

The Football League Limited

Annual report and consolidated financial statements

Registered number 80612

30 June 2016



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Officers and professional advisors

DIRECTORS

P J Barber
S R Bowker CBE
C Crown
S Gamble
S A Harvey
D A Jevans CBE
I F Lenagan
J D Moxey
J L Nixon
J R Rodwell

SECRETARY

T S Detko

REGISTERED OFFICE

Edward VII Quay
Navigation Way
Preston
PR2 2YF

BANKER

Barclays Bank PLC
PO Box 378
71 Grey Street
Newcastle upon Tyne
NE99 1JP

AUDITOR

KPMG LLP
Edward VII Quay
Navigation Way
Preston
PR2 2YF

Strategic Report

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

REVIEW OF THE BUSINESS

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.

Other activities performed within the Group include the exploitation of certain internet, mobile and other commercial rights granted by The Football League Limited and by a number of football clubs that compete in the English Football League ("EFL"), the Premier League and the National League to EFL Digital Limited.

On 9 June 2016, the Company rebranded from the Football League to EFL and on 5 July 2016, the Company's subsidiary, FL Interactive Limited changed its name to EFL Digital Limited.

Attendances at EFL matches increased marginally in 2015/16 to 16.37 million compared to 16.32 million in the previous season. Capital One Cup attendances at 1.4m were 12% up on the previous season whilst Johnstone's Paint Trophy attendances decreased by 3% to 213,815 in 2015/16.

The 2015/16 season was the third year of the EFL's title sponsorship partnership with Sky Bet. Capital One completed its fourth and final year of sponsoring the League Cup whilst Johnstone's Paint ended its sponsorship of the League Trophy after a relationship lasting 10 years.

On the broadcasting front, Sky Sports continue to be the EFL's domestic broadcast partner with the current agreement running through to 2018/19, with the EFL having an option to extend the deal for a further season. In relation to overseas rights, Pitch International acquired these for the 5 seasons ending in 2016/17.

In 2014, Queens Park Rangers ("QPR") launched a legal challenge against EFL's Financial Fair Play ("FFP") rules based on the application of the FFP rules in relation to the 2013/14 season. No settlement has yet been reached between the EFL and QPR and proceedings are ongoing.

FINANCIAL REVIEW

Profit and Loss Account

Group and joint venture's turnover for the year is £131.8m, which was £29.4m higher than in 2015 representing a 28.7% year on year increase.

Overall the Group's total costs including payments made to member clubs increased by £28.3m (28.4%) to £128.0m in 2015/16. Distributions payable to member clubs of The Football League have increased by £22.7m to £103.6m.

Balance Sheet

Net liabilities at 30 June 2016 amounted to £2,284,000 compared to £972,000 at 30 June 2015. The increase in liabilities is due to the actuarial losses of £1,327,000 arising on the company's defined benefit pension scheme being slightly offset by the retained profits of £15,000. The actuarial loss has arisen as a result of changes in the actuarial assumptions and actual experience differing from the previously made actuarial assumptions. Further information in relation to the company's defined benefit pension scheme can be found in note 16 of these financial statements.

Cash Flow

The Group generated a cash inflow from operating activities in the year of £1,842,000 (2015: £89,000). After net interest earnings of £503,000 and net capital expenditure of £2,374,000, the Group's cash balances decreased by £29,000 to £42,362,000 at 30 June 2016.

Strategic Report *(continued)*

KEY PERFORMANCE INDICATORS

The Group has set specific business objectives which are monitored using a number of key performance indicators ("KPIs"). The relevant KPIs for this report are detailed below:

	2016 £'000	2015 £'000
Financial KPIs:		
Broadcasting Revenues	101,547	76,254
Sponsorship Revenues	15,402	13,320
Revenues from Club branded audio and/or visual services ("Player")	3,008	2,820
Club distributions	103,560	80,039
	2016 No.	2015 No.
Non-financial KPIs:		
Average League Match Attendance	9,882	9,855
Subscribers for Club branded audio and/or visual services ("Player")	80,167	75,200
Average Number of Employees	71	70
Number of Employees at year end	70	74

PRINCIPAL RISKS AND UNCERTAINTIES

The Group recognises that effective risk management is fundamental to achieving its business objectives. Risk management contributes to the success of the business by identifying opportunities and anticipating risks in order to improve business performance and fulfil the Group's contractual obligations.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the board of directors. The Group does not use derivative financial instruments for speculative purposes.

Cash flow risk

Interest bearing assets and liabilities are held at fixed rate to ensure certainty of cash flows.

The Group's activities do not expose it to material financial risks of changes in interest rates.

Credit risk

The Group's principal financial assets are cash and trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Credit risk is also managed through a thorough due diligence process prior to completion of all contract agreements in addition to a strict credit control policy.

Strategic Report *(continued)*

Liquidity risk

To ensure that sufficient funds are available for ongoing operations and future developments, the company maintains a strong invoicing and credit control policy.

FUTURE DEVELOPMENTS

The directors expect the general level of activity within the business to remain consistent with 2015/16 in the forthcoming year. Details of significant events since the balance sheet date are contained in note 22 to the financial statements.

T.S. Detko

T S Detko
Secretary

Edward VII Quay
Navigation Way
PRESTON
PR2 2YF
13 October 2016

Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 30 June 2016.

GOING CONCERN

The directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 of the financial statements.

DIVIDENDS

The directors do not recommend the payment of a dividend (2015: *£nil*).

STRATEGIC REPORT

Disclosures required by s416(4) of the Companies Act 2006 which have been included within the Strategic Report on pages 2 to 4 are:

- Financial risk management objectives and policies;
- Future developments; and
- Events which have occurred since the end of the financial year.

