-	185,552	(26,166)	159,386

Company statement of changes in equity As at 31 July 2019

	Share capital £'000	Profit and loss account £'000	Hedge reserve £'000	Total £'000
Balance at 31 July 2018	-	375,906	(1,140)	374,766
Profit for the financial year	-	50,153	-	50,153
Remeasurement of pension obligations	-	(3,066)	-	(3,066)
Remeasurement of hedged derivative contracts	-	-	(25,026)	(25,026)
Total comprehensive income	-	47,087	(25,026)	22,061
Balance at 31 July 2019	-	422,993	(26,166)	396,827

Football Association Limited

Consolidated cash flow statement Year ended 31 July 2019

	Note	2019 £'000	2018 £'000
Net cash flows from operating activities	21	10,767	71,248
Cash flows from investing activities			
Interest received		229	262
Purchase of tangible fixed assets		(23,954)	(20,179)
Net cash flows from investing activities		(23,725)	(19,917)
Cash flows from financing activities			
Repayments of borrowings		-	(42,000)
Receipt of borrowings		18,000	-
Interest paid		(6,194)	(6,798)
Repayments of obligations under finance leases		(357)	(316)
Net cash flows from financing activities		11,449	(49,114)
Net (decrease) / increase in cash and cash equivalents		(1,509)	2,217
Cash and cash equivalents at beginning of year		40,750	38,536
Effect of foreign exchange rate changes		-	(3)
Cash and cash equivalents at end of year		39,241	40,750

Football Association Limited

Notes to the financial statements Year ended 31 July 2019

1. Accounting policies

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

a) General information and basis of accounting

Football Association Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Strategic report.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Group is pounds sterling because that is the currency of the primary economic environment in which the Group operates. The consolidated and company financial statements are therefore presented in pounds sterling.

The Company has taken advantage of the disclosure exemptions available to it under FRS 102 in respect of related party transactions in relation to intra-group transactions.

b) Basis of consolidation

The Group's financial statements consolidate the results of the Company and its subsidiary undertakings drawn up to 31 July each year. The results of subsidiary undertakings acquired or disposed of in the year are consolidated for the years from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations affected prior to the date of transition.

c) 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 Strategic report. The Strategic report also outlines the financial position of the Group, its cash flows, liquidity position and borrowing facilities. At the year end, the Group had net current liabilities of £73.8 million (2018: £117.8 million) which included £108.8 million of deferred income (2018: £150.1 million). In addition, the Strategic report includes a summary of the principal risks and uncertainties affecting the Group which includes reference to the Groups borrowing and compliance with covenants as well as the risks associated with key rights contract renewal. The Strategic report also highlights that the Group has the potential to reduce discretionary expenditure if required.

The directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis of accounting in preparing the annual report and accounts.

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2019

1. Accounting policies (continued)

d) Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income.

Turnover for the Group's primary classes of business is accounted for as follows:

Broadcasting – Turnover derived from broadcasting contracts is recognised straight line over the years covered under such contracts.

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

Club Wembley licence fees - The revenue is recognised when the licence agreement has been signed and the exercise period commences. Total revenue from licence fees is spread evenly across the term of the licence. From the 2017/18 season new licence agreements are typically for a three-year term.

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

Events – Turnover is recognised when the relevant event takes place.

Grant income – Turnover is recognised over the year in which the related costs are recognised.

St. George's Park – Turnover from the use of hotel, conference and sports facilities is recognised in line with when the facilities are used. St. George's Park sponsorship and related turnover is recognised in line with the rights provided, under each contract. Turnover from FA Learning activity is recognised in line with the course dates for educational courses and on physical delivery of the goods to the customers for educational materials.

e) Barter transactions

Turnover is recognised in respect of barter transactions only where services are exchanged for dissimilar services and the transaction is deemed to have commercial substance. Such transactions are measured at the fair value of the services received, adjusted by any amount of cash and cash equivalents transferred.

f) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction (or where appropriate, at the rate of exchange in related forward foreign exchange contracts). Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are reported at the rates of exchange prevailing at that date. The \$ - £ exchange rate used at 31 July 2019 was 1.22 (2018: 1.31). The € - £ rate used at 31 July 2019 was 1.09 (2018: 1.12). 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, unless for that relating to a derivative contract which has been designated as a hedged item.

g) 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 and charged to the profit and loss when a constructive obligation arises.

Football Association Limited

Notes to the financial statements (continued) **Year ended 31 July 2019**

1. Accounting policies (continued)

h) 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 statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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 statement of financial position date. Timing differences are differences between the Company's taxable profit and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years 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 profit 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 years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured on a non-discounted basis.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

i) Employee benefits

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the year, benefit changes, settlements and curtailments. They are included as part of staff costs. (The net interest cost on the net defined benefit liability is charged to operating profit and included within finance costs). Remeasurement comprising actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on scheme assets (excluding net interest) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. The defined benefit liability is valued using an independent actuary. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each statement of financial position date.

