

Company Registration No. 00077797

Football Association Limited

Report and Financial Statements

Year ended 31 July 2018



Football Association Limited

Report and financial statements 31 July 2018

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Officers and professional advisers

Directors

R Bains
S Cartwright (Appointed 1 June 2018)
G Clarke
R Cotter
R Devlin (Resigned 31 May 2018)
M Glenn (Chief Executive Officer)
M Leggett
P McCormick OBE
J Pearce
J Rodwell
K Tinsley

Secretary

R McDermott

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Independent auditor

Deloitte LLP
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Football Association Limited

Chairman's statement

In 2015, The Football Association (The FA) set out a clear four-year strategic plan to Unite the Game, Inspire the Nation. It was a bold and ambitious target that involved significantly improving and developing English football – both on and off the pitch – and creating a more modern organisation for the future.

We are now three years into that plan and we are making a tangible impact on our core objectives. The strength of our objectives is clear to see – and they are as important and relevant today as they were when they were first approved by The FA Board.

We are undeterred in our commitment in ensuring that The FA remains a forward-thinking organisation, focused on growing and improving English football, from grassroots all the way up to the England senior teams. There is plenty more that we want to, and will, achieve in the years ahead and now we have the platform and the people in place to drive significant and positive change across the game.

In his CEO Review of the Year, Martin outlines in more detail the progress that we have made. Some key areas in particular stand out, and it gives me great confidence that we are heading in the right direction. The FA is in a strong place financially following a number of strong commercial deals, allowing us to invest at every level of the game.

This summer we witnessed a real sea change in the perception of the England men's senior team. On and off the pitch they captured the hearts and minds of the fans en route to the FIFA World Cup Semi Final in Russia. It was our most successful World Cup campaign since 1990 and great credit must go to the players, the support staff and of course to Gareth. His clear vision is starting to bear fruit and we hope this continues for years to come.

The England women's senior team have also progressed well this season under the stewardship of Phil Neville, returning from the She Believes Cup with a silver medal. With qualification for the 2019 FIFA World Cup in France now secured, we look forward to another summer following our national team.

The development teams also continue to flourish, winning the FIFA U17 World Cup and their third successive Toulon Tournament victory. Along with development teams' success in the previous season, 2017 ended with England being awarded the Maurice Burlaz Trophy for achieving the best results in UEFA's men's youth competitions over the previous two seasons. This fills me with great optimism for the future and proves that the hard work from the Technical Division at St. George's Park and across the whole organisation is producing results.

On the subject of our national football centre, St. George's Park, we were delighted to celebrate its fifth birthday in October 2017. Its infrastructure and philosophy is something envied across the world, and it gives us great pleasure to see it thrive. The results are clear to see across all 28 of our England teams.

Wembley Stadium continues to be an iconic and world-class venue that attracts some of the best sporting and entertainment events in the world and we look forward to hosting a number of high profile matches of UEFA Euro 2020, including both Semi Finals and the Final.

Equally as important is our work and progress off the field of play. This is an area where The FA has made real difference over the last season. In January 2018, we announced several ambitious, challenging and positive changes to improve the way The FA operates. Much of this work has already started and is progressing well. We are committed to ensuring that English football is more inclusive and diverse and we will continue to work closely with our partners across the game to ensure this good work remains a core focus for the organisation.

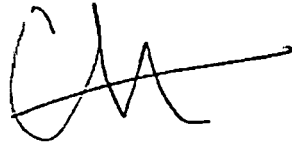
Safeguarding remains a high priority for The FA and we are dedicated – both in funding and resource – to keeping people who play football safe. We also have the systems in place to ensure those affected have the help and guidance they need. In 2016 we commissioned Clive Sheldon QC and his team to carry out a full, thorough and independent investigation into historic child sexual abuse committed in the past three decades in our game, with the findings likely to be concluded in 2019.

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Chairman's statement (continued)

We love football because it has the unique ability to bring people and communities together and we were proud to dedicate the 2017/18 FA Community Shield, and all proceeds from the match, to support all those so tragically affected by the Grenfell Tower fire in West London. In a period where our game really took a back seat, I was heartened to see its power to still unify people in a time of such adversity and we were able to help in a small way.

In summary, it is a great honour to be the custodians of our national game. We have a clear vision, and a passionate and focused workforce that understands the role it plays in driving positive and meaningful change to ensure that football, across all levels of the game, remains For All.

A handwritten signature in black ink, appearing to be 'G Clarke', with a long horizontal stroke extending to the right.

Greg Clarke

Chairman,

The Football Association

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

In the 2015/16 season The FA outlined its seven strategic priorities with a clear focus on the landmark year of 2020, when Wembley Stadium will play host to 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, pro-actively 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

Strategic Objectives

The Football Association (The FA) has transformed significantly since we outlined our four-year strategic plan in 2015 to Unite the Game, Inspire the Nation. It was a turning point for the organisation and a moment of clarity that would be the reference point for every decision we make and every pound we invest. Over three years on, we now operate in a different landscape. No less challenging, but we are certainly more effective.

As a result of selling our broadcast rights more effectively, and being a more efficient organisation, we are in a strong place financially – and this means more money going back into the game at all levels.

Our number one goal is to improve the tournament record of the England senior men's team. This year we had our most successful World Cup campaign in recent years, with people falling back in love with the England team. Whilst we do not see a semi-final finish as success, it does give us great belief that we are on the right track. I have no doubt about the crucial role Gareth and the Technical Division and supporting cast from right across the organisation played in preparing the team for the competition and we saw those results in Russia. In 2019, the England senior women's team will take up the challenge at the World Cup in France and will go there with the same focus and ambition to succeed.

To this end, and after much hard work and negotiation, we were pleased to announce a new annual mid-season player break, which will start from the 2019/20 season. We have been advocating this for a while and are delighted to get this agreed with our partners at the Premier League (PL) and the English Football League (EFL). We firmly believe that this will benefit both club and country going forward.

Our second priority is to double the size of the women's game and so I'm delighted to see women's football continue to grow year-on-year and the restructure of The FA Women's Super League (WSL) is a sign of real progress. Clubs in the top tier of the WSL are now professional, which will give them the best possible chance for success in the future. The 13% rise in female teams at grassroots level shows the growth in the sport, as does the record-breaking c45,000 people in attendance at Wembley Stadium to watch the 2017/18 SSE Women's FA Cup Final.

The Emirates FA Cup also helped lead the way in innovation once again, by introducing Video Assistant Referee (VAR) to selected matches from the Third Round. This will continue again next season. Wembley Stadium connected by EE remains one of the world's greatest venues, hosting 58 events last season, including cup finals, two NFL matches, Tottenham Hotspur's 2017/18 home fixtures and concerts from Ed Sheeran and Taylor Swift. It gave us great pleasure that Wembley Stadium was selected to stage an additional four matches at UEFA Euro 2020. This now means it will host three Group Stage matches, one Round of 16 fixture, both Semi-Finals and the Final of the competition.

In January 2018 we announced a new set of initiatives and investments aimed at improving the culture of the organisation whilst also providing additional financial contribution across English football. We learned from the past to ensure that significant and wide-ranging progress would be made. Improving the equality, diversity and inclusion across the organisation was a key objective and in August 2018, we announced our roadmap, 'In Pursuit of Progress', an inclusion strategy which we are confident will ensure that the diversity of those people leading, coaching and governing football better reflects the modern game today.

Grassroots community football is the lifeblood of the game and participation numbers continue to rise across all playing formats. This year we invested a record £22.5 million into The Football Foundation to improve the number of pitches and to help deliver new and improved community football facilities around the country. The introduction of The FA's Full-Time mobile product has also helped us support the needs of the grassroots leagues, clubs and players. We hope this much-needed service will greatly improve the administration side for those playing week in, week out.

To fund all of these important initiatives we need to raise money and this year we have secured a number of high profile commercial deals, some of which start from the start of the 2018/19 season. They include: Nike, LG, Budweiser, Emirates, Continental, Mars, McDonalds, Mitre and Head & Shoulders. Alongside the international Emirates FA Cup broadcast deal that was confirmed in 2016, this means that more money than ever before will be reinvested into English football as a consequence.

We believe that The FA should be "For All" and with our focused vision and record investment going back into every level of the game, we believe that we are able to make a real difference for everyone in English football.

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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

Russia 2018 provided the best litmus test of our Men's team's readiness to perform on the world's stage. We surpassed our internal target (Quarter Final) by overcoming the 'curse' of penalties and progressing to a historic World Cup Semi Final (our first in 28 years) by playing confident and progressive football that demonstrated to the world that we are true contenders. The foundations for this success are driven from St. George's Park where we have invested heavily in tangible enablers such as facilities but we have also dedicated focus on the sometimes less tangible elements of Culture and Diversity. We knew that if we seriously invested in the culture and values of this next generation we could make a step change in performance; this journey started in 2016 and was taken on by Gareth who naturally believes in the intrinsic link between a healthy culture and high performance. The team are now creating their own history and this systematic approach to culture and values is being embedded in every England team to give us the best possible chance of future tournament success. These tangible and intangible foundations, coupled with the burgeoning success of our development squads (e.g. U17 World Cup and U21 Toulon Winners) give us reason to look positively towards 2020 and 2022 where we will not just be ready to contend - but to win.

As for the Senior Women's Team (who achieved a ranking of 3rd in the world), they adapted well to a change of leadership under Phil Neville, narrowly losing out on a She Believes title. Our Lionesses would argue that they are already ready to win – and if they continue on this trajectory through to the 2019 World Cup next summer in France and with the potential of a home Euros in 2021, we may well deliver a title ahead of strategy.

2. World leading education for a diverse football workforce

After making some initial progress in both the National game (improving content of Level 1-2 courses and updating the tutor workforce) and Professional game (improved coach to player arrangements, particularly within the boys academy system), progress was not where we hoped it would be and a change of leadership was required to take us to the next level. Whilst going through that period of transition we have focussed on improving service levels to the National game, most notably in stabilising the Learning Management System, and on pro game alignment, with progress made on agreeing an Integrated Coaching Strategy with the PL and EFL.