DIRECTORS AND THEIR INTERESTS

The current directors of the company are listed on page 2. The directors who served since the start of the year are listed below:

A J Ambler	(resigned 1 October 2016)
P J Barber	(appointed 19 June 2016)
S R Bowker CBE	
G A Clarke	(resigned 10 June 2016)
C Crown	(appointed 24 June 2016)
S Gamble	(appointed 1 October 2016)
S A Harvey	
D A Jevans CBE	
K Lamb	(resigned 9 May 2016)
I F Lenagan	(resigned 3 June 2016, re-appointed 10 June 2016)
J D Moxey	
J L Nixon	(appointed 10 June 2016)
J R Rodwell	

DISCLOSURE OF INFORMATION TO AUDITOR

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 auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

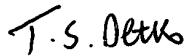
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Directors' Report *(continued)*

AUDITOR

In accordance with Section 485 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the board of directors and signed on behalf of the board.



T S Detko
Secretary

Edward VII Quay
Navigation Way
PRESTON
PR2 2YF
13 October 2016

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 group and company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and 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 2006. 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.



KPMG LLP
Edward VII Quay
Navigation Way
Preston
PR2 2YF
United Kingdom

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

We have audited the financial statements of the Football League Limited for the year ended 30 June 2016 set out on pages 10 to 36. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 30 June 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Independent auditor's report to the members of the Football League Limited
(continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.



Hywel Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Edward VII Quay, Navigation Way, Preston, PR2 2YF

17 October 2016

Consolidated profit and loss account and other comprehensive income
For the year ended 30 June 2016

	Note	2016 £	2015 £
Group and joint venture's turnover		131,811,825	102,438,545
Less: share of joint venture's turnover		(4,020,823)	(3,166,890)
Group turnover	3	127,791,002	99,271,655
Other operating income		127,533	301,303
External charges		(106,028,746)	(80,482,773)
Staff costs	4	(4,202,329)	(4,110,630)
Other operating charges		(17,783,544)	(15,115,573)
Group operating loss	6	(96,084)	(136,018)
Share of net operating (loss)/profit in joint venture and associate		(244,412)	138,311
Total operating (loss)/profit		(340,496)	2,293
Net interest receivable and similar income			
- Group	7	506,138	390,668
- Joint venture and associate		6,111	7,128
Other finance expenses	8	(137,000)	(113,000)
Profit on ordinary activities before taxation		34,753	287,089
Tax on profit on ordinary activities	9		
- Group		(19,632)	(87,954)
- Joint venture and associate		(109)	(20,028)
Profit for the financial year		15,012	179,107
Other comprehensive income			
Re-measurement of the defined benefit liability	16	(1,618,000)	(926,000)
Deferred tax on the re-measurement of the defined benefit liability		291,240	216,000
Other comprehensive income for the year, net of tax		(1,326,760)	(710,000)
Total comprehensive income for the year		(1,311,748)	(530,893)

All the above results derive from continuing operations.

**Consolidated Balance Sheet
As at 30 June 2016**

	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
<i>Intangible assets</i>					
Negative goodwill	10		(35,138)		(70,280)
Other intangibles	10		823,120		1,651,466
Tangible assets	11		2,425,616		93,564
<i>Investments</i>					
Investments in joint ventures					
Share of gross assets	12	2,279,334		1,923,145	
Share of gross liabilities	12	(2,268,578)		(1,912,712)	
			10,756		10,433
Other investments	12		141,023		379,756
			3,365,377		2,064,939
Current assets					
Debtors	13	19,958,663		23,534,087	
Cash at bank and in hand		42,361,898		42,390,674	
		62,320,561		65,924,761	
Creditors: amounts falling due within one year	14	(54,574,496)		(47,468,086)	
Net current assets			7,746,065		18,456,675
Total assets less current liabilities			11,111,442		20,521,614
Creditors: amounts falling due after more than one year	15		(9,023,285)		(18,710,709)
Net assets excluding pension liability			2,088,157		1,810,905
Provisions for liabilities					
Pension liability	16		(4,372,000)		(2,783,000)
Net liabilities			(2,283,843)		(972,095)
Capital and reserves					
Called up share capital	17		-		-
Profit and loss account			(2,283,843)		(972,095)
Equity shareholders' deficit			(2,283,843)		(972,095)

These financial statements were approved by the Board of Directors on 13 October 2016.

Signed on behalf of the Board of Directors

I F Lenagan

Director

Company Number 80612



Company Balance Sheet
As at 30 June 2016

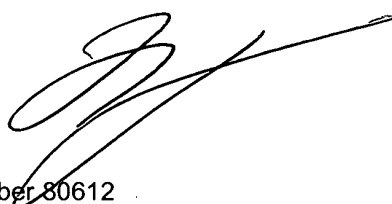
	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Intangible assets:					
Other intangibles	10		10,417		26,075
Tangible assets	11		2,425,616		93,564
Investments	12		550		550
			<u>2,436,583</u>		<u>120,189</u>
Current assets					
Debtors	13	19,393,709		22,544,528	
Cash at bank and in hand		40,724,862		42,020,908	
		<u>60,118,571</u>		<u>64,565,436</u>	
Creditors: amounts falling due within one year	14	<u>(52,534,772)</u>		<u>(45,205,117)</u>	
Net current assets			<u>7,583,799</u>		<u>19,360,319</u>
Total assets less current assets			<u>10,020,382</u>		<u>19,480,508</u>
Creditors: amounts falling due after more than one year	15		<u>(9,023,285)</u>		<u>(18,710,709)</u>
Net assets excluding pension liability			<u>997,097</u>		<u>769,799</u>
Provisions for liabilities					
Pension liability	16		<u>(4,372,000)</u>		<u>(2,783,000)</u>
Net liabilities			<u>(3,374,903)</u>		<u>(2,013,201)</u>
Capital and reserves					
Called up share capital	17		-		-
Profit and loss account			<u>(3,374,903)</u>		<u>(2,013,201)</u>
Equity shareholders' deficit			<u>(3,374,903)</u>		<u>(2,013,201)</u>

These financial statements were approved by the Board of Directors on 13 October 2016.

