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ANNUAL REPORT

AND FINANCIAL STATEMENTS 2005/06

ROLL OF HONOUR

COCA-COLA CHAMPIONSHIP

Champions **Reading**
Runners-Up Sheffield United
Play-Off Winners Watford

COCA-COLA LEAGUE 1

Champions **Southend United**
Runners-Up Colchester United
Play-Off Winners Barnsley

COCA-COLA LEAGUE 2

Champions **Carlisle United**
Runners-Up Northampton Town
Promoted Leyton Orient
Play-Off Winners Cheltenham Town

THE CARLING CUP

Winners **Manchester United**
Runners-Up Wigan Athletic

THE FOOTBALL LEAGUE TROPHY

Winners **Swansea City**
Runners-Up Carlisle United

PUMA YOUTH ALLIANCE

North & Midlands West Conference
Winners **Oldham Athletic**
Runners-Up Preston North End

North & Midlands East Conference
Winners **Chesterfield**
Runners-Up Rotherham United

South West Conference
Winners **Yeovil Town**
Runners-Up Plymouth Argyle

South East Conference
Winners **Brighton & Hove Albion**
Runners-Up Rushden & Diamonds

Youth Alliance Cup
Winners **Preston North End**
Runners-Up Colchester United

Football League Operations Centre
Edward VII Quay
Navigation Way
Preston PR2 2YF

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30 Gloucester Place
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CHAIRMAN'S WELCOME

Welcome to The Football League Annual Report for 2005/06. In the past twelve months The Football League delivered another exciting season on the field and maintained the pace of recent progress off it.

Entertaining matches and intense competition helped draw aggregate crowds of more than 16 million to League matches for the second consecutive season. Attendances are now at their highest levels for 45 years and The League, once again, retained its position as Europe's bestattended sporting competition.

Congratulations go to our Champion clubs - Reading, Southend United and Carlisle United as well as to all those that achieved promotion. Well done too, to Manchester United and Swansea City winners of the Carling Cup and Football League Trophy, respectively.

March's inaugural Dinner to present The Football League Awards allowed us to recognise success, whilst also marking the wider achievements of our clubs and their fans. After a widely acclaimed debut, I look forward to this event becoming an annual highlight of the football season.

2005/06 was also a year in which the growing stature of The Football League received wider recognition. This summer 17 League players represented their respective countries in the 2006 FIFA World Cup, whilst The League, itself, became the first non-top tier league to join the European Professional Football Leagues, the representative body for professional leagues from across Europe.

Closer to home, April's Sports Industry Awards brought recognition for The League's flourishing partnership with Coca-Cola. The League's title sponsor won the 'Best Use of PR in a Sport Campaign' prize for their 'Win a Player' initiative and the Best Sponsorship of a Sport Event or Programme award for their sponsorship of The Football League. I would like to congratulate all concerned and offer my grateful thanks to Coca-Cola for their continued support.

A number of new commercial agreements were completed during the 2005/06 season. These included new agreements for both of The League's Cup competitions. In November, Coors Brewers extended their sponsorship of The Carling Cup for a further three seasons. In doing so, they extended our long-standing partnership to eleven seasons. This was followed in May with the signing of the most lucrative agreement in the history of the newly named, Johnstone's Paint Trophy.

Elsewhere there were new agreements with Puma, Mitre and Kia and, on the broadcasting front, a new overseas television deal with Octagon CSI. These all helped to underline the positive impact in the commercial marketplace made by The League's re-branding programme.

The League also continued to develop its good governance measures during 2005/06. New agents' regulations were introduced this summer that will bring greater transparency and integrity to transfer negotiations. I salute League clubs for taking this bold step. The rest of football is not only watching but now following their lead.

Another key aim of The League is to broaden further the relationship clubs have with their local communities. To this end, The League launched its Community Cup competition for school six-a-side teams in October 2005. In total, more than 20,000 youngsters competed during the competition's first year, culminating in finals staged at the Millennium Stadium prior to The League's showpiece events.

Similarly, The League launched its 'Fans of the Future' initiative in September. Our first ever centrally co-ordinated attendance building initiative, 'Fans of the Future' aims to encourage the next generation of supporters to watch live football at their local League club. Clubs throughout The League took the opportunity to offer free and heavily discounted tickets to young fans and, by the season's end, more than 200,000 youngsters had been given the chance to see live matches without having to pay. I look forward to even more youngsters doing so this season.

Giving young fans this opportunity will help build a lifelong bond between supporters and clubs and ensure that supporting your local club remains ingrained in this country's football heritage. After all, providing real football for real fans is the very cornerstone of The Football League.

Thank you for taking the time to read this report, I hope you are as encouraged as I am by its contents.

Lord Mawhinney
Chairman - The Football League

COMPETITION REVIEW

COCA-COLA CHAMPIONSHIP

The Championship campaign belonged to Reading, who were promoted to the top flight for the first time in the club's history after an incredible 33-match unbeaten run set Steve Coppell's team up to take the title with a total of 106 points and the best goal-difference in the four divisions of England's professional league structure

Sheffield United hung on to the coat tails of the Royals, albeit from an increasingly wide distance but the Blades held their nerve to deservedly qualify for automatic promotion. That left third in the table Watford, Preston North End, Leeds United and Crystal Palace to contest the promotion Play-Offs

In the semi-finals Andy Boothroyd's Watford brushed aside Palace, winning 3-0 away then coasting to a goalless draw at Vicarage Road, while Leeds were held 1-1 at home by Preston but then won 2-0 at Deepdale to knock out 2004/05's beaten finalists

In the Millennium Stadium Play-Off Final the Hornets, supremely confident, beat Leeds 3-0 to reach the Premiership

At the other end of the table a number of clubs flirted with relegation but the three that went down – Brighton, Millwall and Crewe – were finally cast adrift as fourth from bottom. Derby County finished eight points above the drop zone

COCA-COLA LEAGUE 1

Southend United followed up their 2004/05 promotion via The League 2 Play-Offs with a triumphant League 1 campaign. The Shrimpers took over top spot in January and apart from one week, stayed there to finish as champions

Several clubs jostled behind Steve Tilson's team for the second automatic promotion position, but it was Steve Parkinson's Colchester United that produced the best run-in to achieve their highest ever League placing

Of the four clubs who contested the Play-Offs, three of them – Brentford, Huddersfield Town and Swansea City – had at some stage in the season been top. But it was the odd team out, Barnsley, who took the third promotion place