Our new Head of Education will lead the function through the next phase of achieving our strategic objectives. Diversity and Inclusion initiatives (BAME and Women's Coach Development) are underway to assist in achieving the ambitious organisational goals set out above. Also underway is a project to move the Level 1 course further online, to improve its affordability, accessibility and operational simplicity for all parties involved.

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

Participation growth has been particularly strong in Women's and Girls Football, with affiliated teams (+13% on baseline) reflecting fresh initiatives in both Wildcats and Mini Soccer. Over 80,000 participants took part across the two Girls' Football Weeks held through the season and delivered in partnership with Disney. Increasing the fan base of Women's football has also made substantial gains, with c25,000 fans attending the England vs Wales fixture and c45,000 cheering on their clubs at the 2018 Women's FA Cup Final - a 29% increase on 2017.

Most importantly, the restructure and rebranding of the Women's Football pyramid has laid the foundations to build a sustainable and successful high performance system. We believe it will provide an elite performance environment that will produce more players of higher quality, increase the interest and excitement via a more competitive league, attract a greater number of fans and, in turn, deliver improved commercial viability for clubs and the leagues.

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Strategic report (continued)

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

4. Playing opportunities for everyone

Growth has been positive across the majority of categories. As of the official mid-season data cut, the total affiliated teams had seen an increase of 1.1% overall, despite the continued challenge of adult male football, which saw a decline of 5.3% year on year. Female, Youth and Mini Soccer all tracked ahead of target, showing increased participation across a more diverse playing universe. We also achieved 250,000 player registrations via Whole Game System a doubling on the previous year and a clear progress on the path to direct player registration. The FA People's Cup saw 7,000 teams (42,000 players) register delivering a 20% increase in participants on the 2017/18 season.

The 2018-21 National Game Strategy looks to enhance support for playing opportunities outside the traditional affiliated game, covering areas such as Walking Football, Recreational Football and Futsal. Grassroots survey results identified a clear need for consistency of standards across County Football Associations (CFAs) and, as a result, a concerted effort is now underway to design the future operating model for CFAs. The FA continued its evolution from delivery body to strategic enabler of facilities investments, adding value with our partners, most notably across the Parklife and Mini Pitches (pilot) programmes.

We have commenced the development of the National Football Facilities Strategy (a prioritised plan for each local authority in England) which could quickly become pivotal for The FA.

5. Direct engagement with every fan, player and enabler

The Digital Engagement programme has made great strides with the release of a number of key products. Mobile Full-Time now accounts for 22% of traffic to the platform and the service to the grassroots game will be even further enhanced now we have released our Matchday App product in advance of next season. This will make organising and reporting on games easier for managers and team officials and in the future will allow players to pay match fees.

Our Events platform has supported 45,000 sign-ups to programmes such as The FA People's Cup and Girls' Football Week while our revamped England Supporters Club website recently facilitated the England Senior Men's World Cup squad announcement, helping to achieve 20 million+ views for the reveal.

Finally, as a result of collaboration with our CFA partners, 75% of The FA's suite of websites is now mobile optimised.

6. Trusted regulation and efficient administration

We have successfully adopted governance reforms that make us compliant with a world leading standard. We have improved our service to the game, demonstrated by our Pro Club survey showing 61% of respondents as 'completely satisfied' with our Player Status and Judicial Services

Despite historical challenges we continue to be industry leading in present day Safeguarding with our 'Safeguarding Operating Standard' rolled out across all CFAs, holding them accountable to an uncompromising measure. This rigorous measure has flagged that implementation of standards across CFAs have not been universally applied, but we are clear on where those areas of improvement are and have action plans in progress to address them.

In the spirit of our vision of 'Unite the game and inspire the nation' we have broken the deadlock around the Mid-Season Break and agreed a new set of Professional Game working practices, including doubling The FA Cup prize fund. The FA continues to deliver world class competitions with its largest asset – The FA Cup attracting an 87,000 strong crowd at Wembley Stadium, with broadcast peaking at circa 10 million.

As for every business, General Data Protection Regulation (GDPR) has been a complex area of focus and, although some residual work remains, there has been a proactive programme of work and strong engagement from the business (e.g. 98% of employees trained). The Disciplinary process has been reviewed and, some of the changes secured (e.g. composition of panels) to help us remain a trusted regulator of the game.

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Strategic report (continued)

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

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

Wembley Stadium remains one of the world's most iconic stadiums. This year Wembley Stadium successfully hosted a full Premier League season for Tottenham Hotspur Football Club, alongside our traditional events calendar without compromising on either safety or service level. The 58 event programme has seen 4 million spectators come through the doors of Wembley Stadium – a record in its ten year history. Meanwhile, Wembley was successful in securing an additional four fixtures for Euro 2020, solidifying our position as the primary host for the tournament and offering our Senior Men the best home advantage possible.

We have also developed a capital expenditure plan that has, at its core, an objective to be ready to host the world's biggest events. This has included the new Lioness Bar, Centre Circle and the upgrading of some stadium infrastructure.

During the year the FA Board received an unsolicited official offer from Shahid Khan to buy Wembley Stadium. It was a very credible offer that could have had a transformative impact on community football facilities in England. The proposal included a number of negotiated protections that we had in place, in collaboration with football stakeholders, to ensure the stadium would remain the home of English football. In October 2018 Shahid Khan withdrew his offer. It was a decision that we fully respect and Wembley Stadium will continue to thrive under the ownership of The FA.

St George's Park celebrated its fifth birthday and it has played a vital role in transforming the fortunes of England teams of all levels. Meanwhile, the facility has increased its occupancy (hotel and pitch) and played host to a number of major events – namely the recent UEFA U17 Euros.

STRATEGIC ENABLERS

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

We continue to enhance and develop the capability of our leaders throughout the organisation, taking the opportunity to improve our diversity in the broadest sense by recruiting talented individuals from industry as well as football and other sports. We launched our own programme to better prepare our rising talent 'For the Future' as well as introduced a successful apprenticeship scheme.

A real focus has been given to our diversity and inclusion agenda to ensure the leadership and administration of the game better reflects the diversity we see on the pitch. Good work has happened in this area by us and our partners for many years but hasn't achieved the cut through it should have. Our new 3 year plan 'in pursuit of progress', launched in August 2018, sets out how we intend to use our influence to achieve more, faster. We understand that a healthy culture is fundamental platform for this work and as we have in previous years this continues to be a priority for the whole organisation and particularly our senior leaders.

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

The Business Management team have been in situ for a full season and continue to drive rigour, process and accountability across The FA. The Project Management Office has increased awareness of best practice (trained 1/3 of the organisation) and, using this extended network, monitors progress against the activities the organisation set out to achieve.

The Research and Insight team continue to add value across the organisation, facilitating informed decision making and proactive communications both internally and externally. Projects range from organisational culture to developing an insight led approach to prospective brands thinking of partnering with The FA.

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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**

A successful World Cup campaign helped us to beat our budget target for the year. To prepare for the new broadcast and sponsorship revenue deals coming on-stream at the start of the 18/19 season, we carried out a bespoke strategic planning process at the turn of the year. This committed to key strategic areas including a £50 million investment over six years into the Women's and Girls' game and a £9 million per annum increase in Facilities investment.

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

Our refreshed approach to communications was most prominent during the build up to Russia 2018, where a humble squad complemented by a fresh and transparent approach (e.g. All Access Media Day, Lion's Den) has redefined the relationship with the media and the English public. The innovative squad announcement video went viral with 120,000 hits per hour on the website, over 7 million views on social media and an estimated 13 million views on broadcast (Sky / BBC), with positive feedback on balance. For All remains The FA brand focus across all of our media channels to promote equality and diversity in our game. When presented with a clear mandate to reform, we have set in motion plans to make The FA a simpler, more inclusive and more representative organisation.

CONCLUSION

The 2017/18 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.

In addition, this year we have made a number of changes to the organisation to help modernise and improve the way The FA operates and we are making real progress to improve diversity and inclusivity of the game to ensure that football is For All. We are well prepared and excited for the year ahead.

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Strategic report (continued)

Results in the 2017/18 season

England Men's Senior Team

Malta 0 England 4 in Ta' Qali on 01 September*
England 2 Slovakia 1 at Wembley on 04 September*

England 1 Slovenia 0 at Wembley on 05 October*
Lithuania 0 England 1 in Vilnius on 08 October*
Netherlands 0 England 1 in Amsterdam on 23 March
England 1 Italy 1 at Wembley on 27 March
England 2 Nigeria 1 at Wembley on 02 June
England 2 Costa Rica 0 at Wembley on 07 June

Tunisia 1 England 2 in Volgograd on 18 June**
England 6 Panama 1 in Nizhny on 24 June**
England 0 Belgium 1 in Kaliningrad on 28 June**
Colombia 1 England 1 in Moscow on 03 July** (England win 4-3 on penalties)
Sweden 0 England 2 in Samara 07 July**
Croatia 2 England 1 in Moscow on 11 July**
Belgium 2 England 0 in St. Petersburg on 14 July**

*FIFA World Cup 2018 Qualifier

** FIFA World Cup match

England Women's Senior Team

England 6 Russia 0 in Birkenhead on 19 September*
England 4 Bosnia and Herzegovina 0 in Walsall on 24 November*

England 5 Kazakhstan 0 in Colchester on 28 November*
England 4 France 1 in Columbus on 01 March**
Germany 2 England 2 in New York on 04 March**
United States 1 England 0 in Orlando on 08 March**
England 0 Wales 0 in Southampton on 06 April*
Bosnia and Herzegovina 0 England 2 in Tel Aviv on 10 April*
Russia 1 England 3 in Moscow on 08 June*

* FIFA Women's World Cup 2019 Qualifier

** She Believes Cup

The Football Association Limited

Strategic report (continued)

Principal risks and uncertainties

The FA's 2020 strategy is comprised of a vision and mission, which are achieved through a set of strategic objectives and enablers. Achieving this strategy requires significant transformation across The FA and has implications on both resources and infrastructure. As a result, The FA has established an integrated Business Planning process between the Project Management Office, HR and Finance in order to ensure each division has a detailed business plan, which aligns to the 2020 strategy. This is closely monitored and tracked throughout the season.