Signed on behalf of the Board of Directors

I F Lenagan
Director

Company Number 80612



Consolidated Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 July 2014	-	(441,202)	(441,202)
Effect of change in accounting policy	-	-	-
Balance at 1 July 2014 restated	-	(441,202)	(441,202)
Total comprehensive income for the period			
Profit for the financial year	-	179,107	179,107
Other comprehensive income:			
Re-measurement of the net defined benefit liability	-	(926,000)	(926,000)
Deferred tax on defined benefit liability	-	216,000	216,000
Total comprehensive income for the period	-	(530,893)	(530,893)
Balance at 30 June 2015	-	(972,095)	(972,095)

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 July 2015	-	(972,095)	(972,095)
Total comprehensive income for the period			
Profit for the financial year	-	15,012	15,012
Other comprehensive income:			
Re-measurement of the defined benefit liability	-	(1,618,000)	(1,618,000)
Deferred tax on defined benefit liability	-	291,240	291,240
Total comprehensive income for the period	-	(1,311,748)	(1,311,748)
Balance at 30 June 2016	-	(2,283,843)	(2,283,843)

Company Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 July 2014	-	(1,332,194)	(1,332,194)
Effect of change in accounting policy	-	-	-
Balance at 1 July 2014 restated	-	(1,332,194)	(1,332,194)
Total comprehensive income for the period			
Profit for the financial year	-	28,993	28,993
Other comprehensive income:			
Re-measurement of the net defined benefit liability	-	(926,000)	(926,000)
Deferred tax on defined benefit liability	-	216,000	216,000
Total comprehensive income for the period	-	(681,007)	(681,007)
Balance at 30 June 2015	-	(2,013,201)	(2,013,201)

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 July 2015	-	(2,013,201)	(2,013,201)
Total comprehensive income for the period			
Loss for the financial year	-	(34,942)	(34,942)
Other comprehensive income:			
Re-measurement of the defined benefit liability	-	(1,618,000)	(1,618,000)
Deferred tax on defined benefit liability	-	291,240	291,240
Total comprehensive income for the period	-	(1,361,702)	(1,361,702)
Balance at 30 June 2016	-	(3,374,903)	(3,374,903)

Consolidated Cash Flow Statement
for year ended 30 June 2016

	2016	2015
	£000	£000
Cash flows from operating activities		
Profit for the year	15,012	179,107
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	835,581	916,546
Net interest receivable and similar income	(512,249)	(397,796)
Other finance expenses	137,000	113,000
Share of net operating loss/(profit) in joint venture	244,412	(138,311)
Taxation	19,741	107,982
Decrease/(increase) in trade and other debtors	3,957,707	(7,524,860)
(Decrease)/increase in trade and other creditors	(2,868,409)	6,837,033
Tax received/(paid)	13,472	(4,092)
Net cash from operating activities	1,842,267	88,609
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	6,750	-
Interest received	503,386	348,203
Acquisition of tangible fixed assets	(2,381,179)	(52,621)
Net cash from investing activities	(1,871,043)	295,582
Cash flows from financing activities		
Interest paid	-	(8,174)
Net cash from financing activities	-	(8,174)
Net (decrease)/increase in cash and cash equivalents	(28,776)	376,017
Cash and cash equivalents at 1 July 2015	42,390,674	42,014,657
Cash and cash equivalents at 30 June 2016	42,361,898	42,390,674

Notes to the financial statements

For the year ended 30 June 2016

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the group's financial statements.

Basis of preparation

The Football League Limited (the "Company") is a Company limited by shares and incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 3 to 5.

The functional currency of The Football League Limited is considered to be pounds sterling because that is the primary economic environment in which the Company operates.

The financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial reporting Standard* applicable in the UK and Republic of Ireland ("FRS102") as issued in August 2014. The amendments to FRS102 issued in July 2015 and effective immediately have been applied.

An explanation of how the transition to FRS102 has affected financial position and financial performance of the Company is provided in note 24.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS102. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to 1 July 2014 have not been restated.
- Separate financial instruments – carrying amount of the Company's cost of investment in subsidiaries/associates, joint venture is its deemed cost at 1 July 2014.
- Lease incentives – for leases commenced before 1 July 2014 the Company continued to account for lease incentives under previous UK GAAP.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Notes (continued)

1. ACCOUNTING POLICIES (continued)

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

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 and the Directors' Report further describe the financial position of the group, its cash flows, liquidity position and borrowing facilities; the group's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposure to credit risk and liquidity risk.

The group has net liabilities of £2,283,843 as at 30 June 2016. The Group makes distributions to its members after accounting for all known and future costs and as a result is able to successfully manage its day to day obligations and cash resources. The financial statements have been prepared on a going concern basis which the directors believe to be appropriate given the group's business activities, together with the factors likely to affect its future development, performance and position as set out in the Strategic Report on pages 3 to 5.

As a consequence, the directors believe that the group is well placed to manage its business risks successfully. The directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Intangible assets – negative goodwill

Negative goodwill arising on the acquisition in 2004 of EFL Digital Limited (formerly 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, assessed by the directors as 13 years.

Intangible assets - Website research and development costs

Website research expenditure is written off as incurred. In accordance with FRS 102, website design and development costs have been restated in the accounting period and are now capitalised as intangible assets, having previously been capitalised as tangible fixed assets, only to the extent that the directors are satisfied as to the technical, commercial and financial viability of the individual project. If there is insufficient evidence on which to base reasonable estimates of the economic benefits that will be generated in the period until the design and content are next updated, the costs of developing the design and content are charged to the profit and loss account as incurred.

Capitalised intangible fixed assets are stated at cost, net of amortisation and any provision for impairment. Amortisation on intangible fixed assets is calculated on a straight line basis and aims to write down their cost over the period during which the company is expected to benefit as follows:

Website Development Costs	3 to 5 years
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Notes (continued)

1. ACCOUNTING POLICIES (continued)

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	Period of lease
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.

In the group financial statements, investments in associates are accounted for using the equity method. 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 statement of changes in equity.

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.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

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.

Taxation

The taxation charge for the year is detailed in note 9.

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

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Notes (continued)

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

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.

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.

Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

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.