While Swansea were beating Brentford 3-1 on aggregate in their semi-final the Tykes were overcoming Huddersfield 3-2 on aggregate. Andy Ritchie's team then dramatically beat Swansea 4-3 on penalties following a 2-2 draw after extra time in the Final

In a desperate battle to avoid relegation Hartlepool United, Milton Keynes Dons, Swindon Town and bottom of the table Walsall were the clubs to lose out

COCA-COLA LEAGUE 2

Carlisle United made a quite superb return to The Football League, the Cumbrians following their promotion from the Conference via the Play-Offs with an unerring run to The League 2 championship

Paul Simpson's team climbed into the Play-Off places in October then in February went top, eventually finishing comfortably ahead of runners-up Northampton Town and third-placed Leyton Orient

Grimsby Town and Wycombe Wanderers, both having enjoyed spells as leaders, had to settle for Play-Off places and both were to perish at the hands of Cheltenham Town

John Ward's team, who had finished fifth, beat Wycombe 2-1 on aggregate in the semi-final then Grimsby – who had been 3-1 semi-final aggregate winners against Lincoln City – 1-0 in the Final

The relegation tussle was intense but, on the final day of the season, Oxford United were condemned to the drop along with bottom team Rushden & Diamonds

THE CARLING CUP

Manchester United's victory over Wigan Athletic in the Carling Cup Final was perhaps no surprise, but – as ever – the road to the final was littered with shocks

League 2 Grimsby Town's 1-0 first round win at Championship side Derby County was noteworthy in itself, but that was just the precursor to a great night at Blundell Park as the Mariners won 1-0 in Round Two against Premiership giants Tottenham Hotspur

Doncaster Rovers and Gillingham were the other Round Two heroes, both knocking out Premiership opponents. Rovers won 3-0 on penalties following a 1-1 draw after extra time with Manchester City, while the Gills beat Portsmouth 3-2 after extra time

The two League 1 sides were destined to meet in Round Three, where Rovers won 2-0 to earn themselves another big night. Aston Villa were the fourth round visitors to Belle Vue and Dave Penney's team claimed a second Premiership scalp with a 3-0 success

Donny then went out in the quarter-finals, but not without giving Arsenal an almighty scare – the tie ended 2-2 after extra time before the Gunners won the shoot-out 3-1

Arsenal's own denouement followed at the semi-final stage, where they were beaten on away goals by Wigan after the tie had ended 2-2 on aggregate

Paul Jewell's team had squeezed other narrow victories – they had needed an 86th minute goal to see off League 1 side Bournemouth in Round Two, then after beating Watford 3-0 after extra time it was an 88th minute penalty that gave them a 1-0 fourth round win against Newcastle United

Their quarter-final victory over Bolton Wanderers was more clear-cut, a 2-0 scoreline earning them that nail-biting but in the end victorious meeting with Arsenal

United meanwhile enjoyed a far smoother passage to the Millennium Stadium. They followed a 4-1 third round win against League 2 team Barnet with 3-1 victories over first West Bromwich Albion then Birmingham City before beating Blackburn Rovers 3-2 on aggregate in the semi-final

The Final, watched by a crowd of 66,866, brought a conclusive victory for United and disappointment for Wigan in what was their first major final

After Wayne Rooney had given Alex Ferguson's side an interval lead a spell of three goals in seven minutes early in the second half proved decisive. Louis Saha, Cristiano Ronaldo and Man of the Match Rooney were the scorers as United won 4-0

THE FOOTBALL LEAGUE TROPHY

It was a long trip for Carlisle United but just down the way for Swansea City as The League 2 and League 1 clubs met in February's Final of The Football League Trophy at Cardiff's Millennium Stadium

The road to the Final had similarly been more straightforward for the Swans, whose 3-1 win at Torquay in the Southern Section first round had been followed by 4-0 and 3-1 victories over Rushden & Diamonds and Peterborough United respectively before Kenny Jackett's team encountered a difficult section semi-final against Walsall

Swansea won the tie 6-5 on penalties following a 2-2 draw after extra time, but having toughed it out to collect that victory they beat Colchester United both home and away in the Southern Final to go through 3-1 on aggregate

By contrast Carlisle found it hard going in practically every round, including the first one where they beat Oldham Athletic 6-5 on penalties after a 1-1 draw

The Cumbrians then won 2-1 against Blackpool but, in the Northern Section quarter-final against Tranmere Rovers, a goalless draw after extra time was followed by an amazing penalty shoot-out that ended with Paul Simpson's side emerging 11-10 winners

To complete a hazardous road to the national Final they knocked out Macclesfield Town on away goals, the Northern Final having ended 4-4 on aggregate

And so to the Millennium Stadium, where this time a skin-of-the-teeth victory proved beyond Carlisle. Adam Murray equalised Lee Trundle's early goal for the Swans but The League 1 team, with a significant proportion of the 42,028 crowd roaring them on, scored again through Adebayo Akinfenwa to win 2-1

COMMUNITY

The work of The Football League extends far beyond the 90 minutes of action in stadia up and down the country every Saturday afternoon. Increasingly, clubs are reaching out to the local communities they serve. In total, Football League in the Community departments employ more than 300 Community Officers and are working on a range of schemes using football as a vehicle to promote positive messages such as healthy living, literacy and anti-racism.

In support of these Community departments, The League staged the inaugural Football League in the Community Annual Conference in May 2006 for more than 100 community officers from 60 clubs. The day long event, held in Cardiff, provided an opportunity for the officers to exchange ideas, share best practice and help develop The League's Community Strategy further.

One part of this is a new link-up with Puma, who in December 2005 signed a four-year agreement to be The League's first ever Official Technical Partner. This partnership will see the sportswear manufacturer supply much-needed technical equipment to community schemes and officers.

The 2005/06 season also saw the launch of The Football League Community Cup, featuring six-a-side competitions for school teams of Under 11s and Under 13 girls. More than 20,000 children took part in the first year of the competition and following a series of local and regional qualifying tournaments the finals were staged at the Millennium Stadium, Cardiff prior to The Football League Trophy Final and Coca Cola Football League Play-Off Finals.

