

The Football League Limited

Annual report and consolidated financial statements

Registered number 80612

For the year ended 30 June 2017

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Officers and professional advisors

DIRECTORS

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

SECRETARY

T S Detko

REGISTERED OFFICE

EFL House
10-12 West Cliff
Preston
PR1 8HU

BANKER

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

AUDITOR

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE

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 the 30 June 2017, the existing digital platform service was terminated and replaced by a new platform that has been made available to those EFL Clubs who wished to remain part of the central collective arrangement. In addition to the offering previously provided, the new platform provides live streaming opportunities for overseas customers.

Attendances at EFL matches increased by 11% in 2016/17 to 18.22 million compared to 16.37 million in the previous season. EFL Cup attendances at 1.46 million were 2% up on the previous season whilst Checkatrade Trophy attendances increased by 17% to 249,269 in 2016/17.

The 2016/17 season was the fourth year of the EFL's title sponsorship partnership with Sky Bet. Whilst the EFL Cup ran without a title sponsor during the 2016/17 season in what was, and continues to be, a tough and competitive sponsorship marketplace, the EFL was delighted to announce Carabao, the Thai energy drinks brand, as the official title sponsor from the start of the 2017/18 season with the deal running until 2020. Checkatrade became the new official title sponsor of the EFL Trophy for up to 5 seasons commencing in the 2016/17 season in a revamped competition featuring all League One and League Two clubs as well as 16 invited Category One Academy teams from the Premier League and Championship.

On the broadcasting front, Sky Sports continue to be the EFL's domestic broadcast partner with the current agreement running through to 2018/19. In September 2017 the EFL announced that it has successfully concluded negotiations with Sky Sports for live domestic broadcasting rights in a deal that will run for a further 5 seasons from 2019/20 through to 2023/24. In relation to overseas rights, in addition to the rights agreement ending in 2016/17, Pitch International have acquired these rights for a further 5 seasons ending in 2021/22.

In 2014, Queens Park Rangers ("QPR") launched a legal challenge seeking a declaration that the EFL's Financial Fair Play rules (as applied to the Club in respect of the 2013/14 Season) are void and unlawful. An arbitration panel sat in June 2017 and issued an award on 19 October 2017 in which it dismissed QPR's claim. QPR has indicated that it intends to appeal the decision.

FINANCIAL REVIEW

Profit and Loss Account

Group and joint venture's turnover for the year is £133.2m, which was £1.4m higher than in 2016 representing a 1.1% year on year increase.

Overall the Group's total costs including payments made to member clubs increased by £0.2m (0.2%) to £128.2m in 2017. Distributions payable to member clubs of the EFL have decreased by £0.9m to £102.7m.

Strategic Report (continued)

Balance Sheet

Net assets at 30 June 2017 amounted to £244,000 compared to net liabilities of £2,284,000 at 30 June 2016. Profit for the financial year amounted to £3,751,000 compared to £15,000 in the prior year. The conversion to an asset position, and the increase in profit, during the year is due to the £3,529,000 fair value gain on the derivative financial instrument linked to the EFL's most recent overseas broadcasting agreement in addition to the underlying retained profit of £222,000. These gains have been offset by actuarial losses of £1,223,000 arising on the company's defined benefit pension scheme. 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 £5,748,000 (2016: £1,842,000). After net interest earnings of £123,000 and net capital expenditure of £4,951,000, the Group's cash balances increased by £919,000 to £43,281,000 at 30 June 2017.

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:

	2017 £'000	2016 £'000
Financial KPIs:		
Broadcasting Revenues	102,225	101,547
Sponsorship Revenues	14,359	15,402
Revenues from Club branded audio and/or visual services ("Player")	2,610	3,008
Club distributions	102,680	103,560
	2017 No.	2016 No.
Non-financial KPIs:		
Average League Match Attendance	11,002	9,882
Subscribers for Club branded audio and/or visual services ("Player")	77,151	80,167
Average Number of Employees	75	71
Number of Employees at year end	77	70

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.

Strategic Report *(continued)*

Cash flow risk

The Group's overseas broadcasting agreements expose it to the financial risks of changes in foreign currency exchange rates. The Group uses foreign exchange forward contracts to hedge these exposures.

In order to fund the new Website Platform for clubs within EFL Digital Limited, the Company has provided a loan of £2,826,000 to EFL Digital Limited during the year which is repayable over the length of the new licence agreements running up to 30 June 2023.

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

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 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.

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 2016/17 in the forthcoming year.

On the 30 June 2017, the existing digital platform ceased to exist and has been replaced by a new platform that has been made available to those EFL Clubs who wished to remain part of the central collective arrangement. In addition to the offering previously provided, the new platform provides live streaming opportunities for overseas customers to both Participating Clubs and those EFL Clubs who sit outside of the central collective arrangement.

In September 2017 the EFL announced that it has successfully concluded negotiations with Sky Sports for live domestic broadcasting rights in a deal that will run for a further 5 seasons from 2019/20 through to 2023/24. In what is a first for English football, as part of the agreement the EFL will be offering its Clubs the opportunity to live-stream in the UK and Ireland any league match via their respective iFollow (or equivalent) service that takes place outside the blocked hours of 14.45 to 17.15 on Saturday afternoons and that is not broadcast live on Sky Sports.