2. CONSOLIDATED FINANCIAL STATEMENTS

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year amounted to £34,942 (2015: £28,993 profit).

3. TURNOVER

Turnover arises from the activities of organising and promoting annual League Football competitions.

The amount of barter transactions for goods and other services recognised in turnover is £1,645,667 (2015: £580,376).

All turnover arises in the United Kingdom, with the exception of £12,069,640 (2015: £10,927,064) which arises from the sale of television rights to worldwide broadcasters for worldwide transmission.

4. STAFF COSTS

	2016 £	2015 £
Staff costs during the year (including directors):		
Wages and salaries	3,503,478	3,452,844
Social security costs	402,590	405,442
Other pension costs	296,261	252,344
	<u>4,202,329</u>	<u>4,110,630</u>

The average monthly number of employees was 71 (2015: 70).

Notes (continued)

5. DIRECTORS' REMUNERATION

	2016 £	2015 £
The total amounts for directors' remuneration and other benefits were as follows:		
Salaries	458,510	410,687

Pension contributions of £26,000 (2015: £20,500) were made on behalf of the directors.

Remuneration of the highest paid director:

	2016 £	2015 £
Aggregate emoluments	338,448	306,937

The highest paid director is a member of the Company's defined contribution pension scheme and during the year pension contributions of £26,000 (2015: £20,500) were made on behalf of the director.

6. EXPENSES AND AUDITOR'S REMUNERATION

	2016 £	2015 £
Operating loss is stated after charging/(crediting):		
Fees payable to the Company's auditor for the audit of the annual accounts		
- Group	38,900	38,130
- Company	31,700	31,130
Fees payable to the Company's auditor for other services to the Group		
- Corporation tax compliance	12,807	5,550
- Other services	6,100	1,800
Depreciation of tangible fixed assets	49,127	81,114
Amortisation of negative goodwill	(35,142)	(35,142)
Amortisation of other intangible fixed assets	828,346	851,473

7. NET INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £	2015 £
Interest receivable	506,138	398,842
Interest payable	-	(8,174)
	506,138	390,668

8. OTHER FINANCE EXPENSES

	2016 £	2015 £
Expected return on pension scheme assets	34,000	34,000
Interest on pension scheme liabilities	103,000	79,000
	137,000	113,000

Notes (continued)

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016 £	2015 £
<i>Current tax:</i>		
UK corporation tax	135,924	38,862
Adjustments in respect of prior periods	(28,015)	-
Total current tax	107,909	38,862
<i>Deferred tax:</i>		
Origination/reversal of timing differences	(379,530)	(166,908)
Total deferred tax	(379,530)	(166,908)
Total tax	(271,621)	(128,046)

	2016 £000	£000	£000	2015 £000	£000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	107,922	(88,290)	19,632	38,862	49,092	87,954
Recognised in other comprehensive income	-	(291,240)	(291,240)	-	(216,000)	(216,000)
Total tax	107,922	(379,530)	(271,608)	38,862	(166,908)	(128,046)

The corporation tax charge for the current period is different than that resulting from applying the standard rate of corporation tax in the UK. The differences are explained below:

	2016 £	2015 £
Profit for the year	15,012	179,107
Total tax expense	19,632	87,954
Profit before taxation	34,644	267,061
Tax on profit on ordinary activities at 20% (2015: 20%)	6,929	53,412
Non-deductible expenses	4,995	8,508
Over provided in previous years	(28,003)	-
Reduction in deferred tax rate	6,120	-
Other	29,591	26,034
	19,632	87,954

Notes (continued)

9. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax balances as at 30 June 2016 have been calculated based on these rates. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

10. INTANGIBLE FIXED ASSETS

The Group	Website Develop- ment costs £	Internet and media rights £	Negative Goodwill £	Total £
Cost				
At 1 July 2015 and 30 June 2016	3,915,169	1	(456,842)	3,458,328
Amortisation				
At 1 July 2015	2,263,704	-	(386,562)	1,877,142
Negative goodwill written back	-	-	(35,142)	(35,142)
Amortisation charge	828,346	-	-	828,346
At 30 June 2016	3,092,050	-	(421,704)	2,670,346
Net book value				
At 30 June 2016	823,119	1	(35,138)	787,982
At 30 June 2015	1,651,465	1	(70,280)	1,581,186

Negative goodwill arising on the acquisition of EFL Digital Limited (formerly 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.

The Company	Website Develop- ment costs £	Total £
Cost		
At 1 July 2015 and 30 June 2016	122,600	122,600
Amortisation		
At 1 July 2015	96,525	96,525
Amortisation charge	15,658	15,658
At 30 June 2016	112,183	112,183
Net book value		
At 30 June 2016	10,417	10,417
At 30 June 2015	26,075	26,075

Notes (continued)

11. TANGIBLE FIXED ASSETS

The Group	Improvements to short leasehold premises £	Equipment £	Land & Buildings £	Total £
Cost				
At 1 July 2015	139,997	1,076,548	-	1,216,545
Additions	-	69,258	2,311,921	2,381,179
Disposals	-	(6,750)	-	(6,750)
At 30 June 2016	139,997	1,139,056	2,311,921	3,590,974
Depreciation				
At 1 July 2015	128,587	994,394	-	1,122,981
Charge for the year	7,607	41,520	-	49,127
Disposals	-	(6,750)	-	(6,750)
At 30 June 2016	136,194	1,029,164	-	1,165,358
Net book value At 30 June 2016	3,803	109,892	2,311,921	2,425,616
At 30 June 2015	11,410	82,154	-	93,564

The Company	Improvements to short leasehold premises £	Equipment £	Land & Buildings £	Total £
Cost				
At 1 July 2015	139,997	1,072,669	-	1,212,666
Additions	-	69,258	2,311,921	2,381,179
Disposals	-	(6,750)	-	(6,750)
At 30 June 2016	139,997	1,135,177	2,311,921	3,587,095
Depreciation				
At 1 July 2015	128,587	990,515	-	1,119,102
Charge for the year	7,607	41,520	-	49,127
Disposals	-	(6,750)	-	(6,750)
At 30 June 2016	136,194	1,025,285	-	1,161,479
Net book value At 30 June 2016	3,803	109,892	2,311,921	2,425,616
At 30 June 2015	11,410	82,154	-	93,564