Last season also saw all League clubs, once again, lend their support to Kick it Out's Week of Action. For their part, League clubs staged more than 600 events and saw Scunthorpe United stage a cultural awareness day, Norwich City produce their own anti-racism posters and anti-racism lessons at local schools and Sunderland invite the Shameen Karim dancers into the Stadium of Light to entertain fans at half-time. The week of action gives clubs a focal point for showcasing all the work that they do in this area throughout the year.

To highlight this and other valuable work being conducted by League clubs, The League launched a quarterly newsletter 'Real Football - In the Community' during 2005/06. Its introduction was warmly welcomed by the Independent Football Commission who wrote in their Annual report, 'The IFC welcomes the greater concentration in League publicity on the valuable work done by their clubs in promoting social inclusion, education, disability awareness and other important social concerns, using the power of football to dispense very positive social messages.'

SUPPORTERS

Attendance figures continued to make happy reading for The Football League during 2005/06 as crowds of more than 16.2 million poured through the turnstiles.

In all, 16,217,672 people attended the 1,656 games of The League season, the second highest figure for 46 seasons. The Coca-Cola Championship attracted 9,719,264 supporters, the highest number since 1951/52. This was the eighth consecutive year that crowd numbers have risen in the Championship with another 197 fans per match taking average attendances to 17,607, a 1% increase on the previous season.

To ensure a continuing upward curve, The Football League introduced a number of new initiatives and completed an extensive consultation with fans to find out their views on a range of pertinent footballing issues.

The Football League Supporters' Survey 2006 was the broadest supporter consultation exercise in The League's 117-year history, embracing the opinions of 43,590 people, via a groundbreaking online survey.

The results proved encouraging since they showed that by and large, The League and fans are singing from the same hymn sheet, sharing a common belief that clubs should be community focused and financially sustainable in the long term.

Supporters gave a big thumbs-up to The League's programme of 'good governance' measures with sporting sanctions for clubs in administration, player salary cost controls and the publication of agents' fees all receiving strong backing.

There was also a positive response towards The League's re-branding with 50% saying the image of The Football League had improved during the last two years with 75% of Under 16s agreeing with this assertion. More than half the fans believed The League to be an organisation which acts in the best interests of the game.

Clubs' efforts to engage with their local community and in developing the playing talent of the future were both well supported. In total, 97% of fans felt that clubs have an important role to play locally and 99% supported the role of their club's Youth Development programme.

The survey yielded a whole range of additional benefits. It provided The League with a better understanding of its customer base and unearthed a great deal of new information about how fans view their club.

Also reassuring was the support given to The League's 'Fans of the Future' initiative, which aims to get young fans watching live football at their local League club. 'Fans of the Future' enjoyed a highly successful first year with more than 200,000 youngsters watching live League football for free or at significantly discounted rates.

This season will see youngsters offered free entry at more than 800 matches as 42 League clubs are offering 'Kids go Free' schemes with 38 making them available at all home matches. Sixty-one clubs have now committed themselves to participating in the 'Fans of the Future' programme, with family fun days, cheaper admissions or kid-a-quick promotions all forming the basis of a growing family-friendly trend in football.

Delivering the Supporters' Survey 2006 saw The League meet one of the three promises it had made to fans in its 2004/05 Charter Report. By establishing The Football League Community Cup and publishing a comprehensive 150-page guide to club facilities for disabled supporters it also delivered on the other two.

For the 2006/07 season, The Football League has adopted three further promises to explore ways of introducing smoking restrictions in stadia, to implement The League's new agent regulations prohibiting dual representation and to undertake a mystery fan exercise to properly evaluate the fan's matchday experience.

The Football League is committed to improving the match-day experience for all football fans and to that end, the Customer Charters introduced in December 2001 that set down standards of service that football supporters can expect from their clubs, have proved highly effective in implementing improvements.

To build on the progress made so far, The League has agreed that the five regional Customer Service seminars held, once a year, for clubs to exchange ideas, will be extended to four regional seminars held twice a year in March and October.

YOUTH DEVELOPMENT

An important year for The Football League's Youth Development department concluded with the announcement that new funding had been secured for its highly successful programme, through until the end of the 2006/07 season.

The new package comprised £9.6 million of grant funding for clubs and was agreed between The Football League, Football Association, FA Premier League and Football Foundation in September, enabling League clubs to apply for grants to fund coaching and education of their gifted young players.

The grant funding, combined with the £21 million invested by clubs themselves, will allow The League's 22 Academies and 46 Centres of Excellence to continue with key programmes designed to produce the next generation of professional players.

The future of the programmes came under threat following the withdrawal of financial support from the Government and PFA, leaving a potentially critical shortfall in funds.

In addition to the new funding package there will also be a wholesale evaluation of young player development right across the professional game in an independent review headed up by Rugby Football League's Executive Chairman Richard Lewis who, as a former British international tennis player coach and administrator is well-placed to give a broad-based and objective assessment.

Due to be launched in late 2006, the review body is expected to recommend changes and improvements to the way future professional footballers are identified, coached and educated and it is hoped the results will lay the foundations for more enduring funding arrangements that will secure a long-term future for clubs' youth development strategies.

According to The League's Supporters' Survey 2006 of 43,590 fans, an overwhelming 99% backed the work of Youth Development departments at their clubs, with 84% saying it was 'very important' and 15% indicating it was 'fairly important'. This support confirmed The League's belief that youth development schemes are crucial to clubs' well-being, not only in developing stars of the future but in the contribution they make to local communities.

Support was also forthcoming from a growing number of commercial partners including Puma who in December 2005, signed a four-year agreement to sponsor The Football League Youth Alliance and supply complimentary boots to 1,100 apprentice players.

In all, there are more than 8,000 talented young players, aged eight to eighteen, registered with League clubs. They are offered a variety of different programmes, ranging from twice weekly coaching sessions and weekend matches to full educational schemes.

Around 2,000 staff, 400 of them full-time, are employed in delivering Youth Development programmes throughout the UK, with coaches qualified up to the UEFA A Licence and trained in child protection procedures and as a testament to their growing importance, around 500 players aged under the age of 21 who have come through the system, played as professionals in The League last season.

The cream of those youngsters were given an opportunity to demonstrate their international potential in February at a special Under 21 match between The Football League and the Italian League.

At Hull City's KC Stadium, in front of a lively 6,265 strong crowd with children under the age of seven admitted free as part of The League's flourishing 'Fans of the Future' initiative, The Football League side beat their counterparts from Italy's Serie B 1-0, with a 68th minute goal from Southampton's Dexter Blackstock.