Details of any significant events since the balance sheet date are contained in note 23 to the financial statements.

T S Detko

T S Detko
Secretary

EFL House
10-12 West Cliff
Preston
PR1 8HU
26 October 2017

Directors' Report

The directors present their annual report and the audited consolidated financial statements for the year ended 30 June 2017.

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 (2016: £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	(resigned 12 May 2017)
S R Bowker CBE	
C Crown	
S Gamble	(appointed 1 October 2016)
S A Harvey	
N Howe	(appointed 25 July 2017)
D A Jevans CBE	
I F Lenagan	
J D Moxey	
J L Nixon	
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

T S Detko
Secretary

EFL House
10-12 West Cliff
PRESTON
PR1 8HU
26 October 2017

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 parent 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;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

1 St. Peter's Square

Manchester

M2 3AE

United Kingdom

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

Opinion

We have audited the financial statements of The Football League Limited ("the company") for the year ended 30 June 2017 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

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 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.



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

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.



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

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

A handwritten signature in black ink, appearing to read 'Hywel Jones'.

Hywel Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square, Manchester, M2 3AE

1 November 2017

Consolidated Profit and Loss Account
For the year ended 30 June 2017

	Note	2017 Underlying £	2017 Fair Value movement ⁽¹⁾ £	2017 Total £	2016 Total £
Group and joint venture's turnover		133,221,691	-	133,221,691	131,811,825
Less: share of joint venture's turnover		(5,294,336)	-	(5,294,336)	(4,020,823)
Group turnover	3	127,927,355	-	127,927,355	127,791,002
Other operating income		276,283	-	276,283	127,533
External charges		(103,471,176)	-	(103,471,176)	106,028,746
Staff costs	4	(4,256,499)	-	(4,256,499)	(4,202,329)
Other operating charges		(20,454,595)	-	(20,454,595)	(17,783,544)
Group operating profit/(loss)	6	21,368	-	21,368	(96,084)
Share of net operating profit/(loss) in joint venture and associate		166,714	-	166,714	(244,412)
Total operating profit/(loss)		188,082	-	188,082	(340,496)
Fair value movement in derivative financial instrument		-	4,251,975	4,251,975	-
Net interest receivable and similar income					
- Group	7	233,442	-	233,442	506,138
- Joint venture and associate		3,263	-	3,263	6,111
Other finance expenses	8	(163,000)	-	(163,000)	(137,000)
Profit on ordinary activities before taxation		261,787	4,251,975	4,513,762	34,753
Tax on profit on ordinary activities	9				
- Group		(36,889)	(722,836)	(759,725)	(19,632)
- Joint venture and associate		(3,213)	-	(3,213)	(109)
Profit for the financial year		221,685	3,529,139	3,750,824	15,012

All the above results derive from continuing operations.

- (1) The Group makes payments to Clubs calculated on the basis of underlying performance. Underlying performance is defined as total results adjusted to exclude the fair value movement in derivative financial instruments which have been disclosed as a separate column on the profit and loss account. A separate column is not required for the results for the period to 30 June 2016 as the Group did not hold a derivative financial instrument during that period.

As the Group has not adopted hedge accounting under Sections 11 and 12 of FRS 102, the fair value movement in derivative financial instruments of £4,521,975 (2016: £nil) is shown within the profit and loss account. The tax charge of £722,836 (2016: £nil) arises due to the deferred tax liability recognised in relation to the fair value movement noted above.

The accompanying notes on pages 18 to 37 form part of the financial statements.

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2017

	Note	2017 Underlying £	2017 Fair Value movement(1) £	2017 Total £	2016 Total £
Profit for the financial year		221,685	3,529,139	3,750,824	15,012
Re-measurement of the defined benefit liability	16	(1,474,000)	-	(1,474,000)	(1,618,000)
Deferred tax on the re-measurement of the defined benefit liability		250,580	-	250,580	291,240
Other comprehensive income for the year, net of income tax		(1,223,420)	-	(1,223,420)	(1,326,760)
Total comprehensive income for the year		(1,001,735)	3,529,139	2,527,404	(1,311,748)

(1) The Group makes payments to Clubs calculated on the basis of underlying performance. Underlying performances is defined as total results adjusted to exclude the fair value movement in derivative financial instruments which have been disclosed as a separate column on the profit and loss account. A separate column is not required for the results for the period to 30 June 2016 as the Group did not have a derivative financial instrument during that period.

As the Company has not adopted hedge accounting under Sections 11 and 12 of FRS 102, the fair value movement in derivative financial instruments (£4,251,975 (2016: £nil)) is shown within the profit and loss account. The tax charge of £722,836 (2016: £nil) arises due to the deferred tax liability recognised in relation to the adjustments noted above.

The accompanying notes on pages 18 to 37 form part of the financial statements.