Notes *(continued)*

12. FIXED ASSET INVESTMENTS

The Group	Joint venture undertaking £	Associate undertaking £	Total £
Cost and net book value			
At 1 July 2015	10,433	379,756	390,189
Share of profit/(loss)	323	(238,733)	(238,410)
At 30 June 2016	10,756	141,023	151,779

The Company	Shares in subsidiaries £
Cost and Net Book Value	
At 1 July 2015 and 30 June 2016	550

The company wholly owns the following subsidiary undertakings, each of which is registered in England and Wales and incorporated in Great Britain. These companies are included within the consolidated figures presented as part of these financial statements.

Subsidiary undertakings	Activity	Proportion of ordinary shares
EFL Digital Limited	Provision of internet websites	100%
The Football League Trust Limited	Dormant	100%

The Football League (Community) Limited is a wholly owned charitable subsidiary of The Football League Trust Limited and is registered in England and Wales and incorporated in Great Britain. Its main activities are to promote the participation of the general public in football by supporting community based facilities and activities hosted by football clubs. It has been excluded from consolidation on the grounds that The Football League (Community) Limited and The Football League Limited do not meet the criteria for a parent and subsidiary undertaking relationship to exist. The total income of Football League (Community) Limited for the year ended 30 June 2016 was £17,414,956 (2015: £16,936,716) with distributions and expenditure totalling £16,943,727 (2015: £16,425,276). Unrestricted funds as at 30 June 2016 amounted to £1,689,380 (2015: £1,218,151). £34,917 (2015: £50,575) was payable by The Football League (Community) Limited to The Football League Limited at the year-end which is held within other debtors.

FLT Community Trading Limited is a wholly owned trading subsidiary of The Football League (Community) Limited and is registered in England and Wales and incorporated in Great Britain. FLT Community Trading Limited received funds from a commercial partner which were distributed to the community schemes on the partner's behalf, throughout the year, with any surplus gifted to The Football League (Community) Limited. Consolidated accounts, at a Football League (Community) Limited level, are prepared and filed at Companies House, Crown Way, Cardiff, CF14 3UZ. The total turnover of FLT Community Trading Limited for the year ended 30 June 2016 was £442,000 (2015: £305,000) with distributions and expenditure totalling £373,486 (2015: £253,789).

The operating profit of £68,514 (2015: £51,211) was gifted to The Football League (Community) Limited.

There were no amounts payable or receivable at the year-end between The Football League Limited and FLT Community Trading Limited.

Notes (continued)

12. FIXED ASSET INVESTMENTS (continued)

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 has a year end of 31 July. The company was formed on 3 May 2001 and established to develop and maximise profits from the two League's 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.

£2,097,490 was payable by Football DataCo Limited to the company in the year. At the year-end £730,211 was outstanding (2015: £1,149,444).

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 company has a year end of 31 July. 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.

£2,893,904 was payable by the company to Professional Game Match Officials Limited. At the year-end £266,971 was outstanding (2015: £205,511 due to the Company by Professional Game Match Officials Limited).

Football DataCo Limited and Professional Game Match Officials Limited both have a year end of 31 July 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 2016.

	Football DataCo Limited		Professional Game Match Officials Limited	
	2016	2015	2016	2015
	£	£	£	£
Company share of results				
Turnover	4,020,823	3,166,890	3,762,566	3,660,261
Operating (loss)/profit	(3,554)	(3,645)	(240,858)	141,956
Interest receivable and similar income	3,986	4,114	2,125	3,014
Profit before taxation	432	469	(238,733)	144,970
Taxation	(109)	(158)	-	(19,870)
Profit after taxation	323	311	(238,733)	125,100
Company share of:				
Fixed assets	-	-	82,237	74,574
Current assets	2,279,334	1,923,145	1,506,732	2,907,029
Current liabilities – due within one year	(2,268,578)	(1,912,712)	(1,447,946)	(2,601,847)
Share of net assets	10,756	10,433	141,023	379,756

Notes (continued)

13. DEBTORS

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Amounts receivable within one year:				
Trade debtors	4,123,501	14,494,277	3,887,621	13,872,086
Other debtors	92,243	357,121	92,243	357,121
Prepayments and accrued income	13,345,107	6,553,515	13,123,798	6,179,711
VAT receivable	527,905	126,452	453,999	-
Deferred tax asset	149,170	-	-	-
Amounts owed by subsidiary undertaking	-	-	115,311	132,888
Amounts owed by joint venture undertaking	730,211	1,149,444	730,211	1,149,444
	<u>18,968,137</u>	<u>22,680,809</u>	<u>18,403,183</u>	<u>21,691,250</u>
Amounts receivable after more than one year:				
Prepayments and accrued income	203,566	296,678	203,566	296,678
Deferred tax asset	786,960	556,600	786,960	556,600
	<u>19,958,663</u>	<u>23,534,087</u>	<u>19,393,709</u>	<u>22,544,528</u>

The Deferred tax asset is made up of deferred tax on the Company pension scheme of £786,960 (2015: £556,600) in addition to a deferred tax asset in the Company's subsidiary relating to the difference between capital allowances and amortisation of £149,170 (2015: £nil).

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	9,443,398	6,933,424	7,959,751	5,828,857
Ground improvement levies held	31,731	33,325	31,731	33,325
Amounts due to subsidiary undertaking	-	-	227,235	865
Other creditors	10,083,237	8,140,905	10,083,237	8,140,905
Corporation Tax	160,256	38,862	24,345	24,332
Other taxation and social security	903	126,966	-	112,112
VAT Payable	-	88,129	-	88,129
Accruals and deferred income	34,854,971	32,106,475	34,208,473	30,976,592
	<u>54,574,496</u>	<u>47,468,086</u>	<u>52,534,772</u>	<u>45,205,117</u>

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

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Accruals and deferred income	9,023,285	18,710,709	9,023,285	18,710,709

Notes (continued)

16. PENSION COMMITMENTS

Defined benefit scheme

The group operates a defined benefit pension scheme in the UK for all qualifying employees, which was closed to new entrants from 1 March 2010. A full actuarial valuation was carried out as at 1 August 2013 and the results have been updated to 30 June 2016 by a qualified actuary, independent of the scheme's sponsoring employer.