The Group's obligation to fund the defined contribution scheme is limited to the agreed funding to the scheme. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits 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 statement of financial position.

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2019

1. Accounting policies (continued)

j) 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. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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 at the fair value of the leased asset 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 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 year of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

k) Intangible fixed assets

The Group holds an intangible asset which represents the cost attributed to intellectual property on the acquisition of Wembley Stadium. The intellectual property rights are being amortised using the straight-line method over a useful economic life in line with the Stadium fixed assets of fifty years.

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
Land and buildings (St George's Park)	No depreciation is charged in respect of land. 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	3 years for computer equipment, 3 to 10 years for plant and machinery and 8 to 10 years for fixtures and fittings
Assets in the course of construction	Not depreciated until brought into use

m) Borrowing costs

Borrowing costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Football Association Limited

Notes to the financial statements (continued) **Year ended 31 July 2019**

1. Accounting policies (continued)

n) Fixed asset investments

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

o) 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.

p) Non-derivative financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive
- There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current year or prior years
- Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law
- There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c)

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Arrangement fees for the Group's funding are offset against the bank loan and are being amortised over the term 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 relevant class of Stadium asset. Borrowing costs incurred from the date of operational completion are charged to the profit and loss account as incurred.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2019

1. Accounting policies (continued)

q) Derivative financial instruments

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

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The Group determines the fair value of its derivative financial instruments using quoted market prices adjusted for credit risk based on an implied probability of default, calculated using accepted valuation techniques. The resulting gain or loss is recognised in profit or loss immediately, for those derivative financial instruments not designated as a hedged item.

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.

r) Hedge accounting

The Group adopted hedge accounting during the 2016/17 season and has continued to apply this since 2018/19. The Group has designated certain derivatives as hedging instruments in cash flow hedges. However, for derivative contracts which have not been designated as hedged items they are accounted for in line with the derivative financial instruments policy.

At the inception of the hedge relationship, the entity documents the economic relationship between the hedging instrument and the hedged item, along with its risk management objectives and clear identification of the risk in the hedged item that is being hedged by the hedging instrument. Furthermore, at the inception of the hedge, the Group determines, and documents causes for hedge ineffectiveness.

Note 18 sets out details of the fair values of the derivative instruments used for hedging purposes.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and a separate reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account. Amounts accumulated in this reserve are reclassified to profit or loss in the years in which the hedged item cash flow occurs.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time is reclassified to the profit and loss account when the hedged item is recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, any gain or loss that was accumulated in equity (other comprehensive income) is reclassified immediately to profit and loss account.

s) 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 to match them with the expenditure to which they relate.

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2019

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical accounting judgements

No critical accounting judgements have been identified during the current financial year.

Key sources of estimation uncertainty in applying the Company's accounting policies

The following are estimations of uncertainty that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment review of tangible assets and investments in subsidiaries

There are a number of assumptions management have considered in performing impairment reviews of the Group's tangible assets, the most significant of which are Wembley Stadium and the hotel at St Georges Park (see note 11 for details of carrying values). In addition to reviewing the value of the asset itself for the consolidated financial statement, the company's investment in Wembley National Stadium Limited (carrying value of £581 million) and the National Football Centre Limited (carrying value of £36 million) has also been assessed (see note 12), including fixed asset investments and intercompany loans. The determination of whether the assets are impaired requires an estimation of the value in use of the assets, based upon an estimate of the future cash flows expected to arise from the assets and a suitable discount rate in order to calculate present value.

When testing the Stadium assets for impairment a number of assumptions have been used in estimating future cash flows. Wembley Stadium generates cash in a number of ways such as sponsorship, non-FA events, FA Cup matches, England games and Club Wembley. It also absorbs cash notably capital expenditure of which £13.8 million is budgeted for 2019. The Strategic Report (pages 3 to 14) makes reference to the challenges posed by the renewal of Club Wembley memberships and the need to invest in the Stadium. The impairment assessment is sensitive to key assumptions, in particular, the level of Club Wembley cash flows. These cash flows can be subjective, particularly as the Club Wembley strategy has been evolving over the last few years, including the creation of key new package offerings becoming or soon to become available. As a result of the product offering evolving, there is little historic precedent in the current market and there is therefore inherent uncertainty in relation to the accuracy with which Club Wembley sales can be forecast beyond the short term. In addition, due to the uncertainty around the future level of renewals and new sales and the evolving Club Wembley product offerings, beyond the short term, a reasonably possible change in the cash flow assumptions could lead to an impairment in the investment in the stadium in the future.

The discount rate used within the calculation is the 20-year AA UK corporate bond rate.

When testing the hotel assets for impairment a number of assumptions have been used in estimating future cash flows including the forecast occupancy rates of the hotel and capital expenditure of which £5 million is budgeted for 2019/20.

The discount rate used within the calculation is the interest rate attached to the hotel's finance lease.