Consolidated Balance Sheet
As at 30 June 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
<i>Intangible assets</i>					
Negative goodwill	10		-		(35,138)
Other intangibles	10		4,105,155		823,120
Tangible assets	11		3,629,605		2,425,616
<i>Investments</i>					
Investments in joint ventures					
Share of gross assets	12	4,327,435		2,279,334	
Share of gross liabilities	12	(4,316,160)		(2,268,578)	
			11,275		10,756
Other investments	12		307,268		141,023
			8,053,303		3,365,377
Current assets					
Debtors (including £1,031,320 (2016: £990,526) due after more than one year)	13	26,441,195		19,958,663	
Cash at bank and in hand		43,281,060		42,361,898	
Derivative financial instruments	22	4,251,975		-	
		73,974,230		62,320,561	
Creditors: amounts falling due within one year	14	(56,790,725)		(54,574,496)	
Net current assets			17,183,505		7,746,065
Total assets less current liabilities			25,236,808		11,111,442
Creditors: amounts falling due after more than one year	15		(19,133,247)		(9,023,285)
Net assets excluding pension liability			6,103,561		2,088,157
Provisions for liabilities					
Pension liability	16		(5,860,000)		(4,372,000)
Net assets/(liabilities)			243,561		(2,283,843)
Capital and reserves					
Called up share capital	17		-		-
Profit and loss account			243,561		(2,283,843)
Equity shareholders' funds/(deficit)			243,561		(2,283,843)

These financial statements were approved by the Board of Directors on 26 October 2017.

Signed on behalf of the Board of Directors

I F Lenagan
Director

The accompanying notes on pages 18 to 37 form part of the financial statements.

Company Balance Sheet
As at 30 June 2017

	Note	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets:					
Other intangibles	10		10,432		10,417
Tangible assets	11		3,629,605		2,425,616
Investments	12		548,922		550
			<u>4,188,959</u>		<u>2,436,583</u>
Current assets					
Debtors (including £3,386,237 (2016: £990,526) due after more than one year)	13	28,530,547		19,393,709	
Cash at bank and in hand		40,354,043		40,724,862	
Derivative financial assets	22	4,251,975		-	
			<u>73,136,565</u>		<u>60,118,571</u>
Creditors: amounts falling due within one year	14	(53,367,176)		(52,534,772)	
Net current assets			<u>19,769,389</u>		<u>7,583,799</u>
Total assets less current assets			<u>23,958,348</u>		<u>10,020,382</u>
Creditors: amounts falling due after more than one year	15		(19,133,247)		(9,023,285)
Net assets excluding pension liability			<u>4,825,101</u>		<u>997,097</u>
Provisions for liabilities					
Pension liability	16		(5,860,000)		(4,372,000)
Net liabilities			<u>(1,034,899)</u>		<u>(3,374,903)</u>
Capital and reserves					
Called up share capital	17		-		-
Profit and loss account			(1,034,899)		(3,374,903)
Equity shareholders' deficit			<u>(1,034,899)</u>		<u>(3,374,903)</u>

These financial statements were approved by the Board of Directors on 26 October 2017.

Signed on behalf of the Board of Directors

I F Lenagan
Director

The accompanying notes on pages 18 to 37 form part of the financial statements.

Consolidated Statement of Changes in Equity

	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	-	(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)

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 July 2016	-	(2,283,843)	(2,283,843)
Total comprehensive income for the period			
Profit for the financial year	-	3,750,824	3,750,824
Other comprehensive income:			
Re-measurement of the defined benefit liability	-	(1,474,000)	(1,474,000)
Deferred tax on defined benefit liability	-	250,580	250,580
Total comprehensive income for the period	-	2,527,404	2,527,404
Balance at 30 June 2017	-	243,561	243,561

The accompanying notes on pages 18 to 37 form part of the financial statements.

Company Statement of Changes in Equity

	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 net 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)

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 July 2016	-	(3,374,903)	(3,374,903)
Total comprehensive income for the period			
Profit for the financial year	-	3,563,424	3,563,424
Other comprehensive income			
Re-measurement of the defined benefit liability	-	(1,474,000)	(1,474,000)
Deferred tax on defined benefit liability	-	250,580	250,580
Total comprehensive income for the period	-	2,340,004	2,340,004
Balance at 30 June 2017	-	(1,034,899)	(1,034,899)

The accompanying notes on pages 18 to 37 form part of the financial statements.

Consolidated Cash Flow Statement
for year ended 30 June 2017

	2017 £000	2016 £000
Cash flows from operating activities		
Profit for the year	3,750,824	15,012
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	954,851	835,581
Net interest receivable and similar income	(236,705)	(512,249)
Other finance expenses	163,000	137,000
Share of net operating (profit)/loss in joint venture	(166,714)	244,412
Deferred tax movement	762,937	19,741
Fair value gain on derivative financial instrument	(4,251,975)	-
(Increase)/decrease in trade and other debtors	(6,158,041)	3,957,707
Increase/(decrease) in trade and other creditors	11,065,583	(2,868,409)
Tax received/(paid)	(135,911)	13,472
Net cash from operating activities	5,747,849	1,842,267
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	-	6,750
Interest received	122,643	503,386
Acquisition of tangible fixed assets	(1,366,269)	(2,381,179)
Capitalised development expenditure	(3,585,061)	-
Net cash from investing activities	(4,828,687)	(1,871,043)
Cash flows from financing activities		
Interest paid	-	-
Net cash from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	919,162	(28,776)
Cash and cash equivalents at 1 July 2016	42,361,898	42,390,674
Cash and cash equivalents at 30 June 2017	43,281,060	42,361,898

The accompanying notes on pages 18 to 37 form part of the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2017

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 1. The nature of the Company's operations and its principal activities are set out in the Strategic Report on pages 2 to 4.