Team manager, and England Under 21's boss, Peter Taylor went on to select five of The League's triumphant team for the subsequent England's U21 international against Norway the following week with Lee Camp, Leroy Lita, Izale McLeod, Tom Soares and John Welsh all contributing to a 3-1 victory.

One member of England's winning team, David Nugent, went on to receive the Young Player of the Year Award at the inaugural Football League Awards in March. The Preston North End striker paid tribute to his former club Bury, where he was a graduate of the Club's Centre of Excellence after being released by Liverpool.

Also in the limelight that night was Derby County's 17 year-old central defender Lewin Nyatanga who won the Top Championship Apprentice Award, sponsored by Wickes. Just days before, aged 17 years and 195 days, Nyatanga made his international debut for Wales in a friendly match against Paraguay in Cardiff, becoming the youngest ever Welsh international.

The League 1 and League 2 Top Apprentice awards (sponsored by League Football Education) went to Scott Golbourne and Wycombe Wanderers midfielder Ikechí Anya respectively. Golbourne, now at Reading, won the award for his achievements with previous club Bristol City.

In June, The Football League made two senior appointments to its Youth Development team. Jim Briden, formerly the Senior Project Manager at Sport England, joined as Youth Development Business Manager while Graham Hawkins, who managed Wolverhampton Wanderers from 1982-84, was promoted to Head of Player Development, from his previous post as The League's regional Youth Development monitor for the Midlands, a role he will continue to fulfil.

These key appointments are designed specifically to help clubs to progress their youth development programmes and maximise funding opportunities going forward.

COMMERCIAL REPORT

The Football League's commercial programme went from strength to strength during 2005/06 with the establishment of several new partnerships and the renewal of existing agreements providing The League with a sound commercial platform for the next three years

In May, The Football League Trophy became the Johnstone's Paint Trophy following the signing of a brand new three year deal between The League and the long-established paint manufacturer. The seven-figure contract represented the biggest financial investment by a sponsor in the competition's 23 year history.

The relationship between The League and Coors Brewers was also strengthened with a three-year extension that will keep the Carling Cup in the headlines until at least 2009. The deal, signed in November 2005, delivered a significant increase in value on the existing agreement and marked a new phase in a partnership that was already of eight years standing, under the Worthington and Carling brands.

The supply of top quality footballs until well into the next decade was assured with the extension of another long-standing partnership between The Football League and Mitre. For more than 25 years, Mitre, who began making footballs in 1863, have been the official supplier of training and matchday footballs to the clubs of The Football League.

A brand new sponsorship opportunity as The Football League's Official Technical Partner was pounced on by Puma who signed a three year agreement that will also see the sportswear manufacturer add its support to The Football League's Youth Development and Community Programmes.

Community schemes and officers will be supplied with technical equipment and also have the opportunity to buy stock at preferential rates while 1,100 apprentices, aged 16-18, who are on the books of League clubs, will get their own free pair of market leading football boots.

As part of the deal, Puma also agreed to support the Football League's Youth Alliance competition for club Under 18 apprentices as well as The League's Community Cup competition, which involves more than 20,000 children in England and Wales.

A further new agreement was signed with car manufacturers Kia who have been appointed the Official Car Supplier to The Football League, under a three year deal that runs until the end of the 2008/09 season.

The contract to distribute international television rights was awarded to Octagon CSI following an intense four way competition. This represents a three year extension to Octagon CSI's current agreement, running to 2009, and will see them distribute rights to the Coca-Cola Football League and Carling Cup to all areas of the world outside the UK. The most recent figures show a growing popularity of Football League competitions internationally, with matches shown in 90 countries delivering a combined reach of 165 million homes.

Towards the end of the 2005/06 season The Football League and its partners scored a series of successes at the Sports Industry Awards 2006, earning nominations in the 'Sports Brand of the Year' and 'Best Promotion of a Sport by a Governing Body' categories. The League was highly commended by judges in the latter for having demonstrated innovation and sustained levels of promotional and marketing activity for the 'Fans of the Future' initiative.

The Football League's title sponsor Coca-Cola took the honours in the Best Sponsorship of a Sport Event or Programme Award for its sponsorship of The League and beat off some stiff opposition to win the Best Use of PR in a Sport Campaign for its popular 'Win a Player' initiative. Wickes, the official home improvement partner to The Football League Championship, were also nominated in the Best Sport Poster Award for their eye-catching football ads.

These accolades all demonstrate a successful network of strong and evolving relations between The League and its commercial partners.

Similarly, the ongoing relationships with broadcast partners Sky Sports and ITV continue to flourish. The 2006/07 season marking the beginning of new agreements with both broadcasters offering League clubs more revenue and greater exposure than previously enjoyed.

The 2005/06 season saw further growth for FL Interactive, the wholly-owned subsidiary of The Football League that manages a range of digital rights on behalf of The League and 78 professional football clubs. This maintained the pace of progress achieved since The League assumed full control of the business in June 2004.

The highlight of the last twelve months was reaching the performance target that secured the long-term security of the business going forward. This also triggered a considerable volume of product development and commercial activity, which included the launch of mobile internet sites for a range of clubs.

Additionally, FLI initiated a project to deliver the next generation of official club websites. This project is ongoing with completion anticipated in 2007.

Commercial highlights included an extension to FLI's services agreement with key service provider Premium TV. Additionally, new agreements were concluded within a number of categories including the promotion of online auction services.

The outlook for FLI remains healthy, with activity over the forthcoming 12 months focused upon the substantial redesign of official club websites and reviewing a number of major commercial agreements.