Outlined below are the key risks and mitigations associated with each strategic objective based on achievements and exposures in the 17/18 season and planned initiatives in the 18/19 Business Plan. Realising these risks could have a significant impact on The FA's long-term performance. The FA's Senior Management Team and the Board review existing risks and identify new risks on a quarterly basis in line with the agreed FA risk appetite. Suitable controls are implemented and action plans are established to mitigate risks. Both the risks to achieving the strategic priorities and financial risks are also reviewed through this process. These risks and uncertainties and the related controls and plans are monitored by the Group Audit Committee on a regular basis.

Strategic risks

England men's and women's senior teams ready to win in 2022 and 2023

England teams have experienced recent success in key competitions, which is a testament to the elite team and development programmes implemented at St George's Park. This success included reaching the semi-finals at the Men's FIFA World Cup Russia 2018 and the Women's UEFA Euros 2017.

Despite this, there is a risk that England teams are unable to build on these successes at future competition qualifiers and finals, which would negatively impact The FA's current positive reputation. We will therefore continue to develop and deliver our playing and coaching philosophy through the England DNA programme. This includes the introduction of a Player Profile system that will enhance our ability to make evidence-based decisions on player selection, retention and development; and will increase the transparency of individual player status.

A world-leading education programme for a diverse football workforce

The FA aims to deliver a world-leading football workforce who reflect and inspire those who play the game. A failure to deliver this represents a reputational risk for The FA as well as having an impact on participation at the grassroots level and the success of the England national teams.

Last season's investment into grassroots coaching resulted in an increased number of qualified grassroots coaches; however there is still some work required to deliver the ambitious education and diversity targets. As a result, we are delivering diversity and inclusion initiatives that focus on BAME and Women's Coach Development; and continue to develop and optimise our learning management systems, including the introduction of a new online education portal and moving the Level 1 coaching course online to further improve its affordability, accessibility and operational simplicity for all parties involved.

Flexible, inclusive and accessible playing opportunities for everyone

Achieving the established targets for participation are key for The FA and failing to achieve these could impact on our reputation, funding from Sport England and ultimately the success of the England national teams. Grassroot facility investment is 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. The 'Parklife' project has already delivered 8 artificial grass pitches across the country and will focus on delivering further facilities in the 18/19 season. Through the Football Foundation, we continue to invest in other grassroots football facilities such as mini pitches and grass pitches and we have increased our grassroots investment budget by £9 million per annum as a result of increased revenue streams, such as new broadcast agreements.

In addition to investment in grassroots facilities, The FA will further invest over £5 million into the infrastructure of clubs through supporting volunteer administrators and coaches together with aligning professional support to transform them into community sustainable businesses.

Disability football remains a key focus to ensure that football is accessible for all. Since the Disability Workforce Fund (DWF) was introduced in the 16/17 season, the CFAs who benefited from the DWF increased their team numbers by 14.1% compared to non-DWF CFA's who saw a 12.4% decrease in team numbers. The number of disability teams has also steadily increased over the last four seasons with a total of 2,061 teams in the 17/18 season (up from 1,743 in the 14/15 season).

The Football Association Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

A doubling of the player base and fan following of female football

Women's football is the biggest single growth opportunity within our game and we have set some ambitious targets to double the player base and fan following. There are several social barriers that could prevent us from achieving these targets and we recognise the need to change perceptions about the women's game. Nevertheless, failing in this area would represent a significant missed opportunity for the Group and prevent us from establishing a more diverse workforce and successful talent pipeline for the England national teams.

The 17/18 season continued to see strong growth in the women's game with the number of affiliated teams up by 13% and 45,000 people attending the Women's FA Cup Final (an increase of 29%). Peak television viewing figures also saw an increase with a peak of 1.7 million people watching the England Women's seniors and the Women's Football Show peaking at over 1.4 million viewers.

The 18/19 season also represents a step-change in the women's professional game with the top-flight league, the Women's Super League, expanding to 11 teams and being a fully professional competition for the first time. The remaining leagues were also restructured for this season following research into branding commissioned by The FA with the WSL2 becoming the Women's Championship and the third and fourth tiers being split regionally.

At a national level, The FA is preparing for the FIFA Women's World Cup 2019 having qualified top of their group. Furthermore, The FA has submitted a bid to host the UEFA Women's Euros 2021 across the country. It is envisaged that this will continue to increase the women's football fan base, which experienced substantial gains in 2017 with 25,000 fans attending the England v Wales fixture.

This season will also see The FA continuing to grow and retain a national network of Wildcat centres, which aims to engage 5 – 11 year old girls.

Direct engagement with every fan, player and participant

In today's society, services are continuously being provided through a digital platform, available on ubiquitous devices. This digital landscape provides The FA with opportunities to directly engage with fans, players and participants in new and innovative ways. A failure to achieve this risks The FA not meeting its customers' expectations and restricts the level of participation and commercial opportunities that could be achieved through digital engagement.

In the grassroots game, we have launched the Matchday app, which makes organising and reporting on games easier for managers and team officials. Future versions will allow players to pay match fees. This season will also see the launch of our first digital engagement scheme aimed at youth footballers and their parents (Superkicks), which will offer children aged 5 – 8 engaging educational content based on the four corners of the England DNA, promoting and rewarding a lifelong relationship with the game.

From a fan perspective, we will be ensuring that the excellent work completed on the England men's senior team (e.g. new website) rolls into other teams especially the women's senior team ahead of the FIFA Women's World Cup 2019.

Trusted regulation, efficient administration and world class competitions

The continuation of robust governance procedures is key to maintaining levels of participation, our reputation and is the core objective of The FA. The FA Rules and Regulations, including specific policy areas, are reviewed annually and we have recently carried out a disciplinary review revising the composition of our panels.

Recent issues with agent conduct in the professional game threaten to undermine The FA's reputation, the reputations of our professional leagues and the professional game itself. We are therefore working with both FIFA and the Pro Game in England to shape and implement proposed regulation and operational changes. This could include agent exams, additional compliance measures and increased financial transparency.

Wembley Stadium and St George's Park as world leading inspirational venues

Along with the Emirates FA Cup and England senior teams, Wembley Stadium and St George's Park are the Group's key assets. Unless these are maintained and developed to the highest standard, these assets could become devalued, which could have both a reputational and financial impact.

Receiving an unsolicited offer to sell Wembley Stadium is a testament to the venue's world class status and operations. The FA remains (as it did throughout the consideration of the offer) very proud of Wembley Stadium and the role that it plays in English Football. Regardless of the sale discussions, The FA continued to invest in and operate the stadium to the highest standard as well as progress a plan of stadium improvements. This plan includes upgrades to hospitality areas at Wembley to support a new hospitality offering, as well as working with the developers Quintain to ensure that development around Wembley can work seamlessly with event operations and future stadium development initiatives and vice versa.

The Football Association Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

Wembley Stadium successfully hosted Ed Sheeran, Taylor Swift and the Capital Summertime Ball across seven dates in summer 2018. We have worked hard to secure a very exciting concert window for summer 2019 demonstrating our relevance and ability to perform in this market.

We also aim to ensure that St George's Park is always considered as a venue of choice to host and support major sporting events in England and the UK, e.g. 2017 Under-17 UEFA Euros, because of its world-class services and facilities, ensuring that the St George's Park experience aligns to the needs of our Technical Division and visiting teams.

Key Exposures

Further to our strategic objectives, we recognise the importance of specific areas of exposure, which could significantly impact The FA's reputation and ability to achieve the 2020 strategy. The most significant exposures are outlined below.

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 non-recent child sexual abuse that has come to light since November 2016 has seen us re-double 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.

The FA, CFAs and every other football lead body has a collective responsibility for safeguarding across the entire game. Our united safeguarding strategy continues to be:

1. Prevention – this is the bulk of our work, 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.

It's through this strategic approach that we seek to mitigate risk. In relation to cases, we continue to operate the clear reporting procedures setup in the 16/17 season, which includes a hotline with the NSPCC to report non-recent cases and counselling support for victims and survivors through Sporting Chance. We have effective relationships with police, local authorities, football clubs and other organisations affiliated with football. Clive Sheldon QC was appointed to lead an independent review of The FA's current and historical safeguarding policies and procedures, with the findings likely to be concluded in 2019.

The FA has a team of safeguarding professionals some of whom drive the preventative work, including policy, standards, education, guidance and support for the network of 8,500 people acting as Designated Safeguarding Officers (DSOs) across the game. Alongside this we have a specialist team who manage referrals and concerns and work with statutory agencies in relation to investigations and put in place safeguards, including suspensions from football activity where necessary, to manage people who pose, or may pose a risk of harm.

75,000 criminal record checks were carried out during 2017-18 season, to screen out anyone who seeks to work in football who may pose a risk of harm. 76,000 coaches, referees, welfare officers, club secretaries, chairpersons and treasurers, completed FA's safeguarding education programmes last season. Additional welfare officer training is provided to DSOs in the grassroots game and bespoke training is delivered by the PL and EFL with their respective clubs.

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 CFAs to ensure that safeguarding across the grassroots game is effectively delivered and continually monitored.

Data privacy and cyber security

As the organisation becomes more dependent on technology and migrates services to a digital platform, the risks associated with data privacy and cyber security increase. Following the introduction of GDPR in May 2018, a breach of obligations could result in a significant financial fine as well as reputational damage. We have therefore undertaken a GDPR programme, which aims to ensure that all FA systems (internal and external) are GDPR compliant and processes are established to review the data protection implications of any new projects.

The Data Governance Board provides an ongoing review of cyber security essentials and ensures that these are appropriately implemented alongside the ongoing engagement of third party specialists to test that the IT security infrastructure we have in place is appropriate and implementing additional controls where required.

The Football Association Limited

Strategic report (continued)

Principal risks and uncertainties (continued)

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 60% of the Group's turnover in the year. Both domestic and international broadcast agreements are secured through to July 2021 and July 2024 respectively.

