

Company No: 3070670

THE NATIONAL FOOTBALL MUSEUM

**TRUSTEES' REPORT AND
CONSOLIDATED ACCOUNTS**

FOR THE YEAR ENDED

30 JUNE 2008

Charity Number 1050792



THE NATIONAL FOOTBALL MUSEUM

ACCOUNTS

YEAR ENDED 30 JUNE 2008

| Contents | Page |
|--|-------------|
| Company information | 1 |
| Trustees' report | 2 |
| Independent auditor's report to the members | 13 |
| Consolidated statement of financial activities | 15 |
| Consolidated balance sheet | 16 |
| Charitable company balance sheet | 17 |
| Consolidated cash flow statement | 18 |
| Notes to the accounts | 19-35 |

THE NATIONAL FOOTBALL MUSEUM

COMPANY INFORMATION

| | |
|--------------------------|--|
| Chairman | Mr P Dermody |
| Trustees | Mr F Ali Mr S Barker Mr P Dermody Ms M Digby Mr K Ellard Mr J Farquharson Lord Faulkner of Worcester Ms C Long Mr A McNee Mr C Memmott Sir Howard Newby Mr I Penrose Ms M Stevenson Mr G Thompson Councillor William Tyson |
| Secretary | Mr D Martland |
| Registered office | Sir Tom Finney Way Preston Lancashire PR1 6RU |
| Company number | 3070670 |
| Charity number | 1050792 |
| Auditor | Moore and Smalley LLP Chartered Accountants & Registered Auditor Richard House Winckley Square Preston PR1 3HP |
| Bankers | HSBC Bank Plc PO Box 70 40 Fishergate Preston Lancashire PR1 2AD |
| Solicitors | Brabners Chaffe Street 7-8 Chapel Street Preston PR1 8AN |

THE NATIONAL FOOTBALL MUSEUM

TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2008

The Trustees, who are also Directors for the purpose of the Companies Act, have pleasure in presenting their report and the accounts of the charity for the year ended 30 June 2008.

Legal status

The Museum is a charitable company limited by guarantee with registered charity number 1050792 and company number 3070670. Not having a share capital, the Museum is governed by its Memorandum and Articles of Association dated 31 October 1996.

Objectives and activities of the Museum

The objectives and activities of the Museum are summarised by the following mission statement:

Why does the Museum exist ?

The National Football Museum exists to explain how and why football has become “the peoples game”, a key part of England’s heritage and way of life. It also aims to explain why England is the home of football, the birthplace of the world’s most popular sport.

Who is the Museum for ?

The Museum is for everyone, football fans and non-fans alike. People without a keen interest in football will enjoy finding out why so many people are so passionate about the game.

How does the Museum achieve its goals ?

The Museum seeks to achieve these by undertaking the following seven key aims:

Developing the finest and most significant collection of objects and associated evidence connected with the development of football around the world.

Protecting this important part of our cultural heritage for the benefit of all, both now and in the future.

Researching the collection to explain how and why football has become the most popular sport in the world.

Interpreting the collection in an entertaining and informative way, primarily through exhibitions, events and publications.

Providing a range of educational opportunities based on the collection, for learners of all ages and levels of attainment.

Satisfying customers with a level of visitor care which exceeds their expectations.

Managing our resources effectively and creatively, to be innovative and to continue to improve the services we offer.

The Museum has a Strategic Plan, which is updated on an annual basis. This plan sets out the objectives for the next three years in terms of visitor numbers, staffing requirements, financial performance and future exhibitions. Performance by the Museum is measured against the Strategic Plan on an annual basis.

THE NATIONAL FOOTBALL MUSEUM

TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2008

Objectives and activities of the Museum (continued)

Location of Headquarters

Deepdale Stadium, Preston, was chosen as the location for the headquarters of the National Football Museum, as both the stadium and the city have played key roles in the development of the modern game. Preston North End Football Club was a founder member of the world's first Football League, and won the Football League in its first season, 1888-1889. Preston has been playing at Deepdale Stadium since 1878, making it the oldest Football League ground in the world still in use today. The Football League established offices in Preston in 1902 and still has its headquarters in the city. There could therefore be no more appropriate home for the headquarters of the National Football Museum. This was recognised by the Heritage Lottery Fund and the other funders, which contributed £15 million to the creation of the Museum in Preston.

A National and International Museum

Preston is the headquarters, but the National Football Museum serves the public regionally, nationally and internationally. As well as attracting over half a million people to Preston to date, the Museum has reached an additional audience of over two million people, through holding or contributing to 44 exhibitions elsewhere in the UK and 22 overseas. In the UK this has included the Museum's highly successful touring exhibition, *Saved for the Nation: The Story of the FA Cup*, which has as its centrepiece the oldest surviving FA Cup trophy, which was used from 1896 to 1910, and is on loan to the Museum from Mr. David Gold. Overseas exhibitions have included displays in France, Belgium, Germany, Portugal, Switzerland, Japan, Hong Kong, Austria and Brazil.