Valuation of derivative financial instruments at fair value

Management have made a number of assumptions with regard to the fair value of financial instruments at year end. Valuation techniques commonly used by market practitioners are applied. For the Group's derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument (including default risk of the financial institution), which includes a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

Pension assumptions

There are a number of assumptions management have considered on the advice of actuaries which have an impact on the results of the valuation of the pension scheme liabilities at year end. The most significant assumptions are those relating to the discount rate of return on investments, mortality rates, demographics of scheme participants and the rates of increase in salaries and pensions.

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2019

3. Turnover

An analysis of the Group's turnover by class of business is set out below.

	2019 £'000	2018 £'000
Turnover:		
Broadcasting	262,632	145,889
Sponsorship and licensing	63,427	79,059
Club Wembley	35,973	33,469
Events	70,551	68,752
Grant income	11,566	12,091
St. George's Park	12,664	11,299
Other income	10,414	24,968
	<u>467,227</u>	<u>375,527</u>

An analysis of the Group's turnover by geographical market is set out below.

Turnover:		
UK	316,589	285,269
Overseas	150,638	90,258
	<u>467,227</u>	<u>375,527</u>

The majority of the Group's turnover is generated in the UK, with turnover generated outside the UK principally from international broadcast providers, grants and tournament income from UEFA and FIFA.

An analysis of the Group's turnover by type is as follows:

	2019 £'000	2018 £'000
Sale of goods	301	754
Rendering of services	454,633	361,889
Rental income	727	793
Grants	11,566	12,091
	<u>467,227</u>	<u>375,527</u>

Further detail on the Group's grants is provided in Note 15.

Barter transactions

The amount of barter transactions for goods and other services recognised in turnover is £3.5 million (2018: £3.9 million).

Operating lease income

Turnover included operating lease income from letting office space within the Stadium of £0.7 million (2018: £0.8 million).

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2019

4. Finance costs (net)

	2019 £'000	2018 £'000
Interest payable and similar charges		
Bank interest payable	2,118	2,594
Finance lease interest payable	3,393	3,341
	<u>5,511</u>	<u>5,935</u>
Other finance costs		
Interest rate cap	203	62
Amortisation of issue costs	480	801
Defined benefit obligations costs	244	244
	<u>927</u>	<u>1,107</u>
	<u>6,438</u>	<u>7,042</u>
Interest receivable		
Bank interest receivable	229	262
Interest on net defined benefit	438	76
	<u>667</u>	<u>338</u>

The loan obligation is a £157 million Revolving Credit Facility ("RCF"). This facility is secured against the value of Wembley Stadium.

The term of the RCF is seven years (repayable in October 2022) and interest is payable at a variable rate of LIBOR + 1.15% (see note 16).

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2019

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging / (crediting):

	2019 £'000	2018 £'000
Depreciation of tangible fixed assets – owned	28,414	26,245
Depreciation of tangible fixed assets – held under finance lease	2,010	1,755
Amortisation of intangible assets	6	5
Amortisation of deferred capital grants	(1,037)	(1,037)
Amortisation of income grants	(287)	(356)
Operating lease rentals	1,117	247
Impairment of tangible assets**	-	12,876
Fair value loss / (gain) on forward currency contracts and interest rate cap measured at fair value through profit and loss (see Note 17)	400	(4,086)
Foreign exchange (gain) / loss	(411)	3,001

**Impairment of tangible assets relates to the impairment of the Hilton hotel assets (refer note 11) and is recognised within operating expenses.

The analysis of the auditor's remuneration is as follows:

Fees payable to the Group's auditor for audit services	2019 £'000	2018 £'000
Fees payable to the Group's auditor for the audit of The FA's annual accounts	80	87
Fees payable to the Group's auditor in respect of the prior year audit	43	18
Fees payable to the Group's auditor for the audit of The FA's subsidiaries	98	85
Total audit fees	221	190
Fees payable to the Group's auditor for other services to the Group		
Taxation compliance services	15	10
Other taxation advisory services	36	13
Other services	117	120
Total non-audit fees	168	143

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2019

6. Staff numbers and costs

The average monthly number of Group employees was:

	2019 No.	2018 No.
Promotion of Association Football	825	825
Stadium and event management	89	97
Hotel management	272	254
	<u>1,186</u>	<u>1,176</u>

Their aggregate remuneration comprised:

	£'000	£'000
Wages and salaries	60,263	53,186
Social security costs	7,089	6,203
Other pension costs	2,634	2,270
Severance costs	507	1,229
	<u>70,493</u>	<u>62,888</u>

7. Directors' and senior management team remuneration

Directors were remunerated £1.1 million (2018: £1.0 million) in respect of services provided during the season, broken down as follows:

	2019 £'000	2018 £'000
M Glenn	814	794
G Clarke	184	179
S Cartwright	25	4
R Cotter	15	10
S Hough	-	-
M Leggett	21	20
J Nixon	1	-
J Pearce	7	10
J Rodwell	3	4
K Tinsley	26	14
R Bains	-	-
P McCormick	-	-
Directors who held position in 2017/18 but not in 2018/19	-	-
	<u>1,096</u>	<u>1,035</u>

There were no directors to whom retirement benefits were accruing in respect of qualifying services in respect of defined benefit schemes (2018: none).