Whilst a significant number of commercial contracts completed in July 2018, during the year a number of new commercial deals were secured, either as renewals of existing partnerships including Nike, Emirates and McDonalds; or with new partners including LG, Budweiser, Continental, Mars, Mitre and Head & Shoulders. As these contracts expire, the renewal of any commercial deal presents a risk and 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 9% 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. In October 2015, The FA put in place a new £300 million loan facility provided by Barclays, HSBC and Santander (£100 million term loan with an expiry date of October 2018 and £200 million revolving credit facility expiring in October 2022), replacing the previous facility which was in place to finance the construction of Wembley Stadium. The term loan was repaid on 28 September 2018 by drawing down the RCF. The terms of the borrowing arrangements include certain financial covenants, which are forecast to be achieved based on the Group's projections. 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.

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.

Mitigating factors

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.

The Football Association Limited

Strategic report (continued)

Corporate social responsibility

In July 2018, The FA's two year charity partnership with the Bobby Moore Fund for Cancer Research UK came to a close, with the £500,000 raised going directly to fund pioneering bowel cancer research. The partnership saw many highlights, one being the Bobby Moore Fund Autumn International friendly, which saw the 3 Lions take on Brazil in November 2017. Players and fans came together to 'give bowel cancer the boot' by raising over £100,000 on the night. The reach of the match was equally as important, with 26% of UK adults exposed to its messaging, raising crucial awareness of the Bobby Moore Fund and bowel cancer.

Another notable moment towards the end of the partnership was the FA's 'Road to Russia' - a challenge which saw teams from across The FA attempting to cycle 2,000km (symbolic of the distance between Wembley and England's World Cup training base in Replno, Russia) in the fastest time possible using road or static bikes. Not only was the challenge successful in engaging 130 staff across both St George's Park and Wembley, it saw staff cycle a combined 23,000km and raise £15,000 for the cause.

The FA is committed to working closely with the local community around Wembley Stadium in order to ensure that the opportunities and benefits of the stadium are shared with the wider community.

During the 2017/18 season, WNSL distributed approximately 19,000 complimentary tickets to local stakeholders including local businesses, charities, disadvantaged community groups, residents and schools. Engaging and encouraging young people to be active is an important part of The Football Association's strategy and the 17/18 season saw the launch of several new local school initiatives. For example, Go Sketch is a programme which uses football coaching and graphic design to engage primary and secondary school students and PRIDE supports young people's career development in partnership with Young Enterprise, raising awareness and developing key transferable skills that many employers look for. Nearly 400 students took part in these programmes.

The stadium also hosts the Wembley Stadium Learning Zone which exists to provide a community space within the stadium, predominantly delivering educational workshops to young people - with almost 6,000 young visitors last year - in addition to the space being used for a wide range of other purposes. Last season, the Learning Zone hosted a wide range of community events, such as:

- BOAT (Brent Autism Outreach 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
- An art exhibition for the artwork produced by the young carers of Brent
- 15 Black History Month Workshops for different schools
- Aspirational courses for Looked After Children
- Sessions for Profound and multiple learning difficulties (PMLD) children and their parents
- Boxing workshops for different school groups
- Various different training sessions, including training school Governors on disability and special educational needs.
- Youth clubs with Brent's Virtual School for different age groups as well as a range of enrichment programmes offered by the Learning Zone.

Over the past season, Wembley has also donated almost £1 million to the Wembley National Stadium Trust, under the deed of covenant in respect of the £120 million of lottery funding provided by Sport England towards the rebuilding costs of the Stadium.

These funds are used to support a wide range of community sports activities, improving people's health and wellbeing through being more physically active. Locally, for example, the Trust provided grants of £2,500 to Brent Dolphins towards the costs of specialist sessions for disabled swimmers; and £15,000 to Horn Stars for a programme of football coaching for local young people from diverse communities. These funds are also supporting other major longer-term initiatives encouraging primary school-age girls from across London to get more involved in team sports; and more widely across England, working with around 25 of the EFL club community trusts to deliver football projects for people with physical, mental or sensory disabilities.

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.



Martin Glenn
Chief Executive Officer
The Football Association

19/12/2018

Football Association Limited

Strategic report (continued)

Financial review

Investments in the game

The key financial metric of The FA is the amount invested back into the game. During the 2018 season The FA invested £127.5 million into the game, an increase on the previous record of £126.6 million invested in 2016/17. The investments into the game are critical in supporting The FA's strategic priorities. A breakdown of the current season's investments as follows:

	2018	2017	Change
	£'m	£'m	£'m
Coaching & Participation	12	13	(1)
County FAs	17	17	-
Disability, Equality and Child Protection	5	4	1
FA Competition prize funds	37	36	1
Facilities	12	12	-
Other football organisations (*)	16	18	(2)
Women's football development	7	5	2
Parklife	10	10	-
Other Investments	12	12	-
	128	127	1

** Other football governing bodies include English Football League, Professional Footballers' Association and Professional Game Match Officials*

The FA invested £22 million (including £10 million to Parklife) to further its strategic priority in relation to playing facilities for all. These funds are distributed to The Football Foundation which manages a number of facilities schemes, including grants to refurbish grassroots facilities and the creation of football hubs under the 'Parklife scheme'. The third and final Sheffield Parklife hub opened during the 2017/18 season as well as the first hub in London at Rectory Park, which is also the new home of Middlesex FA. Hubs in Liverpool, Gunnersbury Park in Hounslow and Monks Brook in Eastleigh are due to open during the 2018/19 season. Currently, there is £72 million worth of Parklife projects in the pipeline in other towns and cities across the country.

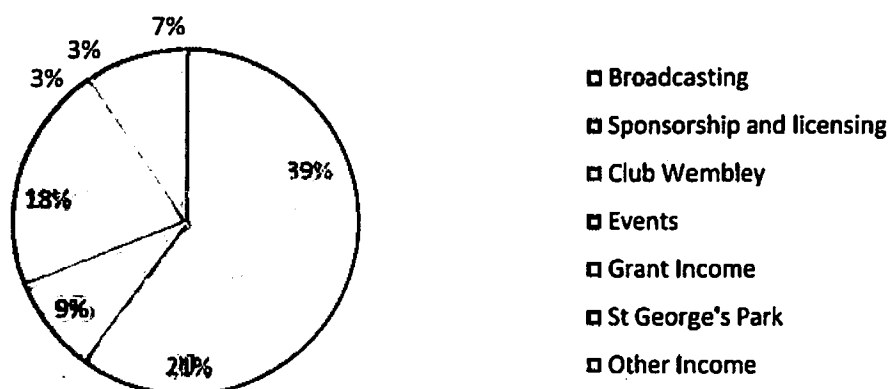
Football Association Limited

Strategic report (continued)

Financial review (continued)

Financial performance

The FA generated turnover of £375.5 million during the current season. This was an increase of £24.3 million compared to the 2016/17 season, primarily because of the England Men's team progressing to the semi-finals of the World Cup. In addition, 2017/18 benefitted from higher sponsorship and event income in part due to the Tottenham Hotspur Football Club tenancy. This increase was partly offset by a decrease in Club Wembley revenue as the historic 10 year licences finished. Turnover is categorised as follows:



Broadcasting and sponsorship are the greatest contributors of revenue to The FA providing £224.9 million of income (2017: £208.2 million).

The increase in broadcasting revenue of £14.7 million was due to the additional England games held in the build-up to the Russia World Cup 2018 tournament and annual contractual increases. The FA has secured the sale of the International FA Cup broadcast rights to Pitch and IMG to 2024.

Sponsorship increased from £77.0 million in 2016/17 to £79.1 million primarily because of the World Cup bonus received in 2018. The FA has been successful in signing a new sponsorship contract with Budweiser through to 2024 as team England supplier, FA Cup partner and Wembley National Stadium sponsor and also in renewing a number of key agreements that expired in July 2018, including Nike as kit sponsors to July 2030 and Emirates as lead sponsors of The Emirates FA Cup to July 2021. These extensions provide financial stability to The FA and provide additional financial resources in order to achieve its strategic objectives.

The 2017/18 season saw the end of the original 10 year Club Wembley memberships and the launch of the new membership programme. Club Wembley revenue for the 2017/18 season has fallen £24.7 million in the year to £33.5 million (2017: £58.2 million). The decrease includes a non-cash impact of £6.1 million relating to the amortisation of the original license fees that were paid 10 years ago. Key changes to Club Wembley membership included the launch of the exclusive 120 Club and the opening of the popular Three Lion's bar. Membership periods have been reduced to a shorter 3 year term. This resulted in an initial fall in occupancy however strong new sales have seen this increase across the year. The product offering continues to evolve and the 2018/19 season will see the launch of further new products as well as further upgrades of facilities.

Events held at Wembley stadium generated income of £68.8 million (2017: £49.4 million). The increase of £19.4 million was due to the number of events held at the Stadium almost doubling from 32 in 2016/17 to 58 in 2017/18 as a result of Tottenham Hotspur Football Club playing 29 'home' matches at Wembley Stadium during the 2017/18 season (compared to only four in 2016/17). Wembley Stadium continued to build on the successes of previous seasons and hosted a strong events calendar. Notable events included Ed Sheeran, Taylor Swift, six England Men's senior games in preparation for the World Cup 2018, two NFL fixtures, the Semis and Final of The Emirates FA Cup and the EFL Cup Final and Playoff Finals.

Football Association Limited

Strategic report (continued)

Financial review (continued)

Financial performance (continued)

Turnover generated from St George's Park decreased by £2.4 million from £13.7 million in 2016/17 to £11.3 million in 2017/18. Turnover from St George's Park predominantly relates to the Hilton hotel and hire of the facilities. Whilst occupancy rates remain constant year on year, the 2017/18 season saw an increase in internal bookings which operate on an exclusive basis due to the increased use by the England Men's Senior team on the run up to the World Cup, consequently external bookings were down.

The FA recognised £12.1 million of grant income during the current season from various public sector funders and sporting organisations, including Sport England, UEFA and FIFA. £1.0 million was also recognised in relation to historical capital funding grants received for construction of Wembley Stadium.

These contributions were utilised in a way that contributed to the record investment back into the game, including £3.6 million invested in coaching and participation, £2.3 million towards the U17 Euro Championships, £1.6 million in women's football development, £0.8 million into disability, equality and child protection and the remaining £2.8 million across a number of other areas.