The Football League Limited
Company Registration No 80612

FINANCIAL STATEMENTS

For the year ended 30 June 2006

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Lord Mawhinney
M A Arthur
I L Beeks
N A Doncaster
K Oyston
A F Pearson
I R Ritchie
D R Sheepshanks

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T S Detko

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Chartered Accountants and Registered Auditor
Edward VII Quay
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Preston
PR2 2YF

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2006

PRINCIPAL ACTIVITIES

The principal activities of the company are to be a governing body for Member Clubs, organise League football competitions and to represent and promote League Football and its Clubs

BUSINESS REVIEW

Attendances for matches in League competitions topped 18 million for the second successive season and are now at their highest levels for more than four decades

During the year under review Carling renewed their sponsorship of the Football League Cup for a further three years from season 2006/07 and Johnstone's Paint agreed to become sponsors of the Football League Trophy for three seasons commencing from season 2006/07. In addition, The League's overseas television contract was again renewed with Octagon CSI effective for three seasons from 2006/07

The League's High Court action against Hammonds Solicitors (formerly known as Edge Ellison), the legal advisors to the company during its contract negotiations with ITV Digital in 2000, was heard during February and March of this year. Whilst the Judge found that on two separate occasions Hammonds breached the duty they owed to The League, he ruled that only nominal damages of £4 be awarded to The League and that The League should be responsible for a significant amount of the defendant's costs

RESULTS AND DIVIDENDS

The directors do not recommend the payment of a dividend

The profit for the year after tax was £1,121 (2005 loss of £211,154 as restated) which has been added to reserves

DIRECTORS AND THEIR INTERESTS

The current directors of the company are listed on page 12. The directors who served during the year are listed below. The directors held no beneficial or family interests in the shares of the company in either the current or prior financial year

M A Arthur (appointed 23 June 2006)
 I L Beeks (resigned 8 July 2004, re-appointed 6 July 2005)
 N A Doncaster (appointed 23 June 2006)
 P J Heard (resigned 23 June 2006)
 R Martin (resigned 6 July 2005)
 Lord Mawhinney
 K Oyston
 T Paphitis (resigned 23 June 2006)
 A F Pearson (appointed 23 June 2006)
 I R Ritchie
 T Robinson (resigned 23 June 2006)
 D R Sheepshanks

CHARITABLE DONATIONS

During the year the company made no charitable donations (2005 £6 000). There were no political contributions

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

In accordance with Section 384 of the Companies Act 1985 a resolution to reappoint KPMG LLP as the Company's auditor will be proposed at the forthcoming Extraordinary General Meeting

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

T S Detko, Secretary
 9 November 2006

T.S Detko

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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 group and parent company financial statements in accordance with UK Accounting Standards.

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss for that period.

In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT

To the Members of The Football League Limited

We have audited the group and parent company financial statements (the 'financial statements') of The Football League Limited for the year ended 30 June 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 14.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements

give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group and the parent company's affairs as at 30 June 2006 and of the group's profit for the year then ended, and

have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants and Registered Auditor
Preston
9 November 2006

KPMG LLP

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 30 June 2006

	Note	2006 £	2005 As restated £
Group and joint venture's turnover		54,078,926	58,061,144
Less: share of joint venture's turnover		(2,372,858)	(2,102,320)
Group turnover	3	51,706,068	55,958,824
Other operating income		82,866	231,754
External charges		(35,389,707)	(40,911,255)
Staff costs	4	(2,357,512)	(2,185,551)
Other operating charges		(14,503,338)	(13,679,765)
Group operating loss	6	(461,623)	(585,993)
Share of net operating loss in joint venture and associate		(36,431)	(62,645)
Total operating loss		(498,054)	(648,638)
Net interest receivable and similar income			
- Group	7	442,827	325,034
- Joint venture and associate		40,478	68,116
Other finance income	8	40,000	34,000
Profit / (loss) on ordinary activities before taxation		25,251	(221,488)
Tax on profit / (loss) on ordinary activities	9	(24,130)	10,334
Profit / (loss) for the financial year	18	1,121	(211,154)

The comparative figures have been restated following the adoption of FRS 17 (see note 16) and also to reflect additional revenues and other operating charges in respect of FL Interactive Limited (see note 1)

All the above results derive from continuing operations

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 30 June 2006

	2006 £	2005 As restated £
Profit / (loss) for the financial year	1,121	(211,154)
Actuarial gain / (loss) relating to the company pension scheme	31,000	(497,000)
Deferred tax thereon	(5,890)	81,320
Total recognised gains and losses relating to the year	26,231	(626,834)
Prior year adjustment (as explained in note 16)	(200,880)	
Total gains and losses recognised since last annual report and financial statements	(174,649)	

CONSOLIDATED BALANCE SHEET

30 June 2006

	Note	2006 £	2006 £	2005 £	2005 As restated £
Fixed Assets					
Intangible assets	10		(386,557)		(421,699)
Tangible assets	11		154,323		197,993
Joint venture undertaking					
– Share of gross assets	12	1,634,217		1,655,371	
– Share of gross liabilities	12	(1,629,982)		(1,652,172)	
			4,235		3,199
Investments in associated undertaking	12		34,825		31,814
			(193,174)		(188,693)
Current Assets					
Debtors	13	16,031,513		6,804,811	
Cash at bank and in hand		7,383,754		12,790,934	
		23,415,267		19,595,745	
Creditors					
Amounts falling due within one year	14	(16,816,735)		(18,567,838)	
Net Current Assets			6,598,532		1,027,907
Total Assets Less Current Assets			6,405,358		839,214
Creditors					
Amounts falling due after more than one year	15	(5,963,373)		(295,480)	
Net Assets					
excluding pension liability			441,985		543,734
Pension liability	16	(72,900)		(200,880)	
			369,085		342,854
Capital and Reserves					
Called up share capital	17		-		-
Profit and loss account	18		369,085		342,854
Equity Shareholders' Funds	19		369,085		342,854

These financial statements were approved by the Board of Directors on 9 November 2006

Signed on behalf of the Board of Directors

Lord Mawhinney, Director



COMPANY BALANCE SHEET

30 June 2006

	Note	2006 £	2006 £	2005 £	2005 As restated £
Fixed assets					
Tangible assets	11		154,323		197,993
Investments	12		650		650
			154,973		198,643
Current assets					
Debtors	13	15,528,118		5,583,331	
Cash at bank and in hand		6,484,856		11,653,249	
		22,012,974		17,236,580	
Creditors					
Amounts falling due within one year	14	(16,350,951)		(17,117,334)	
Net current assets			5,662,023		119,246
Total assets less current liabilities			5,816,996		317,889
Creditors					
Amounts falling due after more than one year	15		(5,600,000)		—
Net assets excluding pension liability			216,996		317,889
Pension liability	16		(72,900)		(200,880)
Net assets			144,096		117,009
Capital and reserves					
Called up share capital	17		—		—
Profit and loss account	18		144,096		117,009
Equity shareholders' funds	19		144,096		117,009

These financial statements were approved by the Board of Directors on 9 November 2006