There were no directors (2018: one) to whom retirement benefits were accruing in respect of qualifying services in respect of money purchase pension scheme.

In addition to Directors, total remuneration of £4.7 million was paid to members of the senior management team during the current season (2018: £4.3 million).

Nil balances were due to remuneration provided by 3rd party or the appointments were made at the end of financial year.

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2019

8. Tax on profit / (loss) on ordinary activities

The tax charge comprises:

	2019 £'000	2018 £'000
Current tax on profit / (loss) on ordinary activities		
UK corporation tax	(12,532)	(2,946)
Adjustments in respect of prior years	240	(55)
Total current tax	(12,292)	(3,001)
Deferred tax		
Origination and reversal of timing differences	395	648
Adjustments in respect of prior years	295	299
Total deferred tax	690	947
Total tax on profit / (loss) on ordinary activities	(11,602)	(2,054)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

Profit / (loss) on ordinary activities	57,008	(8,482)
Tax on Group profit / (loss) on ordinary activities at the standard UK corporation tax rate of 19.00% (2017: 19.67%)	(10,831)	1,612
Effects of:		
Expenses not deductible for tax purposes	(1,646)	(1,893)
Tax effect on impairment of property	-	(2,447)
Non-taxable release of grant income	272	272
Adjustment in respect of prior years	535	244
Fair value movement on unhedged financial instruments	68	158
Group total tax charge for the year	(11,602)	(2,054)

The standard rate of tax applied to reported profit on ordinary activities is 19.00% (2018: 19.00%).

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017. The enacted rate of corporation tax will reduce to 17% from 1 April 2020. Deferred taxes have been re-measured to 17%, the rate at which the majority of items making up the deferred tax balance are expected to reverse.

There is no expiry date on timing differences, unused tax losses or tax credits.

9. Profit or loss attributable to the Company

The profit or loss for the financial year dealt with in the financial statements of the parent Company was a £50.2 million profit (2018: £7.5 million loss). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent Company.

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2019

10. Intangible fixed assets

	Total £'000
Cost	
At 1 August 2018 and 31 July 2019	250
Amortisation	
At 1 August 2018	28
Charge for the year	6
At 31 July 2019	34
Net book value	
At 31 July 2019	216
At 31 July 2018	222

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

11. Tangible fixed assets

Group	Land and buildings £'000	Stadium £'000	Leasehold improvements £'000	Fixtures, fittings, plant and equipment £'000	Assets under construction £'000	Total £'000
Cost						
At 1 August 2018	134,352	668,154	4,867	89,798	1,051	898,222
Additions	1,297	2,442	-	19,110	1,105	23,954
Disposals	-	-	-	(361)	-	(361)
Transfers	-	-	-	1,086	(1,086)	-
At 31 July 2019	135,649	670,596	4,867	109,633	1,070	921,815
Accumulated depreciation						
At 1 August 2018	22,073	266,710	1,932	56,454	-	347,169
Charge for the year	1,847	18,692	324	9,561	-	30,424
Disposals	-	-	-	(60)	-	(60)
Impairment	-	-	-	-	-	-
At 31 July 2019	23,920	285,402	2,256	65,955	-	377,533
Net book value						
At 31 July 2019	111,729	385,194	2,611	43,678	1,070	544,282
At 31 July 2018	112,279	401,444	2,935	33,344	1,051	551,053

Land and buildings include freehold land, which is held at cost of £67.4 million (2018: £67.4 million). It also includes long leasehold property of £3.9 million (2018: £3.9 million).

Included within the above assets is £26.0 million (2018: £27.8 million) of assets held under finance leases. This relates to a 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 £48.7 million (2018: £48.4 million) less accumulated depreciation of £22.7 million (2018: £20.6 million).

Borrowing costs amounting to £73.6 million (2018: £73.6 million) incurred on construction of the stadium have been included within the cost of the stadium asset.

As part of our annual impairment assessment of the carrying value of the hotel at St George's Park, we determined that the recoverable amount of this asset was less than the carrying amount and therefore a provision for an impairment of £12.9m was recognised in the prior period with no further impairment or reversal assessed as being required in the current year.