	£'m
Coaching & Participation	3.6
County FAs	0.7
Disability, Equality and Child Protection	0.8
Facilities	0.1
Female football development	1.6
Other football organisations	0.5
U17 Euro Championship	2.3
Capital Grants	1.0
Other investments	1.5
	<hr/>
	12.1

Other income increased by £16.1 million from 2016/17 to £25.0 million predominantly due to the competition prize money of £17.9 million received following the England senior team's success in achieving the semi-final stage of the World Cup 2018.

As part of The FA's annual impairment review the hotel assets at St George's Park were written down by £12.9 million primarily due to a combination of increased internal use of the hotel impacting potential revenue and expected levels of capital expenditure. When stripping out this impairment, The FA incurred £144.4 million of operating expenses (2017: £124.1 million). This increase of £20.3 million was largely due to £28.7 million of team costs, an increase of £12.7 million on prior year, primarily as a result of the 2017/18 season being a tournament year. Overheads were up by £7.4 million due to increased investment in key projects including Safeguarding, implementation of new data protection regulations (GDPR) and investments in women's football, including Women's Super League Licensing. In addition, a foreign exchange gain and mark-to-market revaluation of £1.1 million was recognised in 2017/18 compared to a loss of £1.2 million in 2016/17.

The FA continued to see the benefits of the restructuring of The FA debt in 2016 season which resulted in lower interest costs of £6.9 million (2017: £7.5 million) a reduction of £0.6 million in the current season.

The FA's tax charge has decreased by £2.5 million to £2.1 million, reflecting the decrease in profit before tax in the 2017/18 season.

An actuarial gain of £10.6 million (2017: £5.0 million) on the remeasurement of The FA's final salary pension scheme was recognised in other comprehensive income.

During the 2017 season The FA adopted hedge accounting on certain foreign exchange derivatives to manage foreign exchange exposure arising on cash flows on contracts denominated in non-sterling currencies. Any foreign currency derivative contracts which were entered into during the 2018 season were designated as hedged items. At the end of the year, The FA had \$219.5 million and €15.9 million of future cash receipts hedged (2017: \$166.3 million and €28.3 million).

Football Association Limited

Strategic report (continued)

Financial review (continued)

Financial Performance (continued)

A revaluation loss on these contracts of £4.2 million was recognised through other comprehensive income during the current season (2017: £3.0 million gain).

As a result of these adjustments, total comprehensive loss in the 2018 season of £4.2 million (2017: £24.4 million income) was recognised.

Financial position

The net assets of The FA as at 31 July 2018 have decreased by £4.8 million over the previous twelve months, to £142.1 million (2017: £146.2 million).

Wembley Stadium and St. George's Park are The FA's key tangible fixed assets. Tangible fixed assets decreased by £20.7 million to £551.1 million (2017: £571.8 million). The decrease represents the annual depreciation charge and hotel asset impairment (£12.9 million) partly offset by fixed asset additions.

The FA has total debtors of £60.9 million (2017: £61.6 million), which includes trade debtors of £23.9 million (2017: £28.6 million) relating to amounts owed from sponsors, broadcasters and Club Wembley members.

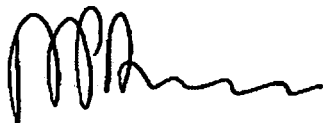
The main liabilities on the statement of financial position are The FA's banking facilities, the finance lease obligations on the sale and leaseback facility for the hotel at St. George's Park and deferred income and grants. The amount drawn down on the revolving credit facility ("RCF") and term loan amounted to £100.0 million (2017: £142.0 million). 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 million due for repayment by October 2018 was repaid in full on 28 September 2018 through drawdown of £100 million of the RCF. The RCF expires in October 2022. The outstanding obligation under the finance lease for St. George's Park is £49.3 million (2017: £49.6 million).

At 31 July 2018, net debt of The FA was £106.7 million (2017: £150.5 million). This comprised £98.2 million of bank borrowings (net of capitalised borrowing costs), £49.3 million relating to the St George's Park finance lease net of £40.8 million cash. The movement in net debt is as a result of increases in cash generated by operations.

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

Cash flows

During the year there was a net increase in cash of £2.2 million to £40.8 million (2017: £38.6 million). There was a net cash inflow in the year from operating activities of £71.2 million (2017: £47.5 million). This increase was as a result of timing differences in the receipt of significant contractual broadcasting and sponsorship payments. The FA made net interest payments of £6.8 million (2017: £6.4 million) and made repayments on The FA's borrowings of £42.0 million (2017: £53.0 million). Key movements in investing activities related to £20.2 million (2017: £16.9 million) purchase of tangible fixed assets.



Mark Burrows
Chief Financial and Operating Officer
The Football Association

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 2018.

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

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

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

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

The FA has an Inclusion Advisory Board with a remit that includes advising The FA on widening diversity in The FA's wider football workforce.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. 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 and a recently enhanced staff intranet.

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"). The FA has committed to becoming fully compliant with the Code. This governance statement is prepared as part of the Code requirements and outlines The FA's progress to date.

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 (FIFA Council and 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, Remuneration and Finance Sub-Committees.

Executive Director: Martin Glenn, Chief Executive Officer

Martin was named as The FA's Chief Executive Officer in 2015. Prior to taking up his role at The FA, he worked as CEO at United Biscuits, a £1 billion company, home to the McVitie's and Jacobs brands. Martin came to prominence during his time at Walkers Snack Foods in 1992, where he increased their market share from the mid-20s to more than 60%. He became company president in 1998 and ran the business until 2006, when he left to join Birdseye, which had been acquired from Unilever for £1.2 billion. In 2003, he was awarded Marketing Week's CEO of the Year, and in 2004 was voted the UK's most influential marketer by Marketing Magazine. An FA qualified grassroots coach, Martin is also a former Leicester City FC non-executive Director, having sat on the Club's Board between 2002 and 2006. Martin sits on the Women's Football Board and Finance Sub-Committee and is also a trustee of the Football Foundation and a director of the Football Stadia Improvement Fund.

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 a member of the National Game Board and also serves on the Youth Participation and Development Committee, Futsal Committee, National Game Finance Committee and Finance Sub-Committee. He is the Chairman of Northamptonshire County FA and a former primary school head teacher.

Mervyn Leggett

Mervyn was appointed onto the Board in 2010 and is a Vice-President and a Vice-Chairman of The FA, having previously been appointed onto The FA Council as the representative for Worcestershire County FA in 1992. He is Chairman of the National Game Board and the Health and Safety Committee and also serves on Women's Football Board, Nominations Committee, Leagues' Committee and Facilities Committee. Mervyn also serves as a Trustee of The FA's National Sport Centre Trust and Benevolent Fund. Mervyn had a career in the sports insurance industry prior to being appointed as the Chief Executive of Worcestershire County FA, a position he stepped down from in 2012.

Jack Pearce

Jack was appointed onto the Board in 2015, having first been appointed as a Divisional Representative on The FA Council in 2001. 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.

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, Finance Sub-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 Stadia 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.

Jim Rodwell

Jim was appointed onto the Board in July 2016 as a representative of the English Football League and has served on The FA Council since 2014. Jim is also a member of the Professional Game Board. He has been a Board Director of the English Football League since 2015 arising from his position as CEO of Scunthorpe United FC. Jim was previously the CEO of Nott's County FC and former Chairman of Boston Utd FC, a club he also served as a player.

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.

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 recently been appointed onto the board of Savills. Stacey serves on The FA's Group Audit Committee, Nominations Committee and Finance Sub-Committee, the latter of which she chairs. Stacey has been appointed by the Board as the Senior Independent Director.

Kate Tinsley

Kate was appointed onto the board in October 2017. Kate is currently the Chief Executive Officer of The Buildbase Group, a division of Grafton Group PLC with management responsibility in both the UK and Belgium. 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.

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.

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. The Professional Game Representatives are appointed annually and are subject to a maximum of 9 years. The Board has the appropriate balance of skills, experience, knowledge and independence. The Board maintains a matrix detailing the skills, experience and knowledge required of the Board and appointments are made with reference to this.

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 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.

The FA carried out an externally facilitated evaluation of the Board in 2018 with the results being presented to the Board in April 2018. An evaluation of the performance of each individual director was carried out by the Chairman and of the Chairman by the Senior Independent Director. The Group Audit Committee was also subject to an externally facilitated evaluation in 2018.

Football Association Limited

Directors' report (continued)

(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;
- Finance Sub-Committee;
- Inclusion Advisory Board;
- Women's Football 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, Bob Cotter, Mark Frost, Sue Hough, Neil Hope, Geoff Lee, Mervyn Leggett (Chair), John Little (Competitions Committees), Jack Pearce, Philip Smith, Mike Spinks (Schools Committees), 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. During the year, the PGB comprised Ian Lenagan (EFL), James Rodwell (EFL), John Nixon (EFL), Cliff Crown (EFL), Ivan Gazidis (Premier League) (Chair), Rebecca Caplehorn (Premier League), Peter McCormick OBE (Premier League) and Les Reed (Premier League). Debbie Jevans has replaced Ian Lenagan as an EFL representative (effective from 11 September 2018), Paul Barber has replaced Ivan Gazidis as a Premier League representative and Peter McCormick OBE has been appointed as Chair (both effective from 15 November 2018). Les Reed stepped down from the PGB on 12 November 2018 creating a vacancy to be filled by the Premier League.

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

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 (FA independent non-executive board director) 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 Group's (Football Association Limited and its subsidiaries) 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.

Football Association Limited

Directors' report (continued)

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, Mervyn Leggett 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.

Finance Sub-Committee

The Finance Sub-Committee is chaired by Stacey Cartwright and comprises Greg Clarke, Bob Cotter, Peter McCormick OBE and Martin Glenn. The Committee makes recommendations to the Board on the approval of key financial issues, including the annual budgets for The FA, the National Game and Professional Game, The FA's cash forecasts and medium term financial plan.

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 equality is at the core of everything The FA does. The IAB is chaired by Paul Elliott and comprises 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 anti-discrimination 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 includes the management of the Women's Pyramid of Football. The WFB is chaired by Sue Hough MBE and comprises Mervyn Leggett, Elaine Oram, Martin Glenn, Shelley Alexander, Sue Campbell, Jason Lee, Dr Robina Shah, Thura Win and Elizabeth Jenkin.