The group currently pays contributions at the rate of 9.2% of pensionable pay in addition to monthly deficit contributions of £12,333. Member contributions are payable in addition at the rate of 6.5% of pensionable pay.

Net pension liability

	2016 £	2015 £	2014 £
Defined benefit obligation	(10,057,000)	(8,948,000)	(7,546,000)
Fair value of scheme assets	5,685,000	6,165,000	5,618,000
Net pension liability	4,372,000	2,783,000	1,928,000

Movement in present value of defined benefit obligation:

	2016 £	2015 £	2014 £
Scheme liabilities at start of year	8,948,000	7,546,000	7,413,000
Current service cost	86,000	75,000	61,000
Interest expense	334,000	325,000	345,000
Contributions by scheme participants	52,000	57,000	55,000
Actuarial losses/(gains)	1,105,000	1,044,000	(229,000)
Benefits paid	(468,000)	(99,000)	(99,000)
Scheme liabilities at the end of year	10,057,000	8,948,000	7,546,000

Movement in fair value of plan assets

	2016 £	2015 £
Fair value of scheme assets at start of year	6,165,000	5,618,000
Interest income on scheme assets	231,000	246,000
Re-measurement – return on assets excluding interest income	(513,000)	118,000
Contributions by the company	252,000	259,000
Contributions by scheme participants	52,000	57,000
Benefits paid	(468,000)	(99,000)
Administration expenses	(34,000)	(34,000)
Fair value of scheme assets at end of year	5,685,000	6,165,000

The actual return on the scheme assets over the year ended 30 June 2016 was £282,000 (2015: £364,000).

Notes (continued)

16. PENSION COMMITMENTS (continued)

Defined benefit scheme (continued)

The major assumptions used in the 2016 valuation were:

	At 30 June 2016	At 30 June 2015	At 30 June 2014
RPI Inflation	3.0%	3.3%	3.2%
CPI Inflation	2.0%	2.3%	2.2%
Salary escalation rate	n/a	n/a	n/a
Rate used to discount scheme liabilities	3.0%	3.8%	4.3%
Allowance for pension in payment increases of CPI or 5% p.a. if less	2.0%	2.3%	2.2%
Allowance for pension in payment increases of RPI or 2.5% p.a. if less	2.1%	2.1%	2.1%
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.0%	2.3%	2.2%
Allowance for revaluation of pensions of CPI or 2.5% p.a. if less	2.0%	2.3%	2.2%
Allowance for commutation of pension for cash at retirement	25%	25%	25%

The mortality assumptions adopted at 30 June 2016 imply the following life expectancies:

Average life expectancy	2016		2015	
	Male (years)	Female (years)	Male (years)	Female (years)
Member currently aged 62	87.0	89.5	86.9	89.4
Member currently aged 47	88.0	90.7	88.1	90.6

The assets of the scheme and the present value of the scheme's liabilities were:

	2016 £	2015 £	2014 £
Equities	4,475,000	4,628,000	3,621,000
Bond Type Return Funds	1,126,000	1,483,000	1,959,000
Bonds	-	-	-
Cash	84,000	54,000	38,000
	5,685,000	6,165,000	5,618,000

None of the fair value of the assets shown above include any of the company's own financial instruments or any property occupied by, or other assets used by, the company.

The long term expected rate of return on cash is determined by reference to bank base rates at the balance sheet dates. The long term expected return on bonds is determined by reference to UK long dated government and corporate bond yields at the balance sheet date. The long term expected rate of return on equities is based on the rate of return on bonds with an allowance for out performance.

Notes (continued)

16. PENSION COMMITMENTS (continued)

Analysis of other pension costs charged to profit and loss:

	2016 £	2015 £
Current service cost	86,000	75,000
Net interest expense on net defined benefit liability	103,000	79,000
Administration expenses	34,000	34,000
Total expense recognised in profit and loss	<u>223,000</u>	<u>188,000</u>

Re-measurements recognised in Other Comprehensive Income (OCI):

	2016 £	2015 £
Effect of changes in assumption losses	1,105,000	1,044,000
Return on assets excluding interest income loss/(gain)	513,000	(118,000)
Total expense recognised in profit and loss	<u>1,618,000</u>	<u>926,000</u>

Reconciliation of funded position:

	2016 £	2015 £
Net defined benefit liability at start of year	2,783,000	1,928,000
Expense recognised in profit and loss	223,000	188,000
Loss recognised in OCI	1,618,000	926,000
Contributions by the company	(252,000)	(259,000)
Net defined benefit liability	<u>4,372,000</u>	<u>2,783,000</u>

Defined contribution scheme

The group also operates a defined contribution scheme. Total contributions to the defined contribution scheme amounted to £209,389 (2015: £164,700). No payments were outstanding at 30 June 2016 (2015: £nil).

17. CALLED UP SHARE CAPITAL

	2016 £	2015 £
<i>Called up, allotted and nil paid</i>		
72 ordinary shares of 5 pence each	-	-

18. CONTINGENT LIABILITIES

The Company has guaranteed the liabilities, undertakings and obligations of its subsidiary, EFL Digital Limited (formerly FL Interactive Limited).

Notes (continued)

19. FINANCIAL COMMITMENTS

Capital commitments

The Group and Company	2016 £	2015 £
EFL House – Fitting out works	<u>977,000</u>	<u>-</u>

Operating lease commitments

At 30 June 2016, the non-cancellable operating lease rentals are payable as follows:

The Group and Company	2016 Land and buildings £	2016 Other £	2015 Land and buildings £	2015 Other £
Less than one year	198,951	15,690	200,145	31,842
Between one and five years	513,801	-	32,807	15,690
More than five years	642,251	-	-	-
	<u>1,355,003</u>	<u>15,690</u>	<u>232,952</u>	<u>47,532</u>

20. 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.