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.

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:

- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.

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.

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.

Notes *(continued)*

1. ACCOUNTING POLICIES *(continued)*

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 assets of £244,000 as at 30 June 2017. 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 2 to 4.

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

In accordance with FRS 102, website design and development costs are capitalised as intangible 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. Website research expenditure is written off as incurred.

During the year, the costs associated with the old platform have been written down to nil and all development costs attached to the new platform have been capitalised and will be depreciated from the start of the new licences on 1 July 2017 up to 30 June 2023.

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 6 years
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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 10 years
Motor vehicles	4 years

Notes *(continued)*

1. ACCOUNTING POLICIES *(continued)*

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. Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect 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. Any unamortised balance of goodwill is included in the carrying value of the investments.

In the Company financial statements investments in associates are accounted for at cost less impairment.

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.

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk. The Company does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

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.

Notes *(continued)*

1. ACCOUNTING POLICIES *(continued)*

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.

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

Payments to Clubs are recorded as External Charges in the year in which the related revenue is recognised.

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.

Foreign currency

Transactions in foreign currency are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Other exchange differences are recognised in profit or loss in the period in which they arise.

Operating lease arrangements

The Group as a lessee

Rental applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits equally over the life of the lease, even if payments are not made on such a basis.

The Group as a lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Notes (continued)

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 profit for the financial year amounted to £3,563,424 (2016 loss: £34,942).

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 £1,665,667 (2016: £1,645,667).

All turnover arises in the United Kingdom, with the exception of £12,601,571 (2016: £12,069,640) which arises from the sale of television rights to worldwide broadcasters for worldwide transmission. All of the Group's assets are held in the United Kingdom.

4. STAFF COSTS

	2017 £	2016 £
Staff costs during the year (including directors):		
Wages and salaries	3,444,206	3,503,478
Social security costs	468,862	402,590
Other pension costs	343,431	296,261
	<u>4,256,499</u>	<u>4,202,329</u>

The average monthly number of employees was 75 (2016: 71).

5. DIRECTORS' REMUNERATION

	2017 £	2016 £
The total amounts for directors' remuneration and other benefits were as follows:		
Salaries	537,111	458,510

In addition, pension contributions of £26,780 (2016: £26,000) were made on behalf of one of the directors.

Remuneration of the highest paid director:

	2017 £	2016 £
Aggregate emoluments	357,111	338,448

In addition, the highest paid director is a member of the Company's defined contribution pension scheme and during the year pension contributions of £26,780 (2016: £26,000) were made on behalf of the director.

Notes (continued)

6. EXPENSES AND AUDITOR'S REMUNERATION

	2017 £	2016 £
Operating profit/(loss) is stated after charging/(crediting):		
Fees payable to the Company's auditor for the audit of the annual accounts		
- Group	41,300	38,900
- Company	34,000	31,700
Fees payable to the Company's auditor for other services to the Group		
- Corporation tax compliance	5,950	12,807
- Other services	-	6,100
Depreciation of tangible fixed assets	162,280	49,127
Amortisation of negative goodwill	(35,138)	(35,142)
Amortisation of other intangible fixed assets	827,709	828,346
Operating lease rentals	243,266	360,675
Fair value movement in derivative financial instrument	4,251,975	-
	<u>4,251,975</u>	<u>-</u>

7. NET INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £	2016 £
Interest receivable	233,442	506,138
Interest payable	-	-
	<u>233,442</u>	<u>506,138</u>

8. OTHER FINANCE EXPENSES

	2017 £	2016 £
Net interest expense on net defined benefit liabilities	163,000	137,000
	<u>163,000</u>	<u>137,000</u>

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	2017 £	2016 £
<i>Current tax:</i>		
UK corporation tax	-	135,924
Adjustments in respect of prior periods	(135,911)	(28,002)
Total current tax	(135,911)	107,922
<i>Deferred tax:</i>		
Origination/reversal of timing differences	645,056	(379,530)
Total deferred tax	645,056	(379,530)
Total tax	<u>509,145</u>	<u>(271,608)</u>

Notes *(continued)*

9. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

	£000	£000	2017 £000	£000	£000	2016 £000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	(135,911)	895,636	759,725	107,922	(88,290)	19,632
Recognised in other comprehensive income	-	(250,580)	(250,580)	-	(291,240)	(291,240)
Total tax	(135,911)	645,056	509,145	107,922	(379,530)	(271,608)

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:

	2017 £	2016 £
Profit for the year	3,750,824	15,012
Total tax expense	759,725	19,632
Profit before taxation	4,510,549	34,644
Tax on profit on ordinary activities at 19.75% (2016: 20%)	890,833	6,929
Non-deductible expenses	5,696	4,995
Over provided in previous years	-	(28,003)
Reduction in deferred tax rate	(116,929)	6,120
Other	(19,875)	29,591
	759,725	19,632

A deferred tax liability of £722,836 has been recognised at 30 June 2017 (2016: £nil) in relation to a fair value gain on derivative financial instruments of £4,251,975 (2016: £nil) of which the full amount has been disregarded in the computation of current tax. The recognition of derivative financial instruments on the balance sheet is in accordance with FRS 102.