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 Mervyn Leggett and comprises other members of The FA's executive.

(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 CFAs, 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).

Football Association Limited

Directors' report (continued)

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.

Governance Issues

A number of governance reforms were approved by shareholders in May 2017 and subsequently introduced with effect from July 2017. In December 2017, Sport England confirmed that The FA had achieved initial compliance with the Code. The FA was subject to an independent audit of its governance as part of Sport England's funding requirements in April 2018 with a small number of recommendations for improvements made.

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 ten times during the reporting year. 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		10 (10)
R Bains	The FA Premier League, The English Football League	Appointed 16 November 2017	8 (8)
S Cartwright	Senior Independent Non-Executive	Appointed 1 June 2018	1 (1)
R Cotter	Northamptonshire CFA		10 (10)
R Devlin	Independent Non-Executive	Resigned 31 May 2018	9 (9)
M Glenn	Chief Executive Officer		10 (10)
M R Leggett	FA Vice-Chairman, Vice-President		9 (10)
P McCormick OBE	FA Vice-Chairman, The FA Premier League		10 (10)
J Pearce	Divisional Representative, Bognor Regis Town FC		10 (10)
J Rodwell	The English Football League, Scunthorpe United FC		10 (10)
K Tinsley	Independent Non-Executive	Appointed 26 October 2017	8 (8)

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
The Football Association

19/12/2018

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 year. 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; 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 2018 and of the group's loss 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

Notes to the financial statements (continued) **Year ended 31 July 2018**

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.

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.

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.

M. R. Lee-Amies

Mark Lee-Amies FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
19th December 2018

Football Association Limited

Consolidated profit and loss account Year ended 31 July 2018

	Notes	2018 £'000	2017 £'000
Turnover	3	375,527	351,229
Cost of sales		(93,644)	(70,688)
Gross profit		281,883	280,541
<i>Investments into the game</i>		<i>(127,509)</i>	<i>(126,590)</i>
<i>Operating expenses</i>		<i>(157,236)</i>	<i>(123,943)</i>
<i>Restructuring and reorganisation costs</i>	5	-	(435)
<i>Gains / Losses on foreign exchange and mark-to-market revaluation</i>		<i>1,084</i>	<i>(1,154)</i>
Total operating expenses		(283,661)	(252,122)
Operating (loss) / profit		(1,778)	28,419
<i>Interest receivable and similar income</i>	4	<i>262</i>	<i>24</i>
<i>Interest payable and similar expenses</i>	4	<i>(6,966)</i>	<i>(7,527)</i>
		(6,704)	(7,503)
(Loss) / profit on ordinary activities before taxation	5	(8,482)	20,916
Tax on profit on ordinary activities	8	(2,054)	(4,598)
(Loss) / profit for the year		(10,536)	16,318

All the above results are derived from continuing operations.

Consolidated statement of comprehensive income Year ended 31 July 2018

	Notes	2018 £'000	2017 £'000
(Loss) / Profit for the year		(10,536)	16,318
Remeasurement of hedged derivative contracts	20	(4,187)	3,047
Actuarial gains on pension scheme	23	10,553	5,003
Total comprehensive (loss) / income for the year		(4,170)	24,368

All the above results are derived from continuing operations.

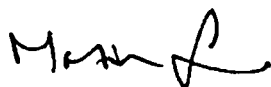
Football Association Limited

Consolidated statement of financial position As at 31 July 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Intangible assets	10	222	227
Tangible assets	11	551,053	571,750
		<u>551,275</u>	<u>571,977</u>
Current assets			
Stock		489	508
Debtors due within one year	13	59,454	57,028
Debtors due after more than one year	13	1,518	4,539
Cash at bank and in hand		40,750	38,536
Pension asset	23	16,229	2,682
		<u>118,440</u>	<u>103,293</u>
Creditors: amounts falling due within one year	14	<u>(236,196)</u>	<u>(167,090)</u>
Net current liabilities		<u>(117,756)</u>	<u>(63,797)</u>
Total assets less current liabilities		<u>433,519</u>	<u>508,180</u>
Creditors: amounts falling due after more than one year	15	<u>(285,758)</u>	<u>(356,170)</u>
Provisions for liabilities	16	<u>(5,688)</u>	<u>(5,767)</u>
Net assets		<u>142,073</u>	<u>146,243</u>
Capital and reserves			
Called up share capital	19	-	-
Hedge reserve	20	(1,140)	3,047
Profit and loss account		143,213	143,196
Shareholders' funds		<u>142,073</u>	<u>146,243</u>

These financial statements of Football Association Limited, company number 00077797, were approved by the Board of Directors.

Signed on behalf of the Board of Directors



Martin Glenn
Chief Executive Officer

19/12/2018

Football Association Limited

Company statement of financial position As at 31 July 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	11	10,641	6,757
Fixed asset investments	12	230,001	230,001
		<u>240,642</u>	<u>236,758</u>
Current assets			
Debtors due within one year	13	145,487	143,223
Debtors due after more than one year	13	244,407	246,889
Cash at bank and in hand		22,170	25,519
Pension asset	23	16,229	2,682
		<u>428,293</u>	<u>418,313</u>
Creditors: amounts falling due within one year	14	<u>(178,351)</u>	<u>(111,966)</u>
Net current assets		<u>249,942</u>	<u>306,347</u>
Total assets less current liabilities		<u>490,584</u>	<u>543,105</u>
Creditors: amounts falling due after more than one year	15	<u>(112,888)</u>	<u>(180,713)</u>
Provisions for liabilities	16	<u>(2,930)</u>	<u>(1,476)</u>
Net assets		<u>374,766</u>	<u>360,916</u>
Capital and reserves			
Called up share capital	19	-	-
Hedge reserve	20	(1,140)	3,047
Profit and loss account		<u>375,906</u>	<u>357,869</u>
Shareholders' funds		<u>374,766</u>	<u>360,916</u>

The profit and loss for the financial year generated by the parent Company was a £7.5 million profit (2017: £4.5 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.

Signed on behalf of the Board of Directors



Martin Glenn
Chief Executive Officer

19/12/2018

Football Association Limited

Consolidated statement of changes in equity As at 31 July 2018

	Share capital £'000	Profit and loss account £'000	Hedge reserve £'000	Total £'000
At 31 July 2017	-	143,196	3,047	146,243
Loss for the financial year	-	(10,536)	-	(10,536)
Remeasurement of pension obligations	-	10,553	-	10,553
Remeasurement of hedged derivative contracts	-	-	(4,187)	(4,187)
Total comprehensive income	-	17	(4,187)	(4,170)
Balance at 31 July 2018	-	143,213	(1,140)	142,073

Company statement of changes in equity As at 31 July 2018

	Share capital £'000	Profit and loss account £'000	Hedge reserve £'000	Total £'000
At 31 July 2017	-	357,869	3,047	360,916
Profit for the financial year	-	7,484	-	7,484
Remeasurement of pension obligations	-	10,553	-	10,553
Remeasurement of hedged derivative contracts	-	-	(4,187)	(4,187)
Total comprehensive income	-	18,037	(4,187)	13,850
Balance at 31 July 2018	-	373,884	(1,140)	374,766

Football Association Limited

Consolidated cash flow statement Year ended 31 July 2018

	Note	2018 £'000	2017 £'000
Net cash flows from operating activities	21	71,248	47,496
Cash flows from investing activities			
Interest received		262	23
Purchase of tangible fixed assets		(20,179)	(16,878)
Net cash flows from investing activities		(19,917)	(16,855)
Cash flows from financing activities			
Repayments of borrowings		(42,000)	(53,000)
Receipt of borrowings		-	-
Interest paid		(6,798)	(6,411)
Repayments of obligations under finance leases		(316)	(233)
Net cash flows from financing activities		(49,114)	(59,644)
Net increase / (decrease) in cash and cash equivalents		2,217	(29,003)
Cash and cash equivalents at beginning of year		38,536	67,393
Effect of foreign exchange rate changes		(3)	146
Cash and cash equivalents at end of year		40,750	38,536

Football Association Limited

Notes to the financial statements Year ended 31 July 2018

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 considered to be 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 £117.8 million (2017: £63.8 million) which included £150.1 million of deferred income (2017: £100.5 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 2018

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 year 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 2018 was 1.31 (2017: 1.32). The € - £ rate used at 31 July 2018 was 1.12 (2017: 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 2018

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 Groups 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 2018

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 in order for the Group to construct the hotel. At inception of the lease the asset was recorded in other debtors. As construction occurred, amounts were drawn down from an escrow account, reducing the other debtor, and construction costs incurred were capitalised as part of the assets under construction within tangible fixed assets.

The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the 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 Georges 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 2018

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 2018

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 during 2017/18. 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 so as to match them with the expenditure to which they relate.

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2018

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 made during the current season.

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 these, the company's investment in Wembley National Stadium Limited (carrying value of £585 million) and the National Football Centre Limited (carrying value of £24.0 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 £18 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.

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.

The discount rate used within the calculation is the interest rate attached to the hotels finance lease.

The impairment analysis is particularly sensitive to key cash flows. In the current year there has been an impairment of the hotel assets of £12.9 million arising from the expected level of future revenue and capital expenditure.

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 2018

3. Turnover

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

	2018 £'000	2017 £'000
Turnover:		
Broadcasting	145,889	131,184
Sponsorship and licensing	79,059	77,036
Club Wembley	33,469	58,236
Events	68,752	49,375
Grant income	12,091	12,857
St. George's Park	11,299	13,720
Other income	24,968	8,821
	<u>375,527</u>	<u>351,229</u>

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

Turnover:		
UK	285,269	279,870
Overseas	90,258	71,359
	<u>375,527</u>	<u>351,229</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:

	2018 £'000	2017 £'000
Sale of goods	754	1,809
Rendering of services	361,889	336,166
Rental income	793	397
Grants	12,091	12,857
	<u>375,527</u>	<u>351,229</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 £3.9 million (2017: £2.7 million).

Operating lease income

Turnover included operating lease income from letting office space within the Stadium of £0.8 million (2017: £0.4 million).