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2019

11. Tangible fixed assets (continued)

Company	Stadium	Fixtures, fittings, plant and equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 August 2018	2,444	19,108	1,051	22,603
Additions	-	4,358	1,105	5,463
Transfers	-	1,086	(1,086)	-
Disposals	-	(361)	-	(361)
At 31 July 2019	2,444	24,191	1,070	27,705
Accumulated depreciation				
At 1 August 2018	481	11,481	-	11,962
Charge for the year	51	3,393	-	3,444
Disposal	-	(60)	-	(60)
At 31 July 2019	532	14,814	-	15,346
Net book value				
At 31 July 2019	1,912	9,377	1,070	12,359
At 31 July 2018	1,963	7,627	1,051	10,641

12. Fixed asset investments

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Subsidiary undertakings	-	-	230,001	230,001

Subsidiary undertakings

Details of subsidiary companies, all of which are incorporated in the United Kingdom and 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 / entertainment events at Wembley Stadium
National Football Centre Limited*	Operation of hotel & sports facilities and educational activities
FA Learning Limited	Dormant
The English National Stadium Property Company Limited	Dormant
England Soccer Enterprises Limited	Dormant

The registered address of all above entities is Wembley Stadium, Wembley, London, HA9 0WS.

*The carrying value of Wembley National Stadium Limited and National Football Centre Limited is equal to the sum of The FA investment in the company and intercompany loans (net of any impairment) payable to The FA.

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2019

13. Deferred tax asset

Group	Deferred tax £'000	Restructuring £'000	Total £'000
At 1 August 2018	(5,689)	-	(5,688)
Credited to profit and loss account	689	-	689
Charged to other comprehensive income	5,715	-	5,715
At 31 July 2019	715	-	715

Company	Deferred tax £'000	Restructuring £'000	Total £'000
At 1 August 2018	(2,930)	-	(2,930)
Charged to profit and loss account	(209)	-	(209)
Charged to other comprehensive income	5,716	-	5,716
At 31 July 2019	2,577	-	2,577

Deferred tax is provided as follows:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Capital allowances in excess of depreciation	2,496	994	776	662
Tax losses available	-	-	-	-
Capitalised finance costs	(5,825)	(5,981)	-	-
Timing differences in respect of financial instruments	7,481	2,976	5,242	89
Accelerated donations to charity	(1,288)	(952)	(1,288)	(952)
Defined benefit pension scheme	(2,191)	(2,759)	(2,191)	(2,759)
Other short-term timing differences	42	34	38	30
Deferred tax asset / (liability)	715	(5,688)	2,577	(2,930)

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the same group.

The company has an unrecognised deferred tax asset on capital losses of £3.2 million (2018: £3.2 million).

Pension obligations

Please refer to note 23 for further information regarding pension obligations.

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2019

14. Debtors

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	30,339	23,892	3,392	2,217
Loans to clubs	52	48	52	48
Amounts owed by Group undertakings	-	-	129,374	114,355
VAT receivable	6,172	1,358	5,229	850
Other debtors	2,296	2,292	1,991	2,252
Prepayments and accrued income	46,659	29,637	39,715	23,538
Derivative financial instruments	-	2,227	-	2,227
	85,518	59,454	179,753	145,487
Amounts falling due after more than one year				
Loans to clubs	157	114	157	114
Amounts owed by Group undertakings	-	-	243,587	242,889
Derivative financial instruments	672	1,404	672	1,404
	829	1,518	244,416	244,407
Total debtors	86,347	60,972	424,169	389,894
Total amounts owed by Group companies				
Gross amounts owed by Group companies			406,744	381,212
Provision for impairment			(33,783)	(23,968)
Net amounts owed by Group companies			372,961	357,244

Since inception The FA has lent operating funds to National Football Centre Limited (NFC). As part of our annual impairment assessment of amounts receivable from the NFC we determined that the recoverable amount of these loans was less than the carrying amount and therefore a provision for impairment was recognised.

15. Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Obligations under finance lease	452	357	-	-
Trade creditors	12,358	11,927	1,760	5,126
Amounts due to subsidiary	-	-	25,005	7,818
UK corporation tax payable	6,096	2,026	6,621	1,649
VAT payable	-	-	-	-
Social security and other taxes	2,135	2,018	1,793	1,710
Other creditors	9,511	6,595	905	3,430
Accruals	64,076	57,150	36,865	38,328
Deferred grants	1,429	4,926	105	3,602
Deferred income	108,801	150,464	74,203	115,955
Derivative financial instruments	7,559	733	7,559	733
	212,417	236,196	154,816	178,351

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

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Notes to the financial statements (continued) Year ended 31 July 2019

16. Creditors: amounts falling due after more than one year

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Bank loan	116,684	98,203	116,684	98,203
Obligations under finance leases	48,441	48,893	-	-
Deferred grants	114,702	116,026	-	-
Deferred income	7,392	19,021	-	11,070
Derivative financial instruments	24,829	3,614	24,829	3,614
	<u>312,048</u>	<u>285,758</u>	<u>141,513</u>	<u>112,888</u>

Bank loan

The FA has entered into borrowing arrangements with Barclays, HSBC and Santander. As at 31 July 2019 the total available on the Revolving Credit Facility ("RCF") was £157.1 million (2018 RCF: £171.4 million). This facility is secured against the value of Wembley Stadium.