Signed on behalf of the Board of Directors

Lord Mawhinney, Director



CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 June 2006

	Note	2006 £	2005 £
Net cash (outflow) / inflow from operating activities	20	(5,796,528)	5,601,628
Returns on investments and servicing of finance	21	432,627	335,353
Taxation		-	(270,333)
Capital expenditure and financial investment	21	(43,279)	(55,201)
Cash (outflow) / inflow before use of liquid resources and financing		(5,407,180)	5,611,447
Financing		-	-
(Decrease) / increase in cash in the year		(5,407,180)	5,611,447

Reconciliation of net cash flow to movement in net funds	2006 £	2005 £
(Decrease) / increase in cash in the year	(5,407,180)	5,611,447
Cash at bank and in hand		
At 1 July 2005	12,790,934	7,179,487
At 30 June 2006	7,383,754	12,790,934

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company's financial statements with the exception of FRS 17 (Financial Reporting Standard 17) 'Retirement Benefits' which has been adopted in these financial statements, previously only the transitional disclosures of that standard have been followed. The comparative figures have been restated accordingly (see note 16).

Basis of preparation

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

Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 30 June each year. The results of subsidiaries acquired or disposed of are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

Where audited financial accounts are not coterminous with those of the group, the financial information of subsidiary and joint venture undertakings has been derived from the last audited accounts available and unaudited management accounts for the period up to the company's balance sheet date.

Intangible assets - goodwill

Negative goodwill arising on the acquisition in 2004 of FL Interactive Limited, a 100% subsidiary undertaking, representing the excess of the fair value of the identifiable assets and liabilities acquired over the fair value of the consideration given is capitalised and then credited to the profit and loss account on a straight line basis in the periods expected to benefit.

Depreciation and tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation on tangible fixed assets is calculated on a straight line basis and aims to write down their cost to their estimated residual value over their expected useful lives as follows:

Improvements to short leasehold premises	10 years
Equipment	4 to 5 years
Motor vehicles	4 years

Associated and joint venture undertakings

Undertakings, other than subsidiary undertakings, in which the group has a long term participating interest and over which it exerts significant influence, are associated undertakings.

Those undertakings in which the group has a long term interest and which the group jointly controls with one or more other party are defined as joint venture undertakings.

The group's share of the profits less losses of the associated company and joint venture undertaking is included in the consolidated profit and loss account and consolidated statement of total recognised gains and losses.

Joint venture undertakings in the group balance sheet are accounted for using the gross equity method of consolidation. Associated undertakings are included at the group's share of net assets, after adjustment for goodwill.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities and investments in money market managed funds.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised, without discounting, to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

1. ACCOUNTING POLICIES (Contd)

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes and includes sponsorship revenues and revenues received from television broadcasting contracts but excludes gate levy income received from clubs which is offset against external charges. Turnover recognised in the year ended 30 June 2005 by FL Interactive Limited, a company wholly owned by The Football League Limited, has been restated to take into account revenue generated by certain of its participating clubs and amounts distributed to those clubs as part of those clubs' Central Deal receipts. The effect of this prior year adjustment is to increase both revenues and other operating charges by £3,601,000. The impact on the group operating loss for the year ended 30 June 2005 was therefore £nil.

Barter transactions

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

Pension costs

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

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

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

2. CONSOLIDATED FINANCIAL STATEMENTS

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit (see note 18) for the financial year amounted to £1,977 (2005 £57,303 as restated)

3. TURNOVER

Turnover arises from the activities of organising and promoting annual League Football competitions. All turnover arises in the United Kingdom. The amount of barter transactions for goods and other services recognised in turnover is £438,000 (2005 £310,000)

4. STAFF COSTS	2006 £	2005 As restated £
Staff costs during the year (including directors)		
Wages and salaries	1,946,442	1,801,695
Social security costs	216,269	208,823
Other pension costs (note 16)	194,801	175,033
	2,357,512	2,185,551

The average monthly number of employees was 52 (2005 54)

5. DIRECTORS REMUNERATION	2006 £	2005 £
The total amounts for directors' remuneration and other benefits were as follows		
Salaries and fees	76,772	67,623

6. OPERATING LOSS	2006 £	2005 £
Operating loss is stated after charging / (crediting)		
Auditors' remuneration		
- Audit fees - Group	28,800	26,500
- Audit fees - Company	24,000	22,000
- Non-audit fees	4,550	5,050
Depreciation of tangible fixed assets	86,949	92,081
Operating leases		
- Equipment	41,246	33,408
- Other assets	152,370	138,620
Legal costs of negligence action	3,009,906	286,577
Amortisation of goodwill	(35,142)	(35,142)
OnDigital 1998 plc (in liquidation) dividend	-	(5,396,000)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

7. NET INTEREST RECEIVABLE AND SIMILAR INCOME	2006 £	2005 £
Interest receivable	454,908	341,732
Interest payable on ground improvement levies held	(12,081)	(16,698)
	442,827	325,034
8. OTHER FINANCE INCOME	2006 £	2005 As restated £
Expected return on pension scheme assets	202,000	172,000
Interest on pension scheme liabilities	(162,000)	(138,000)
	40,000	34,000
9. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES	2006 £	2005 As restated £
Corporation tax charge / (credit)	-	(23,701)
Tax on share of profits of joint venture and associate	-	257
	-	(23,444)
Deferred tax	24,130	13,110
	24,130	(10,334)
The corporation tax charge for the current period is different than that resulting from applying the small companies' rate of corporation tax in the UK. The differences are explained below	2006 £	2005 £
Profit / (loss) on ordinary activities before tax	25,251	(221,488)
Tax on profit / (loss) on ordinary activities at small companies rate of 19% (2005 19%)	4,798	(42,083)
Effects of		
Expenses not deductible for tax purposes	4,578	12,024
Difference between depreciation and capital allowances	16,520	5,000
Net movement on provisions	-	(45,000)
Group relief	(1,928)	-
Adjustment in respect of pension contributions	(24,130)	(13,110)
Losses carried forward	12,014	78,245
Other	(11,852)	(18,520)
	-	(23,444)

10 INTANGIBLE FIXED ASSETS

The Group	Internet & Media Rights £	Goodwill £	Total £
Cost			
At 1 July 2005 and 30 June 2006	1	(456,842)	(456,841)
Amortisation			
At 1 July 2005	–	35,142	35,142
Negative goodwill written back	–	35,142	35,142
At 30 June 2006	–	70,284	70,284
Net book value			
At 30 June 2006	1	(386,558)	(386,557)
At 30 June 2005	1	(421,700)	(421,699)

Negative goodwill arising on the acquisition of FL Interactive Limited in 2004 was in excess of the fair value of the monetary assets acquired. An amount equal to the fair value of the non-monetary assets acquired is being released to the profit and loss account commensurately with the recovery of the non-monetary assets acquired, whether through depreciation or sale.