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

10. INTANGIBLE FIXED ASSETS

The Group	Website Develop- ment costs £	Internet and media rights £	Negative Goodwill £	Total £
Cost				
At 1 July 2016	3,915,169	1	(456,842)	3,458,328
Additions	4,109,744	-	-	4,109,744
Disposals	(3,792,569)	-	-	(3,792,569)
At 30 June 2017	<u>4,232,344</u>	<u>1</u>	<u>(456,842)</u>	<u>3,775,503</u>
Amortisation				
At 1 July 2016	3,092,050	-	(421,704)	2,670,346
Negative goodwill written back	-	-	(35,138)	(35,138)
Amortisation charge	827,709	-	-	827,709
Disposals	(3,792,569)	-	-	(3,792,569)
At 30 June 2017	<u>127,190</u>	<u>-</u>	<u>(456,842)</u>	<u>(329,652)</u>
Net book value				
At 30 June 2017	<u>4,105,154</u>	<u>1</u>	<u>-</u>	<u>4,105,155</u>
At 1 July 2016	<u>823,119</u>	<u>1</u>	<u>(35,138)</u>	<u>787,982</u>

Negative goodwill arising on the acquisition of EFL Digital 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 2016	122,600	122,600
Additions	15,022	15,022
At 30 June 2017	<u>137,622</u>	<u>137,622</u>
Amortisation		
At 1 July 2016	112,183	112,183
Amortisation charge	15,007	15,007
At 30 June 2017	<u>127,190</u>	<u>127,190</u>
Net book value		
At 30 June 2017	<u>10,432</u>	<u>10,432</u>
At 1 July 2016	<u>10,417</u>	<u>10,417</u>

Notes (continued)

11. TANGIBLE FIXED ASSETS

The Group	Improvements to short leasehold premises £	Equipment £	Land & Buildings £	Total £
Cost				
At 1 July 2016	139,997	1,139,056	2,311,921	3,590,974
Transfers	55,655	-	(55,655)	-
Additions	13,486	1,043,647	309,136	1,366,269
Disposals	-	(37,035)	-	(37,035)
At 30 June 2017	209,138	2,145,668	2,565,402	4,920,208
Depreciation				
At 1 July 2016	136,194	1,029,164	-	1,165,358
Charge for the year	10,717	128,205	23,358	162,280
Disposals	-	(37,035)	-	(37,035)
At 30 June 2017	146,911	1,120,334	23,358	1,290,603
Net book value At 30 June 2017	62,227	1,025,334	2,542,044	3,629,605
At 1 July 2016	3,803	109,892	2,311,921	2,425,616
The Company				
Cost				
At 1 July 2016	139,997	1,135,177	2,311,921	3,587,095
Transfers	55,655	-	(55,655)	-
Additions	13,486	1,043,647	309,136	1,366,269
Disposals	-	(37,035)	-	(37,035)
At 30 June 2017	209,138	2,141,789	2,565,402	4,916,329
Depreciation				
At 1 July 2016	136,194	1,025,285	-	1,161,479
Charge for the year	10,717	128,205	23,358	162,280
Disposals	-	(37,035)	-	(37,035)
At 30 June 2017	146,911	1,116,455	23,358	1,286,724
Net book value At 30 June 2017	62,227	1,025,334	2,542,044	3,629,605
At 30 June 2016	3,803	109,892	2,311,921	2,425,616

Notes (continued)

12. FIXED ASSET INVESTMENTS

The Group	Joint venture undertaking £	Associate undertaking £	Total £
Cost and net book value			
At 1 July 2016	10,756	141,023	151,779
Share of profit	519	166,245	166,764
At 30 June 2017	11,275	307,268	318,543

The Company	Shares in subsidiary undertaking £
Cost and net book value	
At 1 July 2016 and 30 June 2017	550

	Discounting on loan to subsidiary undertaking £
Cost and net book value	
At 1 July 2016	-
Additions	548,372
At 30 June 2017	548,372

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. It uses the power of sport to improve lives and make a positive contribution to communities all over the country, using its network of 72 EFL club trusts. 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 2017 was £17,287,727 (2016: £17,414,956) with distributions and expenditure totalling £16,753,247 (2016: £16,943,727). Unrestricted funds as at 30 June 2017 amounted to £2,296,843 (2016: £1,689,380). £102,000 (2016: £34,917) was payable by The Football League (Community) Limited to The Football League Limited at the year-end which is held within other debtors.