The term of the RCF is seven years (repayable in October 2022) and interest is payable at a variable rate of LIBOR + 1.15%. The Term Loan is secured for three years (repayable in October 2018); with interest payable at a variable rate of LIBOR + 1.10%.

On 28 September 2018 the term loan of £100.0 million was repaid by drawing down on the RCF. A further 18 million has been subsequently drawn down on the RCF.

Borrowing costs of £4.1 million were initially capitalised in relation to these facilities. An amortisation charge in relation to capitalised borrowing fees of £0.5 million has been recognised during the current season.

Obligations under finance leases

At 31 July 2019 the Group had annual commitments under non-cancellable finance leases as set out below:

	2019 £'000	2018 £'000
Finance leases		
Less than one year	3,550	3,481
Between one and two years	3,621	3,550
Between two and five years	14,925	11,082
More than five years	75,723	79,566
	<u>97,819</u>	<u>97,679</u>
Less: Finance charges allocated to future years	<u>(48,926)</u>	<u>(48,429)</u>
	<u>48,893</u>	<u>49,250</u>

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Notes to the financial statements (continued) Year ended 31 July 2019

16. Creditors: amounts falling due after more than one year (continued)

Deferred grants

Deferred grants greater than one year comprise the following amounts:

	2019 £'000	2018 £'000
Sport England	77,977	78,261
Department of Culture, Media and Sport ("DCMS")	17,109	17,562
London Development Agency ("LDA")	15,397	15,816
Other	4,219	4,387
	<u>114,702</u>	<u>116,026</u>

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 £1.3 million (2018: £1.4 million).

Deferred grants from Sport England includes grant funding of £78.5 million in relation to Wembley Stadium. £11.2 million of this grant funding related to Stadium assets and will be amortised over the life of the building, the remaining grant funding represents grants in respect of land of £67.3 million which is not amortised.

The DCMS grant relates principally 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.

Other grants were received from commercial partners to assist with the construction of St Georges Park. These grants are being amortised over the useful life of these assets (between 30 – 50 years).

17. Financial instruments

The carrying values of the Group and Company's financial assets and liabilities are summarised by category below:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Financial assets				
Measured at fair value through profit or loss	11	701	11	701
Forward foreign currency contracts (see Note 14)				
Measured at fair value through other comprehensive income				
Forward foreign currency contracts (see Note 20)	662	2,930	662	2,930
Measured at undiscounted amount receivable				
Trade and other debtors (see Note 14)	39,016	27,107	10,821	71,265
Amounts due from Group undertakings (see Note 14)	-	-	372,961	357,244
Equity instruments measured at cost less impairment				
Fixed asset investments in unlisted equity instruments (see Note 12)	-	-	230,001	230,001
	<u>39,689</u>	<u>30,738</u>	<u>614,456</u>	<u>662,141</u>

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Notes to the financial statements (continued) Year ended 31 July 2019

17. Financial Instruments (continued)

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Financial liabilities				
<i>Measured at fair value through profit or loss</i>	-	88	-	88
Forward foreign currency contracts (see Note 14 and 15)				
<i>Measured at fair value through other comprehensive income</i>				
Forward foreign currency contracts (see Note 20)	32,389	4,260	32,389	4,260
<i>Debt instruments measured at amortised cost</i>				
Bank loans payable (see Note 15 and 16)	116,684	98,204	116,684	98,204
Obligations under finance lease (see Notes 15 and 16)	48,893	49,250	-	-
<i>Measured at undiscounted amount payable</i>				
Trade and other creditors (see Note 15)	30,100	22,566	11,079	11,915
Amounts due to Group undertakings (see Note 15)	-	-	25,005	7,818
	<u>228,066</u>	<u>174,368</u>	<u>185,157</u>	<u>122,285</u>

It is the Group's policy to hedge significant foreign exchange and interest rate risk. These risks have been hedged by entering into forward foreign currency contracts and an interest rate cap.

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Some of these contracts have been designated as hedged items and are therefore measured at fair value through other comprehensive income. The fair value of these contracts at 31 July 2019 is a liability of £31.7 million (2018: asset of £1.3 million). For those contracts which have not been designated as hedged items they are measured at fair value through profit or loss. The fair value of these contracts at 31 July 2019 is an asset of £0.01 million (2018: liability of £0.6 million).

The remaining items disclosed above related to assets and liabilities incurred in the normal course of business.