11. TANGIBLE FIXED ASSETS

The Group and Company	Improvements to short leasehold premises £	Equipment £	Total £
Cost or valuation			
At 1 July 2005	115,276	467,477	582,753
Additions	–	43,279	43,279
At 30 June 2006	115,276	510,756	626,032
Accumulated depreciation			
At 1 July 2005	46,681	338,079	384,760
Charge for the year	11,321	75,628	86,949
At 30 June 2006	58,002	413,707	471,709
Net book value			
At 30 June 2006	57,274	97,049	154,323
At 30 June 2005	68,595	129,398	197,993

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

12. FIXED ASSET INVESTMENTS	Joint venture undertaking	Associate undertaking	Total
The Group	£	£	£
Cost and net book value			
At 1 July 2005	3,199	31,814	35,013
Share of profits	1,036	3,011	4,047
At 30 June 2006	4,235	34,825	39,060
			Shares in subsidiaries
The Company			£
Cost and net book value			
At 1 July 2005 and 30 June 2006			650

The company wholly owns the following subsidiary undertakings, both of which are registered in England and Wales and incorporated in Great Britain

Subsidiary undertakings	Activity
FL Interactive Limited	Provision of internet websites
World-Wide Soccer Limited	Dormant

Joint venture undertaking

The investment in joint venture represents a 50% holding in Football DataCo Limited, a joint venture undertaking between The Football League Limited and The Football Association Premier League Limited. The company was formed on 3 May 2001 and established to develop and maximise profits from the two Leagues data, archive and licensable material rights whilst becoming the source of official data.

The Football Association Premier League Limited owns 100% of the 'A' shares of Football DataCo Limited and The Football League Limited owns 100% of the 'B' shares of Football DataCo Limited. The 'A' and 'B' shares have equal rights. Football DataCo Limited is registered at, and trades from, 30 Gloucester Place, London W1U 8PL.

£1,913,408 was payable by Football DataCo Limited to the company in the year. At the year end £858,734 was outstanding.

12. FIXED ASSET INVESTMENTS (Contd)**Associate undertaking**

The investment in associate undertaking represents a one third holding in Professional Game Match Officials Limited, a venture between The Football League Limited, The Football Association Limited and The Football Association Premier League Limited. The venture was formed for the provision of referees and refereeing services to The Football League, The Football Association and The Football Association Premier League.

The Football League Limited has provided a guarantee in respect of the liabilities of Professional Game Match Officials Limited to a sum not exceeding £1,731,811 was payable by the company to Professional Game Match Officials Limited. At the year end £68,874 was outstanding.

Football DataCo and Professional Match Officials Limited both have a 31 July year-end and the following financial information, which is in respect of the company's share of their results and incorporated within these financial statements, is derived from unaudited management accounts for the year to 30 June 2006.

	Football DataCo Limited		Professional Game Match Officials Limited	
	2006	2005	2006	2005
	£	£	£	£
Company share of results				
Turnover	2,372,858	2,102,320	1,769,132	1,707,762
Operating loss	(29,555)	(52,251)	(6,876)	(10,394)
Interest receivable and similar income	30,591	53,307	9,887	14,809
Profit before taxation	1,036	1,056	3,011	4,415
Taxation	-	-	-	(257)
Profit after taxation	1,036	1,056	3,011	4,158
Company share of				
Current assets	1,634,217	1,655,371	654,751	938,943
Current liabilities - due within one year	(1,629,982)	1,652,172	(619,926)	(907,129)
Share of net assets	4,235	3,199	34,825	31,814

13 DEBTORS

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Amounts falling due within one year				
Trade debtors	4,872,158	4,810,286	4,040,909	3,626,752
Club loans	3,261,250	-	3,261,250	-
Other debtors	131,580	15,957	131,580	15,957
Prepayments and accrued income	2,713,711	1,588,509	2,713,711	1,588,509
VAT receivable	-	38,809	-	-
Amounts owed by subsidiary undertakings	-	-	327,854	863
Amounts owed by joint venture undertaking	858,734	351,250	858,734	351,250
	11,837,433	6,804,811	11,334,038	5,583,331
Amounts falling due after more than one year				
Club loans	4,194,080	-	4,194,080	-
	16,031,513	6,804,811	15,528,118	5,583,331

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

	Group 2006 £	2005 £	Company 2006 £	2005 £
14. CREDITORS (amounts falling due within one year)				
Trade creditors	3,732,259	4,141,917	2,940,681	3,364,454
Ground improvement levies held	332,580	334,024	332,580	334,024
Other creditors	4,103,380	10,050,759	4,103,380	9,385,412
Accruals and deferred income	8,120,112	3,675,575	8,120,112	3,675,575
Other taxation and social security	70,050	65,176	54,054	57,482
VAT payable	413,354	255,387	406,170	255,387
Corporation tax	45,000	45,000	45,000	45,000
Amounts due to subsidiary undertaking	—	—	348,974	—
	16,816,735	18,567,838	16,350,951	17,117,334

Ground improvement levies held are repayable on application in accordance with the Articles of Association and Regulations of The Football League Limited

	Group 2006 £	2005 £	Company 2006 £	2005 £
15 CREDITORS (amounts falling due after more than one year)				
Accruals and deferred income	5,963,373	295,480	5,600,000	—

16. PENSION LIABILITY

The company has adopted FRS 17 'Retirement Benefits' for the first time and has, as a consequence, been required to change the accounting treatment of pensions and the prior year results have been restated as follows

	Deferred tax £	Pension liability £	Group profit & loss account £	Company profit & loss account £
Group and company balance sheet				
As at 30 June 2005 as previously reported	—	—	121,572	317,889
FRS 17 adoption	47,120	(248,000)	(200,880)	(200,880)
At 30 June 2005 as restated	47,120	(248,000)	(79,308)	117,009
	Staff costs £	Other finance income £	Taxation £	Loss for the financial year £
Group profit and loss account				
As previously reported	(2,220,551)	—	23,444	(231,864)
FRS 17 adoption	35,000	34,000	(13,110)	55,890
As restated	(2,185,551)	34,000	10,334	(175,974)

If FRS 17 had not been adopted in 2006, profit before tax would have decreased by £127,000 and profit after tax would have decreased by £102,870

16. PENSION LIABILITY (Contd)

The company operates a pension scheme providing benefits based on final pensionable salaries. The assets of the scheme are held in a separate trustee administered fund. The latest full actuarial valuation was carried out at 1 August 2004 and was updated for FRS 17 purposes for the periods to 30 June 2006 and 30 June 2005 by a qualified independent actuary.