Notes *(continued)*

12. FIXED ASSET INVESTMENTS *(continued)*

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 commercial partners which were distributed to the community schemes on the partners' 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 2017 was £779,078 (2016: £442,000) with distributions and expenditure totalling £706,095 (2016: £373,486).

The operating profit of £72,983 (2016: £68,514) 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.

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.

£3,022,604 was payable by Football DataCo Limited to the company in the year. At the year-end £862,273 was outstanding (2016: £730,211).

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.

£3,150,839 was payable by the company to Professional Game Match Officials Limited. At the year-end £1,749,875 was outstanding (2016: £266,971 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 2017.

Notes (continued)

12. FIXED ASSET INVESTMENTS (continued)

	Football DataCo Limited		Professional Game Match Officials Limited	
	2017	2016	2017	2016
	£	£	£	£
Company share of results				
Turnover	5,294,336	4,020,823	5,300,331	3,762,566
Operating (loss)/profit	(1,417)	(3,554)	168,131	(240,858)
Interest receivable and similar income	2,041	3,986	1,222	2,125
Profit/(loss) before taxation	624	432	169,353	(238,733)
Taxation	(105)	(109)	(3,108)	-
Profit/(loss) after taxation	519	323	166,245	(238,733)
Company share of:				
Fixed assets	-	-	19,716	82,237
Current assets	4,327,435	2,279,334	1,671,628	1,506,732
Current liabilities – due within one year	(4,316,160)	(2,268,578)	(1,384,076)	(1,447,946)
Share of net assets	11,275	10,756	307,268	141,023

13. DEBTORS

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Amounts receivable within one year:				
Trade debtors	2,375,030	4,123,501	2,230,539	3,887,621
Other debtors	299,152	92,243	154,581	92,243
Prepayments and accrued income	19,571,213	13,345,107	19,466,422	13,123,798
VAT receivable	2,148,586	527,905	1,714,707	453,999
Deferred tax asset	17,710	149,170	-	-
Corporation tax asset	135,911	-	-	-
Amounts owed by subsidiary undertaking	-	-	244,804	115,311
Loan owed by subsidiary undertaking	-	-	470,984	-
Amounts owed by joint venture undertaking	862,273	730,211	862,273	730,211
	25,409,875	18,968,137	25,144,310	18,403,183
Amounts receivable after more than one year:				
Loan owed by subsidiary undertaking	-	-	2,354,917	-
Prepayments and accrued income	35,120	203,566	35,120	203,566
Deferred tax asset	996,200	786,960	996,200	786,960
	26,441,195	19,958,663	28,530,547	19,393,709

Notes (continued)

13. DEBTORS (continued)

The deferred tax asset is made up of deferred tax on the Company pension scheme of £996,200 (2016: £786,960) in addition to a deferred tax asset in the Company's subsidiary relating to the difference between capital allowances and amortisation of £17,710 (2016: £149,170).

In order to fund the new Platform, EFL Digital has received a loan of £2,825,901 from The Football League Limited during the year which is repayable over the length of the new licence agreements running up to 30 June 2023. The original value of the loan was £3,374,271 which has been discounted using an imputed interest rate of 3%.

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	6,735,338	9,443,398	5,081,689	7,959,751
Ground improvement levies held	7,156	31,731	7,156	31,731
Amounts due to subsidiary undertaking	-	-	279	227,235
Other creditors	7,143,283	10,083,237	7,143,283	10,083,237
Corporation Tax	24,345	160,256	24,345	24,345
Deferred Tax	722,836	-	722,836	-
Other taxation and social security	31,296	903	26,083	-
Accruals and deferred income	42,126,471	34,854,971	40,361,505	34,208,473
	<u>56,790,725</u>	<u>54,574,496</u>	<u>53,367,176</u>	<u>52,534,772</u>

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

The deferred tax liability is made up of deferred tax on the fair value fair value gain arising from the Group's derivative financial instrument.

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

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Accruals and deferred income	<u>19,133,247</u>	<u>9,023,285</u>	<u>19,133,247</u>	<u>9,023,285</u>

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 2016 by a qualified actuary, independent of the scheme's sponsoring employer.

During the year to 30 June 2017, the group paid contributions at the rate of 9.2% of pensionable pay in addition to monthly deficit contributions of £12,333. From 1 August 2017, the group will pay 10.5% of pensionable pay and monthly deficit contributions of £12,777. Member contributions are payable in addition at the rate of 6.5% of pensionable pay.