Where contracts are entered into by The Football League that relate to both on line and off line inventory the income relating to the on line rights is paid to EFL Digital Limited (formerly FL Interactive Limited). That amounted to £4,479,554 (2015: £3,717,296) for the year ended 30 June 2016. The company also receives monies from EFL Digital Limited in accordance with the terms of the rights agreement of December 2000 amounting to £599,203 (2015: £479,278). At the year-end an amount of £115,311 (2015: £132,888) was payable to the company by EFL Digital Limited and an amount of £227,235 (2015: £865) was payable by the company to EFL Digital Limited.

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £1,564,519 (2015: £1,350,598).

21. FINANCIAL INSTRUMENTS

The group's financial instruments comprise cash and liquid resources, balances with group undertakings, and various items such as trade debtors, trade creditors etc., that arise directly from its operations.

It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the company's financial instruments are foreign currency risk. The Board reviews and agrees policies for managing each of these risks.

The company's transactions are sterling denominated other than those relating to the sale of overseas broadcast rights which are denominated in US dollars. As at the year end, the company has no forward hedging agreements in place.

Notes (continued)

22. EVENTS AFTER THE BALANCE SHEET DATE

On 5 July 2016, the Company's subsidiary, FL Interactive Limited changed its name to EFL Digital Limited.

23. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgement (apart from those involving estimates) has had the most significant effect on amounts recognised in the financial statements.

Development expenditure

Development expenditure is capitalised in accordance with the accounting policy given within note 1. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

The following are the company's key sources of estimation uncertainty:

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the company performs impairment tests based on fair value less costs to sell. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset.

Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 9.

24. EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented in these financial statements for the year ended 30 June 2015.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Notes *(continued)*

24. EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP *(continued)*

Notes to the reconciliation of Group equity

- a) *Under UK GAAP, Website Development Costs were capitalised as Tangible Fixed Assets. In accordance with FRS 102, a transition adjustment has been made for these to now be recognised as Intangible Fixed Assets.*
- b) *FRS 102 requires the defined benefit scheme liability and associated deferred tax to be recognised separately on the face of the balance sheet. Under UK GAAP, the amounts were shown net as a pension scheme liability. The transitional adjustment is therefore splitting out the deferred tax asset and recognising it within debtors.*

Notes (continued)

24. EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP (continued)

Reconciliation of Group equity

		UK GAAP	1 July 2014 Effect of transition to FRS 102	FRS 102	UK GAAP	30 June 2015 Effect of transition to FRS 102	FRS 102
	Note	£	£	£	£	£	£
Fixed assets							
Intangible assets	a	(105,421)	2,477,938	2,372,517	(70,279)	1,651,465	1,581,186
Tangible fixed assets	a	2,644,096	(2,477,938)	166,158	1,745,029	(1,651,465)	93,564
Investment in joint venture							
Share of gross assets		1,299,368	-	1,299,368	1,923,145	-	1,923,145
Share of gross liabilities		(1,289,246)	-	(1,289,246)	(1,912,712)	-	(1,912,712)
		<u>10,122</u>	<u>-</u>	<u>10,122</u>	<u>10,433</u>	<u>-</u>	<u>10,433</u>
Investments in associated undertaking		<u>254,656</u>	<u>-</u>	<u>254,656</u>	<u>379,756</u>	<u>-</u>	<u>379,756</u>
Current assets							
Debtors (due with one year)	b	15,401,989	385,600	15,787,589	22,977,487	556,600	23,534,087
Cash at bank and in hand		<u>42,014,657</u>	<u>-</u>	<u>42,014,657</u>	<u>42,390,674</u>	<u>-</u>	<u>42,390,674</u>
	b	57,416,646	385,600	57,802,246	65,368,161	556,600	65,924,761
Creditors: amounts due within one year		<u>(39,709,513)</u>	<u>-</u>	<u>(39,709,513)</u>	<u>(47,468,086)</u>	<u>-</u>	<u>(47,468,086)</u>
Net current assets	b	17,707,133	385,600	18,092,733	17,900,075	556,600	18,456,675
Creditors: amounts falling due after more than one year		<u>(19,409,388)</u>	<u>-</u>	<u>(19,409,388)</u>	<u>(18,710,709)</u>	<u>-</u>	<u>(18,710,709)</u>
Provisions for liabilities							
Pension liability	b	<u>(1,542,400)</u>	<u>(385,600)</u>	<u>(1,928,000)</u>	<u>(2,226,400)</u>	<u>(556,600)</u>	<u>(2,783,000)</u>
Net liabilities		<u>(441,202)</u>	<u>-</u>	<u>(441,202)</u>	<u>(972,095)</u>	<u>-</u>	<u>(972,095)</u>
Capital and reserves							
Called up share capital		-	-	-	-	-	-
Profit and loss account		<u>(441,202)</u>	<u>-</u>	<u>(441,202)</u>	<u>(972,095)</u>	<u>-</u>	<u>(972,095)</u>
Shareholders' equity		<u>(441,202)</u>	<u>-</u>	<u>(441,202)</u>	<u>(972,095)</u>	<u>-</u>	<u>(972,095)</u>

Notes (continued)

24. EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP (continued)

Reconciliation of Company equity

			1 July 2014 Effect of transition to FRS			30 June 2015 Effect of transition to FRS	
	Note	UK GAAP £	102 £	FRS 102 £	UK GAAP £	102 £	FRS 102 £
Fixed assets							
Intangible assets	a	-	39,858	39,858	-	26,075	26,075
Tangible fixed assets	a	206,016	(39,858)	166,158	119,639	(26,075)	93,564
Investments		550	-	550	550	-	550
		<u>206,566</u>	<u>-</u>	<u>206,566</u>	<u>120,189</u>	<u>-</u>	<u>120,189</u>
Current assets							
Debtors (due with one year)	b	14,685,053	385,600	15,070,653	21,987,928	556,600	22,544,528
Cash at bank and in hand		<u>41,361,458</u>	<u>-</u>	<u>41,361,458</u>	<u>42,020,908</u>	<u>-</u>	<u>42,020,908</u>
	b	56,046,511	385,600	56,432,111	64,008,836	556,600	64,565,436
Creditors: amounts due within one year		<u>(36,633,483)</u>	<u>-</u>	<u>(36,633,483)</u>	<u>(45,205,117)</u>	<u>-</u>	<u>(45,205,117)</u>
Net current assets	b	19,413,028	385,600	19,798,628	18,803,719	556,600	19,360,319
Creditors: amounts falling due after more than one year		<u>(19,409,388)</u>	<u>-</u>	<u>(19,409,388)</u>	<u>(18,710,709)</u>	<u>-</u>	<u>(18,710,709)</u>
Provisions for liabilities							
Pension liability	b	<u>(1,542,400)</u>	<u>(385,600)</u>	<u>(1,928,000)</u>	<u>(2,226,400)</u>	<u>(556,600)</u>	<u>(2,783,000)</u>
Net liabilities		<u>(1,332,194)</u>	<u>-</u>	<u>(1,332,194)</u>	<u>(2,013,201)</u>	<u>-</u>	<u>(2,013,201)</u>
Capital and reserves							
Called up share capital		-	-	-	-	-	-
Profit and loss account		<u>(1,332,194)</u>	<u>-</u>	<u>(1,332,194)</u>	<u>(2,013,201)</u>	<u>-</u>	<u>(2,013,201)</u>
Shareholders' equity		<u>(1,332,194)</u>	<u>-</u>	<u>(1,332,194)</u>	<u>(2,013,201)</u>	<u>-</u>	<u>(2,013,201)</u>

Notes to the reconciliation of equity

- a) Under UK GAAP, Website Development Costs were capitalised as Tangible Fixed Assets. In accordance with FRS 102, a transition adjustment has been made for these to now be recognised as Intangible Fixed Assets.
- b) FRS 102 requires the defined benefit scheme liability and associated deferred tax to be recognised separately on the face of the balance sheet. Under UK GAAP, the amounts were shown net as a pension scheme liability. The transitional adjustment is therefore simply splitting out the deferred tax asset and recognising it within debtors.

Notes (continued)

24. EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP (continued)

Reconciliation of profit for the year ended 30 June 2015

	Note	UK GAAP £	2015 Effect of transition to FRS 102 £	FRS 102 £
Group and joint venture's turnover		102,438,545	-	102,438,545
Less: share of joint venture turnover		(3,166,890)	-	(3,166,890)
Group turnover		99,271,655	-	99,271,655
Other operating income		301,303	-	301,303
External charges		(80,482,773)	-	(80,482,773)
Staff costs		(4,110,630)	-	(4,110,630)
Other operating charges		(15,115,573)	-	(15,115,573)
Group operating loss		(136,018)	-	(136,018)
Share of net operating profit in joint venture and associate		138,311	-	138,311
Total operating profit		2,293	-	2,293
Net interest receivable and similar income				
-Group		390,668	-	390,668
-Joint venture and associate		7,128	-	7,128
Other finance income/(expense)	a	41,000	(154,000)	(113,000)
Profit on ordinary activities before taxation		441,089	(154,000)	287,089
Taxation				
-Group		(87,954)	-	(87,954)
-Joint venture and associate		(20,028)	-	(20,028)
Profit for the year		333,107	(154,000)	179,107

Notes to the reconciliation of profit - Defined benefit scheme adjustment

- a) UK GAAP previously required the profit and loss account to be charged/(credited) by the difference between the interest cost of the Group's defined benefit pension scheme and the expected return on assets. FRS 102 now required the profit and loss charge/(credit) to be the sum of the net interest expense on the pension scheme liability and the pension scheme expenses. This has resulted in a transitional adjustment of £154,000 from a £41,000 income to a £113,000 expense for the year to 30 June 2015.

Five Year Review

Year ended 30 June 2016

	2016 £	2015 £	2014 £	2013 £	2012 £
Profit and loss account					
Group turnover	127,791,002	99,271,655	99,132,996	103,905,168	137,191,520
Group operating loss/(profit)	(340,496)	2,293	(642,568)	(167,075)	(55,288)
Net interest receivable	506,138	390,668	431,965	352,930	383,085
Profit/(loss) before tax	34,753	287,089	(126,113)	211,386	329,126
Profit/(loss) for the financial year	15,012	179,107	(165,690)	173,848	166,986
Balance sheet					
Intangible assets	787,982	1,581,186	2,372,518	3,182,602	1,149,483
Tangible fixed assets	2,425,616	93,564	166,157	156,196	189,171
Fixed asset investments	151,779	390,189	264,778	177,564	145,771
Debtors	19,958,663	23,534,087	15,787,589	11,106,099	9,054,844
Cash at bank and in hand	42,361,898	42,390,674	42,014,657	35,221,611	38,035,865
Creditors: amounts falling due within one year	(54,574,496)	(47,468,086)	(39,709,513)	(40,555,005)	(39,102,894)
Creditors: amounts falling due after more than one year	(9,023,285)	(18,710,709)	(19,409,388)	(7,487,779)	(7,800,000)
Net assets excluding pension liability	2,088,157	1,810,905	1,486,798	1,801,288	1,672,240
Pension liability	(4,372,000)	(2,783,000)	(1,928,000)	(2,112,000)	(1,880,000)
Net liabilities	(2,283,843)	(972,095)	(441,202)	(310,712)	(207,760)

The balance sheet figures for 2012 to 2014 have been restated to take into account the effect of FRS 102 transition adjustments on website development costs and the pension scheme liability. Information was not available to enable the profit impacting pension scheme liability transitional adjustments to be shown for 2012 to 2014.