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group	
	2019 £'000	2018 £'000
Interest (income) and expense		
Total interest expense for financial liabilities at amortised cost	5,511	6,722
Total interest expense for financial liabilities at fair value through profit or loss	-	-
Fair value (gains) and losses		
On forward foreign currency contracts measured at fair value through profit or loss	400	(3,936)
On interest rate swap measured at fair value through profit or loss	(203)	(150)

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2019

18. Derivative financial instruments

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Interest rate swaps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Cash flow hedges

Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the year-end:

Outstanding contracts	Average contractual exchange rate		Notional value		Fair value	
	2019	2018	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Sell US Dollars						
Less than 3 months	1.33	1.27	38,869	26,814	35,480	27,654
3 months to 12 months	1.35	1.30	76,777	52,278	69,777	53,217
Greater than 12 months	1.35	1.40	308,957	83,942	287,873	81,136
Sell Euros						
Less than 3 months	1.13	1.14	12,556	7,785	12,215	7,626
3 months to 12 months	1.10	1.13	2,555	2,480	2,534	2,438
Greater than 12 months	1.10	1.17	15,280	3,723	14,921	3,622

The Group enters into a number of derivative contracts to hedge the foreign exchange exposure arising on certain contracts. For these contracts the Group has adopted hedge accounting.

The hedged cash flows are expected to occur and to affect profit or loss over the next four financial years.

Changes in FV of £30.3 million net of tax (2018: £4.2 million) were recognised in other comprehensive income. The Group performed an assessment of hedge ineffectiveness and noted that there were no material adjustments to be made. Therefore, no hedge ineffectiveness charges have been recognised within the profit or loss during the current season.

19. Called up share capital and reserves

	2019 £	2018 £
Allotted, called up and fully paid		
1,614 ordinary shares of 5p each	81	81
2 special rights preference shares of £1	2	2
	83	83

The shares do not entitle the owner to any dividend or bonus in the Company. The special rights preference shares are held by The FA Premier League Limited and The Football League Limited.

The Group and Company's profit and loss account represents cumulative profits or losses and other comprehensive income.

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2019

20. Hedge reserve

	Group £'000	Company £'000
Opening	(1,140)	(1,140)
Revaluation of derivative contracts through other comprehensive income (net of tax)	(25,026)	(25,026)
Closing	<u>(26,166)</u>	<u>(26,166)</u>

The FA has designated certain derivative contracts as hedged items. These contracts were revalued to fair value (based on market rates) as at 31 July 2019. The resulting loss was recognised through other comprehensive income and held within a hedged reserve.

The hedge reserve is comprised of the fair value of derivative assets of £0.6 million (2018: £2.9 million), derivative liabilities of £32.3 million (2018: £4.2 million) and deferred tax asset of £5.5 million (2018: deferred tax asset £0.2 million).

21. Notes to the consolidated cash flow statement

Reconciliation of operating profit to cash generated by operations:

	2019 £'000	2018 £'000
Operating profit / (loss)	62,779	(1,778)
Adjustment for:		
Depreciation	30,430	28,005
Impairment of tangible assets	-	12,876
Amortisation of deferred capital grants	(1,324)	(1,037)
Amortisation of deferred income grants	-	(356)
Loss on disposal of tangible fixed assets	301	-
Operating cash flow before movement in working capital	<u>92,186</u>	<u>37,711</u>
Decrease in stock	327	19
(Increase) / decrease in debtors	(19,399)	23,067
(Decrease) / increase in creditors	(53,966)	16,568
Increase / (decrease) in provisions	-	(435)
Corporation tax paid	(8,137)	(4,682)
Contributions paid by the Company into the defined benefit pension scheme	(244)	(1,001)
Cash generated by operations	<u>10,767</u>	<u>71,248</u>

22. Financial commitments

Total future minimum lease payments under operating leases are as follows:

	Group		Company	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Operating leases which expire:				
- within one year	422	159	385	117
- between two and five years	571	387	559	348
	<u>993</u>	<u>546</u>	<u>944</u>	<u>465</u>

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Notes to the financial statements (continued) Year ended 31 July 2019

23. Employee benefits

Defined contribution scheme

The Company and Group operate a defined contribution retirement benefit scheme for all qualifying employees employed by Group companies. The total expense charged to the profit or loss account in the year ended 31 July 2019 was £2.5 million (2018: £2.3 million).

Defined benefit scheme

The Group operates a defined benefit pension scheme for its employees. Under the scheme, the employees are entitled to retirement benefits based on their final salary on attainment of a retirement age of at least 55. No other post-retirement benefits are provided. The scheme is a funded scheme.

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.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 31 July 2018 by a qualified independent actuary. The present value of the defined benefit obligation, the related current service cost and the past service cost were measured using the projected unit credit method.

The last triennial valuation of the scheme was performed at 1 January 2018.

	31 July 2019 % p a	31 July 2018 % p a
Key assumptions used:		
Discount rate	2.15	2.70
Expected long-term rate of return on Scheme assets	2.15	2.70
RPI assumption	3.40	3.30
CPI assumption	2.40	2.30
Future pension increases	3.30	3.20

The underlying mortality assumption in 2019 is based upon the standard table known as S2LPA on a year of birth usage, with CMI_2014 improvement factors and a long-term rate of future improvement of 1.25 % p.a. (2018: 1.25%).