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2018

4. Finance costs (net)

	2018 £'000	2017 £'000
Interest payable and similar charges		
Bank interest payable	2,594	3,083
Finance lease interest payable	3,341	3,328
	<u>5,935</u>	<u>6,411</u>
Other finance costs		
Interest rate cap	62	-
Amortisation of issue costs	801	789
Interest on defined benefit obligations	168	327
	<u>1,031</u>	<u>1,116</u>
	<u>6,966</u>	<u>7,527</u>
Interest receivable		
Bank interest receivable	<u>262</u>	<u>24</u>

The loan obligations are split between a £171.4 million Revolving Credit Facility ("RCF") and a £100.0 million Term Loan. Both facilities are 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 between LIBOR + 1.10% and LIBOR + 1.25%. The term loan was repaid on 28 September 2018 and replaced with a drawdown on the RCF.

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2018

5. Profit on ordinary activities before taxation

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

	2018 £'000	2017 £'000
Restructuring and reorganisation costs*	-	435
Depreciation of tangible fixed assets – owned	26,245	29,768
Depreciation of tangible fixed assets – held under finance lease	1,755	3,821
Amortisation of intangible assets	5	6
Amortisation of deferred capital grants	(1,037)	(810)
Amortisation of income grants	(356)	(575)
Operating lease rentals	247	1,402
Impairment of tangible assets**	12,876	1,501
Fair value (gain) / loss on forward currency contracts and interest rate cap measured at fair value through profit and loss (see Note 17)	(4,086)	(3,254)
Foreign exchange loss/(gain)	3,001	4,408

*Restructuring costs included redundancy costs of £Nil (2017: £0.4 million). The related year end provision is disclosed in Note 16.

**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	2018 £'000	2017 £'000
Fees payable to the Group's auditor for the audit of The FA's annual accounts	87	79
Fees payable to the Group's auditor in respect of the prior year audit	18	-
Fees payable to the Group's auditor for the audit of The FA's subsidiaries	85	85
Total audit fees	190	164
Fees payable to the Group's auditor for other services to the Group		
Audit-related assurance services	-	11
Taxation compliance services	10	31
Other taxation advisory services	13	22
Other services	120	57
Total non-audit fees	143	121

Deloitte have been appointed as auditors of the Group and its subsidiaries

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2018

6. Staff numbers and costs

The average monthly number of Group employees was:

	2018 No.	2017 No.
Promotion of Association Football	825	755
Stadium and event management	97	83
Hotel management	254	249
	<u>1,176</u>	<u>1,087</u>

Their aggregate remuneration comprised:

	£'000	£'000
Wages and salaries	53,186	47,216
Social security costs	6,203	5,026
Other pension costs	2,270	2,104
Severance costs	1,229	1,267
	<u>62,888</u>	<u>55,613</u>

7. Directors' and senior management team remuneration

Directors were remunerated £1.0 million (2017: £1.0 million) in respect of services provided during the season, broken down as follows:

	2018 £'000	2017 £'000
M Glenn	794	699
G Clarke	179	161
S Cartwright	4	-
R Cotter	10	14
M Leggett	20	18
J Pearce	10	11
J Rodwell	4	6
K Tinsley	14	-
R Bains	-	-
R Devlin	-	-
P McCormick	-	-
Directors who held position in 2016/17 but not in 2017/18	-	50
	<u>1,035</u>	<u>959</u>

There were no directors to whom retirement benefits were accruing in respect of qualifying services in respect of defined benefit schemes (2017: none).

There were no directors (2017: one) to whom retirement benefits were accruing in respect of qualifying services in respect of the money purchase pension scheme.

Total remuneration of £4.5 million was paid to members of the senior management team during the current season (2017: £3.9 million).

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2018

8. Tax on profit on ordinary activities

The tax charge comprises:

	2018 £'000	2017 £'000
Current tax on profit on ordinary activities		
UK corporation tax	(2,946)	(5,944)
Adjustments in respect of prior years	(55)	(72)
Total current tax	(3,001)	(6,016)
Deferred tax		
Origination and reversal of timing differences	648	336
Effect of the rate change	-	274
Adjustments in respect of prior years	299	808
Total deferred tax	947	1,418
Total tax on (loss) / profit on ordinary activities	(2,054)	(4,598)

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:

(Loss) / profit on ordinary activities	(8,482)	20,916
Tax on Group (loss)/profit on ordinary activities at the standard UK corporation tax rate of 19.00% (2017: 19.67%)	1,612	(4,114)

Effects of:

Expenses not deductible for tax purposes	(1,893)	(2,066)
Tax effect on impairment of property	(2,447)	-
Non-taxable release of grant income	272	454
Effect of current year changes to the statutory tax rate	-	276
Adjustment in respect of prior years	244	738
Fair value movement on unhedged financial instruments	158	114
Group total tax charge for the year	(2,054)	(4,598)

The standard rate of tax applied to reported profit on ordinary activities is 19.00% (2017: 19.67%).

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 £7.5 million profit (2017: £4.5 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 2018

10. Intangible fixed assets

	Total £'000
Cost	
At 1 August 2017 and 31 July 2018	250
Amortisation	
At 1 August 2017	23
Charge for the year	5
At 31 July 2018	28
Net book value	
At 31 July 2018	222
At 31 July 2017	227

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 2017	132,055	660,796	4,867	79,556	2,280	879,554
Additions	2,297	7,358	-	9,473	1,051	20,179
Disposals	-	-	-	(1,511)	-	(1,511)
Transfers	-	-	-	2,280	(2,280)	-
At 31 July 2018	134,352	668,154	4,867	89,798	1,051	898,222
Accumulated depreciation						
At 1 August 2017	7,584	248,568	1,608	50,044	-	307,804
Charge for the year	1,613	18,142	324	7,921	-	28,000
Disposals	-	-	-	(1,511)	-	(1,511)
Impairment	12,876	-	-	-	-	12,876
At 31 July 2018	22,073	266,710	1,932	56,454	-	347,169
Net book value						
At 31 July 2018	112,279	401,444	2,935	33,344	1,051	551,053
At 31 July 2017	124,471	412,228	3,259	29,512	2,280	571,750

Land and buildings includes freehold land, which is held at cost of £67.4 million (2017: £67.4 million). It also includes long leasehold property of £3.9 million (2017: £3.9 million).

Included within the above assets is £27.8 million (2017: £29.7 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 £48.4 million (2017: £48.2 million) less accumulated depreciation of £20.6 million (2017: £18.5 million).

Borrowing costs amounting to £73.6 million (2017: £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 impairment has been recognised of £12.9 million.

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2018

11. Tangible fixed assets (continued)

Company	Stadium	Fixtures, fittings, plant and equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 August 2017	2,444	11,906	2,280	16,630
Additions	-	4,922	1,051	5,973
Transfers	-	2,280	(2,280)	-
At 31 July 2018	2,444	19,108	1,051	22,603
Accumulated depreciation				
At 1 August 2017	430	9,443	-	9,873
Charge for the year	51	2,038	-	2,089
At 31 July 2018	481	11,481	-	11,962
Net book value				
At 31 July 2018	1,963	7,627	1,051	10,641
At 31 July 2017	2,014	2,463	2,280	6,757

12. Fixed asset investments

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'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 2018

13. Debtors

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	23,892	28,627	2,217	9,884
Loans to clubs	48	57	48	57
Amounts owed by Group undertakings	-	-	114,355	108,270
VAT receivable	1,358	-	850	172
Other debtors	2,292	3,057	2,252	1,779
Prepayments and accrued income	29,637	24,656	23,538	22,430
Derivative financial instruments	2,227	631	2,227	631
	<u>59,454</u>	<u>57,028</u>	<u>145,487</u>	<u>143,223</u>
Amounts falling due after more than one year				
Loans to clubs	114	161	114	161
Amounts owed by Group undertakings	-	-	242,889	242,350
Derivative financial instruments	1,404	4,378	1,404	4,378
	<u>1,518</u>	<u>4,539</u>	<u>244,407</u>	<u>246,889</u>
Total debtors	<u>60,972</u>	<u>61,567</u>	<u>389,894</u>	<u>390,112</u>
Total amounts owed by Group companies				
Gross amounts owed by Group companies			381,212	369,847
Provision for impairment			(23,968)	(19,227)
Net amounts owed by Group companies			<u>357,244</u>	<u>350,620</u>

Since inception The FA has lent operating funds to 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.

14. Creditors: amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Obligations under finance lease	357	315	-	-
Trade creditors	11,927	7,864	5,126	4,680
Amounts due to subsidiary	-	-	7,818	12,081
UK corporation tax payable	2,026	3,707	1,649	1,684
VAT payable	-	270	-	-
Social security and other taxes	2,018	1,704	1,710	1,414
Other creditors	6,595	4,230	3,430	1,912
Accruals	57,150	37,985	38,328	19,830
Deferred grants	4,926	6,516	3,602	5,124
Deferred income	150,464	100,459	115,955	61,201
Derivative financial instruments	733	4,040	733	4,040
	<u>236,196</u>	<u>167,090</u>	<u>178,351</u>	<u>111,966</u>

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

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2018

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

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank loan	98,203	139,403	98,203	139,403
Obligations under finance leases	48,893	49,251	-	-
Deferred grants	116,026	117,351	-	-
Deferred income	19,021	49,501	11,070	40,646
Derivative financial instruments	3,614	664	3,614	664
	<u>285,758</u>	<u>356,170</u>	<u>112,888</u>	<u>180,713</u>

Bank loan

The FA has entered into borrowing arrangements with Barclays, HSBC and Santander. As at 31 July 2018 the total loan facility available was £271.4 million, which consists of a £171.4 million Revolving Credit Facility ("RCF") and a £100.0 million Term Loan. Both facilities are 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%.

£100.0 million of this loan facility (gross of borrowing costs incurred in the arrangement of these facilities of £1.8 million) was drawn down at 31 July 2018 (term loan: £100.0 million; RCF: £Nil, 2017: term loan: £100.0 million; RCF: £42.0 million). On 28 September 2018 the term loan of £100.0 million was repaid by drawing 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 £0.8 million has been recognised during the current season.