Net pension liability

	2017 £	2016 £	2015 £
Defined benefit obligation	(11,414,000)	(10,057,000)	(8,948,000)
Fair value of scheme assets	5,554,000	5,685,000	6,165,000
Net pension liability	<u>5,860,000</u>	<u>4,372,000</u>	<u>2,783,000</u>

Movement in present value of defined benefit obligation:

	2017 £	2016 £	2015 £
Scheme liabilities at start of year	10,057,000	8,948,000	7,546,000
Current service cost	98,000	86,000	75,000
Interest expense	298,000	334,000	325,000
Contributions by scheme participants	46,000	52,000	57,000
Actuarial losses	1,301,000	1,105,000	1,044,000
Benefits paid	(386,000)	(468,000)	(99,000)
Scheme liabilities at the end of year	<u>11,414,000</u>	<u>10,057,000</u>	<u>8,948,000</u>

Movement in fair value of plan assets

	2017 £	2016 £
Fair value of scheme assets at start of year	5,685,000	6,165,000
Interest income on scheme assets	169,000	231,000
Re-measurement – return on assets excluding interest income	(173,000)	(513,000)
Contributions by the company	247,000	252,000
Contributions by scheme participants	46,000	52,000
Benefits paid	(386,000)	(468,000)
Administration expenses	(34,000)	(34,000)
Fair value of scheme assets at end of year	<u>5,554,000</u>	<u>5,685,000</u>

The actual return on the scheme assets over the year ended 30 June 2017 was £4,000 (2016: £282,000).

Notes (continued)

16. PENSION COMMITMENTS (continued)

Defined benefit scheme (continued)

The major assumptions used in the 2017 valuation were:

	At 30 June 2017	At 30 June 2016	At 30 June 2015
RPI Inflation	3.4%	3.0%	3.3%
CPI Inflation	2.4%	2.0%	2.3%
Salary escalation rate	n/a	n/a	n/a
Rate used to discount scheme liabilities	2.75%	3.0%	3.8%
Allowance for pension in payment increases of CPI or 5% p.a. if less	2.4%	2.0%	2.3%
Allowance for pension in payment increases of RPI or 2.5% p.a. if less	2.2%	2.1%	2.1%
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.4%	2.0%	2.3%
Allowance for revaluation of pensions of CPI or 2.5% p.a. if less	2.0%	1.6%	2.3%
Allowance for commutation of pension for cash at retirement	25%	25%	25%

The mortality assumptions adopted at 30 June 2017 imply the following life expectancies:

Average life expectancy	2017		2016	
	Male	Female (years)	Male	Female (years)
Member currently aged 62	87.1	89.2	87.0	89.5
Member currently aged 47	88.4	90.7	88.0	90.7

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

	2017 £	2016 £	2015 £
Equities	3,943,000	4,475,000	4,628,000
Bond Type Return Funds	555,000	1,126,000	1,483,000
Liability Driven Investments	1,015,000	-	-
Cash	41,000	84,000	54,000
	5,554,000	5,685,000	6,165,000

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)*

Defined benefit scheme *(continued)*

Analysis of other pension costs charged to profit and loss:

	2017 £	2016 £
Current service cost	98,000	86,000
Net interest expense on net defined benefit liability	129,000	103,000
Administration expenses	34,000	34,000
Total expense recognised in profit and loss	<u>261,000</u>	<u>223,000</u>

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

	2017 £	2016 £
Effect of experience adjustment losses	70,000	-
Effect of changes in assumption losses	1,231,000	1,105,000
Return on assets excluding interest income losses	173,000	513,000
Total expense recognised in other comprehensive income	<u>1,474,000</u>	<u>1,618,000</u>

Reconciliation of funded position:

	2017 £	2016 £
Net defined benefit liability at start of year	4,372,000	2,783,000
Expense recognised in profit and loss	261,000	223,000
Loss recognised in OCI	1,474,000	1,618,000
Contributions by the company	(247,000)	(252,000)
Net defined benefit liability	<u>5,860,000</u>	<u>4,372,000</u>

Defined contribution scheme

The group also operates a defined contribution scheme. Total contributions to the defined contribution scheme amounted to £225,712 (2016: £209,389). No payments were outstanding at 30 June 2017 (2016: £nil).

Notes (continued)

17. CALLED UP SHARE CAPITAL

	2017 £	2016 £
<i>Called up, allotted and nil paid</i>		
72 ordinary shares of 5 pence each	-	-

18. CONTINGENT ASSETS/LIABILITIES

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

On the 19th June 2017, the EFL charged Watford Football Club for a breach of Regulations relating to the provision of a funding letter which had previously been confirmed as a forgery. Following the year end, the Club pleaded guilty to the charges and a Disciplinary Commission has ordered it to pay a fine of £3,950,000 and costs of £350,000 that will be recognised in the EFL's financial statements for the year ended 30 June 2018.

As discussed in the Strategic Report, in 2014 Queens Park Rangers ("QPR") launched a legal challenge seeking a declaration that the EFL's Financial Fair Play rules (as applied to the Club in respect of the 2013/14 Season) are void and unlawful. An arbitration panel sat in June 2017 and issued an award on 19 October 2017 in which it dismissed QPR's claim. QPR has indicated that it intends to appeal the decision.