The actuarial valuation showed that the market value of the scheme's assets at 1 August 2004 was £2,493,000 and that the actuarial value of those assets represented 90% of the benefits that had accrued to members after allowing for expected future increases in earnings. The contribution rate recommended by the actuary in order to eliminate this deficit over the average future working lifetime of members was 23.4% (17.9% for employers and 5.5% for employees effective from 1 August 2005).

The major assumptions used in the 2006 valuation were	At 30 June 2006	At 30 June 2005	At 30 June 2004
Salary escalation rate	3.5%	3.25%	3.75%
Rate of increase in pensions in payment and deferred pensions	2.5%	2.25%	3.0%
Rate used to discount scheme liabilities	5.5%	5.25%	5.75%
Inflation assumption	2.5%	2.25%	3.0%

The assets of the scheme and the present value of the scheme's liabilities were	2006 £	2005 £	2004 £
Market value of with profit deposit administration policy	3,226,000	2,753,000	2,460,000
Present value of scheme liabilities	(3,316,000)	(3,001,000)	(2,280,000)
Net pension (liability) / asset before deferred tax	(90,000)	(248,000)	180,000
Deferred tax at 19%	17,100	47,120	(34,200)
Net pension (liability) / asset	(72,900)	(200,880)	145,800

The long term expected rate of return expected at 30 June 2006 is 7% per annum (30 June 2005 and 30 June 2004 7% per annum)

Movement in (deficit) / surplus during the year	2006 £	2005 £	2004 £
(Deficit) / surplus in the scheme at 1 July	(248,000)	180,000	210,000
Current service costs	(171,000)	(173,000)	(160,000)
Contributions	258,000	208,000	190,000
Other finance income	40,000	34,000	50,000
Actuarial gain / (loss)	31,000	(497,000)	(110,000)
(Deficit) / surplus in scheme at 30 June	(90,000)	(248,000)	180,000

Analysis of the other pension costs charged to operating profit	2006 £	2005 £
Current service cost and total operating charge	171,000	173,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

16 PENSION LIABILITY (Contd)	2006	2005
Analysis of the amount recognised in statement of total recognised gains and losses (STRGL)	£	£
Actual return less expected return on pension scheme assets	8,000	(167,000)
Experience gains and losses arising on the scheme liabilities	–	(330,000)
Changes in assumptions underlying the present value of the scheme liabilities	23,000	–
Actuarial gain recognised in STRGL	31,000	(497,000)

History of experience gains and losses	2006 £	2005 £	2004 £
Difference between the expected and actual return on scheme assets			
Amount	8,000	(167,000)	(110,000)
Percentage of scheme assets	0%	6%	4%
Experience gains and losses on scheme liabilities			
Amount	–	(330,000)	–
Percentage of present value of scheme liabilities	0%	11%	0%
Total actuarial gain recognised in statement of total recognised gains and losses			
Amount	31,000	(497,000)	(110,000)
Percentage of present value of scheme liabilities	1%	17%	5%

17 CALLED UP SHARE CAPITAL	2006	2005
	£	£
Called up, allotted and nil paid		
72 ordinary shares of 5p each	–	–
Authorised 100 ordinary shares of 5p each	5	5

18. PROFIT AND LOSS ACCOUNT	Group	Company
	£	£
At 1 July 2005 (as previously reported)	543,734	317,889
Prior year adjustment (see note 16)	(200,880)	(200,880)
At 1 July 2005 (as restated)	342,854	117,009
Profit for the year	1,121	1,977
	343,975	118,986
Actuarial gain recognised	31,000	31,000
Deferred tax arising on actuarial gain	(5,890)	(5,890)
At 30 June 2006	369,085	144,096

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

The Group	2006 £	2005 £
Opening shareholders surplus (as previously stated)	543,734	810,778
Prior year adjustment	(200,880)	145,800
Revised opening shareholders (deficit)/funds	342,854	956,578
Profit / (loss) for the financial year	1,121	(211,154)
Actuarial gains / (losses) on company pension scheme	25,110	(402,570)
Closing shareholders deficit	369,085	342,854

20. RECONCILIATION OF OPERATING LOSS TO NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating loss	(461,623)	(585,993)
Depreciation	86,949	92,081
Goodwill amortisation	(35,142)	(35,142)
Increase in debtors	(9,226,702)	(1,310,200)
Increase in creditors and deferred income	3,839,990	7,440,882
Net cash (outflow) / inflow from operating activities	(5,796,528)	5,601,628

21. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2006 £	2005 £
Returns on investments and servicing of finance		
Interest receivable and other similar income	454,908	341,732
Interest paid	(22,281)	(6,379)
Net cash outflow for returns on investments and servicing of finance	432,627	335,353
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	43,279	55,201
Receipts from sale of tangible fixed assets	-	-
Net cash outflow from capital expenditure and financial investment	43,279	55,201

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2006

22. FINANCIAL COMMITMENTS

Capital commitments

There were no capital commitments contracted for but not provided for at 30 June 2006 (2005: £nil)

Operating lease commitments

At 30 June 2006, the Group was committed to making the following payments during the next year in respect of operating leases

	2006 Land & buildings £	2006 Other £	2005 Land & buildings £	2005 Other £
Group and company				
Leases which expire				
- Within one year	53,000	7,533	-	-
- In between one and five years	47,520	18,572	47,520	34,604
- In more than five years	61,100	-	91,100	-
	161,620	26,105	138,620	34,604

23 RELATED PARTY TRANSACTIONS

By the company's nature and in accordance with its rules, The Football League enters into transactions in the normal course of business with its Member Clubs. Payments made to the Football League Member Clubs are included in external charges.

All other transactions requiring disclosure under the requirements of Financial Reporting Standard 8 'Related party disclosures' are shown in note 12.