Obligations under finance leases

At 31 July 2018 the Group had annual commitments under non-cancellable finance leases as set out below:

	2018 £'000	2017 £'000
Finance leases		
Less than one year	3,481	3,457
Between one and two years	3,550	3,481
Between two and five years	11,082	10,865
More than five years	79,566	83,333
	<u>97,679</u>	<u>101,136</u>
Less: Finance charges allocated to future years	(48,429)	(51,570)
	<u>49,250</u>	<u>49,566</u>

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2018

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

Deferred grants

Deferred grants greater than one year comprise the following amounts:

	2018 £'000	2017 £'000
Sport England	78,261	78,545
Department of Culture, Media and Sport ("DCMS")	17,562	18,015
London Development Agency ("LDA")	15,816	16,236
Other	4,387	4,555
	<u>116,026</u>	<u>117,351</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 £1.4 million (2017: £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).

16. Provisions for liabilities

Group	Deferred tax £'000	Restructuring £'000	Total £'000
At 1 August 2017	5,332	435	5,767
Utilised during the year	-	(435)	(435)
Credited to profit and loss account	(947)	-	(947)
Charged to other comprehensive income	1,303	-	1,303
At 31 July 2018	<u>5,688</u>	<u>-</u>	<u>5,688</u>

Company	Deferred tax £'000	Restructuring £'000	Total £'000
At 1 August 2017	1,041	435	1,476
Utilised during the year	-	(435)	(435)
Charged to profit and loss account	586	-	586
Charged to other comprehensive income	1,303	-	1,303
At 31 July 2018	<u>2,930</u>	<u>-</u>	<u>2,930</u>

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2018

16. Provisions for liabilities (continued)

Deferred tax

Deferred tax is provided as follows:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Capital allowances in excess of depreciation	(994)	1,373	(662)	(989)
Tax losses available	-	-	-	-
Capitalised finance costs	5,981	6,134	-	-
Timing differences in respect of financial instruments	(2,976)	(4,091)	(89)	113
Accelerated donations to charity	952	1,490	952	1,488
Defined benefit pension scheme	2,759	456	2,759	456
Other short term timing differences	(34)	(30)	(30)	(27)
Deferred tax liability	<u>5,688</u>	<u>5,332</u>	<u>2,930</u>	<u>1,041</u>

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 (2017: £3.2 million)

Pension obligations

Please refer to note 23 for further information in regards to pension obligations.

17. Financial Instruments

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

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Financial assets				
Measured at fair value through profit or loss	701	983	701	983
Forward foreign currency contracts and interest rate cap (see Note 13)				
Measured at fair value through other comprehensive income				
Forward foreign currency contracts (see Note 20)	2,930	4,026	2,930	4,026
Measured at undiscounted amount receivable				
Trade and other debtors (see Note 13)	27,107	31,902	71,265	12,053
Amounts due from Group undertakings (see Note 13)	-	-	357,244	350,620
Equity instruments measured at cost less impairment				
Fixed asset investments in unlisted equity instruments (see Note 12)	-	-	230,001	230,001
	<u>30,738</u>	<u>36,911</u>	<u>662,141</u>	<u>597,683</u>

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2018

17. Financial Instruments (continued)

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Financial liabilities				
<i>Measured at fair value through profit or loss</i>	88	4,393	88	4,393
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)	4,259	310	4,259	310
<i>Debt instruments measured at amortised cost</i>				
Bank loans payable (see Note 14 and 15)	98,204	139,403	98,204	139,403
Obligations under finance lease (see Notes 14 and 15)	49,250	49,566	-	-
<i>Measured at undiscounted amount payable</i>				
Trade and other creditors (see Note 14)	24,729	17,776	14,077	9,690
Amounts due to Group undertakings (see Note 14)	-	-	10,197	12,081
	176,442	211,448	116,825	165,877

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 2018 is a liability of £1.3 million (2017: asset of £3.7 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 2018 is an asset of £0.6 million (2017: liability of £3.4 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	
	2018 £'000	2017 £'000
Interest (income) and expense		
Total interest income for financial assets at amortised cost	-	-
Total interest expense for financial liabilities at amortised cost	6,722	7,527
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	(3,936)	(3,254)
On interest rate swap measured at fair value through profit or loss	(150)	-

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2018

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	
	2018	2017	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Sell US Dollars						
Less than 3 months	1.27		26,814		27,654	
3 month to 12 months	1.30		52,278		53,217	
Greater than 12 months	1.40	1.29	83,942	99,179	81,136	103,205
Sell Euros						
Less than 3 months	1.14		7,785		7,626	
3 month to 12 months	1.13		2,480		2,438	
Greater than 12 months	1.17	1.17	3,723	5,431	3,622	5,120

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.

Losses of £4.2 million net of tax (2017: gains of £3.0 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

	2018 £	2017 £
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 2018

20. Hedge reserve

	Group £'000	Company £'000
Opening	3,047	3,047
Revaluation of derivative contracts through other comprehensive income (net of tax)	(4,187)	(4,187)
Closing	<u>(1,140)</u>	<u>(1,140)</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 2018. The resulting gain 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 £2.9 million (2017: £4.0 million), derivative liabilities of £4.2 million (2017: £0.3 million) and deferred tax asset of £0.2 million (2017: deferred tax liability £0.7 million).

21. Notes to the consolidated cash flow statement

Reconciliation of operating profit to cash generated by operations:

	2018 £'000	2017 £'000
Operating (loss) / profit	(1,778)	28,419
Adjustment for:		
Depreciation	28,005	33,589
Impairment of tangible assets	12,876	1,501
Amortisation of deferred capital grants	(1,037)	(810)
Amortisation of deferred income grants	(356)	(575)
Operating cash flow before movement in working capital	<u>37,711</u>	<u>65,171</u>
Decrease in stock	19	67
Decrease in debtors	23,067	12,515
Increase / (decrease) in creditors	16,568	(22,214)
Increase / (decrease) in provisions	(435)	(845)
Corporation tax paid	(4,682)	(3,150)
Contributions paid by the Company into the defined benefit pension scheme	(1,001)	(1,001)
Cash generated by operations	<u>71,248</u>	<u>47,496</u>

22. Financial commitments

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

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Operating leases which expire:				
- within one year	159	98	117	70
- between two and five years	387	163	348	147
	<u>547</u>	<u>261</u>	<u>465</u>	<u>217</u>

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2018

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 2018 was £2.3 million (2017: £1.9 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 2015, with further updates performed at 1 January 2016 and 1 January 2017. The triennial valuation with an effective date of 1 January 2018 is currently being undertaken.

	31 July 2018 % p a	31 July 2017 % p a
Key assumptions used:		
Discount rate	2.70	2.50
Expected long-term rate of return on Scheme assets	2.70	2.50
RPI assumption	3.30	3.30
CPI assumption	2.30	2.30
Future pension increases	3.20	3.20

The underlying mortality assumption in 2018 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. (2017: 1.25%).

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

	2018 £'000	2017 £'000
Administrative expenses	244	244
Interest on scheme liabilities	2,237	1,975
Interest on scheme assets	(2,313)	(1,892)
	<u>168</u>	<u>327</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	6,057	8,977
Expected less actual scheme expenses	27	6
Experience gains arising on scheme liabilities	192	1,213
Changes in assumptions underlying the present value of scheme liabilities	6,438	(4,095)
Related deferred tax	(2,161)	(1,098)
Actuarial gain / (loss)	<u>10,553</u>	<u>5,003</u>

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2018

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:

	2018 £'000	2017 £'000
Present value of defined benefit obligations	(83,052)	(91,532)
Fair value of scheme assets	99,281	94,214
Surplus / (deficit) in the scheme	16,229	2,682

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

Present value of plan liabilities at 1 August	91,532	88,899
Benefits paid	(4,087)	(2,224)
Interest on plan liabilities	2,237	1,975
Actuarial (gains)/losses	(6,630)	2,882
Present value of plan liabilities at 31 July	83,052	91,532

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

At 1 August 2017	94,214	84,806
Interest income	2,313	1,892
Returns on assets	6,057	8,977
Benefits paid	(4,087)	(2,224)
Contributions paid by the Group	1,001	1,001
Administrative expenses	(217)	(238)
At 31 July 2018	99,281	94,214

The analysis of the scheme assets at 31 July 2018 was as follows:

	2018 %	2017 %
Equities and Property	57	59
Bonds	42	38
Cash	1	3
Total	100	100

Movement in the net pension obligation were as follows:

	2018 £'000	2017 £'000
Surplus / (Deficit) in Scheme at beginning of year	2,682	(4,093)
Amounts recognised in profit and loss account	(168)	(327)
Contributions paid by the Company	1,001	1,001
Remeasurement of pension obligation recognised in other comprehensive income (gross of tax)	12,714	6,101
Surplus / (Deficit) in Scheme at end of year	16,229	2,682

Football Association Limited

Notes to the financial statements (continued) Year ended 31 July 2018

23. Employee benefits (Continued)

Funding

Formal actuarial valuations take place every three years and where there is a deficit, the Company and the trustee would agree a deficit recovery plan. 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 best estimate. For the Group, following the latest formal actuarial valuation (with an effective date of 1 January 2015) a deficit recovery plan was agreed, to make good the deficit over a period of time, consistent with the requirements of the UK pension regulations. The FA contributed £1 million into the defined benefit scheme during the 2017/18 season. The next triennial valuation with an effective date of 1 January 2018 will be used by the Company and the trustee to determine the level of employer contributions required.

The impact of Guaranteed Minimum Pension (GMP) equalisation has not been allowed for this year, but will need to be considered next year.

24. Subsequent events

On 28 September 2018 the term loan of £100.0 million was repaid by drawing down on the RCF.

On 13 December 2018 Martin Glenn resigned from his position as Chief Executive Officer, effective from the end of the 2018/19 season. As at the date of signing the accounts his successor has not been announced.

No other 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 £3.1 million (2017: £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.

The total remuneration (including severance pay) for FA key management personnel for the year was £4.5 million (2017: £3.9 million).

The FA has invested £10.0 million during the current season indirectly through the Football Foundation 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 or is 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.