19. FINANCIAL COMMITMENTS

Capital commitments are as follows:

The Group and Company

	2017 £	2016 £
EFL House- Fitting out works	-	977,000
Website Development Costs	1,027,333	-
	<u>1,027,333</u>	<u>977,000</u>

Operating lease commitments

At 30 June 2017, the non-cancellable operating lease rentals are payable as follows:

The Group and Company

	2017 Land and buildings £	2017 Other £	2016 Land and buildings £	2016 Other £
Less than one year	127,010	21,234	198,951	15,690
Between one and five years	508,040	36,286	513,801	-
More than five years	508,040	-	642,251	-
	<u>1,143,090</u>	<u>57,520</u>	<u>1,355,003</u>	<u>15,690</u>

Notes (continued)

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. That amounted to £4,939,048 (2016: £4,479,554) for the year ended 30 June 2017. The company also receives monies from EFL Digital Limited in accordance with the terms of the rights agreement of December 2000 amounting to £822,195 (2016: £599,203). At the year-end an amount of £244,804 (2016: £115,311) was payable to the company by EFL Digital Limited and an amount of £279 (2016: £227,235) was payable by the company to EFL Digital Limited. At the year end the company also had a loan balance amount due with EFL Digital Limited of £2,825,901 (2016: £nil).

Transactions with key management personnel

Total compensation of key management personnel (including the directors) in the year amounted to £1,523,807 (2016: £1,564,519).

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.

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.

The carrying values of the Company's financial assets and liabilities are summarised by category below. These are all measured at undiscounted amounts, except for the derivative financial asset which is measured at fair value:

Financial assets	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Cash and cash equivalents	43,281,060	42,361,898	40,354,043	40,724,862
Trade debtors and other receivables	26,441,195	19,958,663	28,530,547	19,393,709
Derivative financial assets	4,251,975	-	4,251,975	-
	<u>73,974,230</u>	<u>62,320,561</u>	<u>73,136,565</u>	<u>60,118,571</u>
Financial liabilities	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade payables and other payables	75,923,972	63,597,781	72,500,423	61,558,057

Notes (continued)

21. FINANCIAL INSTRUMENTS (continued)

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

Fair value gains and losses	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
On financial assets measured at fair value through profit or loss account	4,251,975	-	4,251,975	-

22. DERIVATIVE FINANCIAL INSTRUMENTS

The Group and Company	Due within one year		Due after one year	
	2017	2016	2017	2016
	£	£	£	£
Derivatives accounted for at fair value through profit and loss account				
Assets				
Forward foreign currency contracts	608,082	-	3,643,893	-
	608,082	-	3,643,893	-

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

Forward foreign currency contracts

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

The Group and Company	Average Contractual exchange rate		Notional Value		Fair Value Assets	
	2017	2016	2017	2016	2017	2016
		£	£	£	£	£
Outstanding contracts						
Due within one year						
US Dollars	1.2765	-	24,546,000	-	608,082	-
Due after one year						
US Dollars	1.2765	-	77,295,000	-	3,643,893	-
			101,841,000	-	4,251,975	-

The Group and Company has entered into contracts to supply overseas broadcasters. The Group and Company has entered into forward foreign currency contracts to manage the risk arising from foreign currency movements on cash flows available for distribution to member clubs. The contracts are measured at fair value through the profit and loss account. A gain of £4,251,975 (2016: £nil) was recognised during the year.

Notes (continued)

23. EVENTS AFTER THE BALANCE SHEET DATE

Other than those matters referred to in note 18, there have been no material events subsequent to 30 June 2017.

24. 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.

Revenue Recognition

The Company's broadcast income is agreed in 3-5 year cycles and the allocation of revenue across the period is a critical judgement made by the Directors.

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.

Five Year Review

Year ended 30 June 2017

	2017 £	2016 £	2015 £	2014 £	2013 £
Profit and loss account					
Group turnover	127,927,355	127,791,002	99,271,655	99,132,996	103,905,168
Group operating profit/(loss)	188,082	(340,496)	2,293	(642,568)	(167,075)
Fair value movement on derivative financial instrument	4,251,975	-	-	-	-
Net interest receivable	233,442	506,138	390,668	431,965	352,930
Profit/(loss) before tax	4,513,762	34,753	287,089	(126,113)	211,386
Profit/(loss) for the financial year	3,750,824	15,012	179,107	(165,690)	173,848
Balance sheet					
Intangible assets	4,105,155	787,982	1,581,186	2,372,518	3,182,602
Tangible fixed assets	3,629,605	2,425,616	93,564	166,157	156,196
Fixed asset investments	318,543	151,779	390,189	264,778	177,564
Debtors	26,441,195	19,958,663	23,534,087	15,787,589	11,106,099
Financial Derivative Asset	4,251,975	-	-	-	-
Cash at bank and in hand	43,281,060	42,361,898	42,390,674	42,014,657	35,221,611
Creditors: amounts falling due within one year	(56,790,725)	(54,574,496)	(47,468,086)	(39,709,513)	(40,555,005)
Creditors: amounts falling due after more than one year	(19,133,247)	(9,023,285)	(18,710,709)	(19,409,388)	(7,487,779)
Net assets excluding pension liability	6,103,561	2,088,157	1,810,905	1,486,798	1,801,288
Pension liability	(5,860,000)	(4,372,000)	(2,783,000)	(1,928,000)	(2,112,000)
Net assets/(liabilities)	243,561	(2,283,843)	(972,095)	(441,202)	(310,712)