Amounts recognised in the profit and loss account in respect of the defined benefit scheme are as follows:

	2019 £'000	2018 £'000
Administrative expenses	244	244
Interest on scheme liabilities	2,208	2,237
Interest on scheme assets	(2,646)	(2,313)
GMP Equalisation	85	-
	<u>(109)</u>	<u>168</u>

Amounts recognised in other comprehensive income in respect of the defined benefit scheme are as follows:

Actual return less expected return on scheme assets	8,392	6,057
Expected less actual scheme expenses	(40)	27
Experience gains arising on scheme liabilities	(268)	192
Changes in assumptions underlying the present value of scheme liabilities	(11,778)	6,438
Related deferred tax	629	(2,161)
	<u>3,067</u>	<u>10,553</u>

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2019

23. Employee benefits (Continued)

The amount included in the statement of financial position arising from the Company and Group's obligations in respect of its defined benefit scheme is as follows:

	2019 £'000	2018 £'000
Present value of defined benefit obligations	(94,832)	(83,052)
Fair value of scheme assets	107,720	99,281
Surplus in the scheme	<u>12,888</u>	<u>16,229</u>

Movements in the present value of defined benefit obligations were as follows:

Present value of plan liabilities at 1 August	83,052	91,532
Benefits paid	(2,559)	(4,087)
Interest on plan liabilities	2,208	2,237
Actuarial losses / (gains)	12,046	(6,630)
Loss on plan changes	85	-
Present value of plan liabilities at 31 July	<u>94,832</u>	<u>83,052</u>

Movements in the fair value of scheme assets were as follows:

At 1 August 2018	99,281	94,214
Interest income	2,646	2,313
Returns on assets	8,392	6,057
Benefits paid	(2,559)	(4,087)
Contributions paid by the Group	244	1,001
Administrative expenses	(284)	(217)
At 31 July 2019	<u>107,720</u>	<u>99,281</u>

The analysis of the scheme assets at 31 July 2019 was as follows:

	2019 %	2018 %
Equities and Property	57	57
Bonds	41	42
Cash	2	1
Total	<u>100</u>	<u>100</u>

Movements in the net pension obligation were as follows:

	2019 £'000	2018 £'000
Surplus in Scheme at beginning of year	16,229	2,682
Amounts recognised in profit and loss account	109	(168)
Contributions paid by the Company	244	1,001
Remeasurement of pension obligation recognised in other comprehensive income (gross of tax)	(3,694)	12,714
Surplus in Scheme at end of year	<u>12,888</u>	<u>16,229</u>

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Notes to the financial statements (continued) **Year ended 31 July 2019**

23. Employee benefits (Continued)

Funding

Formal actuarial valuations take place every three years. The assumptions adopted for triennial actuarial valuations are determined by the trustee and agreed with the Company and are normally more prudent than the assumptions adopted for FRS 102 purposes, which are a best estimate. For the Group, following the latest formal actuarial valuation (with an effective date of 1 January 2018) the Scheme's funding level on the Statutory Funding Objective at the valuation date was 119%. At the previous valuation (1 January 2015) the ongoing funding level was 95%. The main reasons for the improvement are good investment returns, additional contributions paid by the Group, and inflation running at a lower rate than previously assumed. As a result of the scheme being in surplus the deficit funding contributions ceased from July 2018.

The impact of Guaranteed Minimum Pension (GMP) equalisation has been calculated in the current year, resulting in a charge to the past service cost in the profit and loss of £85k. Our expectation is that while the different possible methodologies for GMP equalisation give rise to slightly different benefit payments, the actuarial present value of each series of payments is unlikely to be materially different and therefore, the charge to the profit and loss would not be materially different.

24. Subsequent events

No non-adjusting subsequent events have been noted subsequent to year end.

25. Related party transactions

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. The FA has a cost of £3.85 million (2018: £3.1 million) charged to its operating expenses in the year, being a contribution towards the operating costs of PGMOL that are necessary for providing match officials to the Professional Game of £3.25m as well as a one-off contribution of £0.6m towards the introduction of VAR (video assistant referee).

The total remuneration (including severance pay) for FA key management personnel for the year was £5.2 million (2018: £4.5 million).

The FA has invested £29.0 million during the current season directly into facilities projects of the Football Foundation which includes the contribution into the Parklife scheme. Charitable Trusts have been established in Sheffield and Liverpool to oversee the operations of the Parklife hubs in those cities. The FA has the power to appoint up to two trustees to the board of trustees of these Trusts. As each Trust currently has six trustees, The FA has significant influence resulting in the Trusts meeting the definition of an associate. As The FA does not hold any shares in these Trusts, is not a financial guarantor and is not entitled to receive any profits generated or is liable to fund any losses, the accounting value of these associates to The FA is £nil. These Trusts have therefore not been included within the consolidated accounts of The FA.

There have been no transactions between The FA and the Trusts during the current season.