THE NATIONAL FOOTBALL MUSEUM

TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2008

Organisation/management of the Museum

The Trustees meet three times per year. Reports from the Museum Director and the Finance Director are submitted to, and discussed at, each of these meetings. New Trustees can be appointed by ordinary resolution at these meetings. Trustees are appointed for a period of three years. Trustees can be reappointed.

The Trustees of the Museum are selected according to their skills and knowledge in order to aid the management of the Museum. This has been achieved in the past through working with Business in the Arts: North West who have recruited three Trustees for the organisation. Recent additions to the Board have brought personnel and HR management expertise, marketing and legal specialisms. Trustees receive appropriate induction and training on appointment.

The current Trustees are detailed on page 1. The Trustees who served during the year are as follows:

| Name | Date of Appointment | Date of Retirement |
|------------------|---------------------|--------------------|
| Ms C Long | 17 September 2002 | 6 November 2009 |
| Ms M Stevenson | 1 November 2003 | 6 November 2009 |
| Mr P Dermody | 1 July 2004 | 16 November 2010 |
| Mr S Barker | 1 November 2004 | 30 July 2008 |
| Mr A McNee | 20 July 2005 | 7 November 2008 |
| Ms M Digby | 20 July 2005 | 7 November 2008 |
| Mr J Farquharson | 7 November 2005 | 7 November 2008 |
| Mr K Ellard | 6 March 2006 | 6 November 2009 |
| Mr S Johnson | 6 November 2006 | 6 November 2009 |
| Mr F Ali | 26 March 2007 | 16 November 2010 |
| Mr W Tyson | 9 July 2007 | 16 November 2010 |
| Lord Faulkner | 9 July 2007 | 16 November 2010 |
| Mr C Memmott | 16 November 2007 | 16 November 2010 |
| Mr I Penrose | 16 November 2007 | 16 November 2010 |
| Mr G Thompson | 16 November 2007 | 16 November 2010 |

During the year, Mr W Tyson, Mr C Memmott, Mr I Penrose, Mr G Thompson and Lord Faulkner were appointed as trustees to the board.

Mr S Johnson resigned on 30th July 2008.

THE NATIONAL FOOTBALL MUSEUM

TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2008

Business review

"As I stood with Jack on the terraces I could not have imagined that one day I would be invited to be President of the National Football Museum in Preston".

Sir Bobby Charlton

This has been a further year of excellent progress for the National Football Museum. The Museum continues to go from strength to strength in its development and delivery of services to a wide range of users.

Revenue support from the Department for Culture, Media and Sport (DCMS) and the Football Foundation has enabled the Museum to continue to offer free access to all visitors. In the year to 30 June 2008, the Museum again attracted over 100,000 visitors.

Key Achievements

Key achievements during the year included:

- 1. Continuing to develop the *world's* finest collection of football artefacts, including the FIFA Collection.**
- 2. Surpassing all the targets set by DCMS and the Football Foundation**
- 3. Continuing to be the leading museum in terms of the success of the Government's policy of free admission to national museums**

Since the introduction of free access to the National Football Museum in March 2003, visitor numbers have risen by over 177% – compared with 87% at the national museums as a whole. Free access has revealed enormous public enthusiasm and support for the Museum.

- 4. Remaining by far the most successful national museum service, in terms of attracting new audiences.**
- 5. Holding or contributing to exhibitions at other venues across the country.**

This included the Museum's highly successful touring exhibition on the history of the FA Cup.

- 6. Highlighting the global importance of England in football, past and present, through a series of overseas exhibitions.**

This included working in partnership with UEFA and the Region of Brussels to create a major exhibition on the history of European Football, *Only a Game?*, in Brussels, and contributing to the major football exhibition in Vienna during the UEFA Euro 2008 Tournament.

THE NATIONAL FOOTBALL MUSEUM

TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2008

Business review (continued)

7. Continuing to develop a range of ground-breaking social inclusion and education initiatives, to use interest in football to stimulate a desire to learn and to develop social cohesion.

The Museum has undertaken, and is undertaking, ground-breaking projects with a range of groups in terms of education and social inclusion, including:

- young Asian Heritage women
- young people with learning difficulties and disabilities
- people with a range of disabilities
- children from schools in areas of relatively high social deprivation
- prisoners and young offenders

8. Working with partner universities, to become a major centre for research on all aspects of football, past and present.

9. Remaining an extremely cost-effective museum, in terms of the number of visitors attracted in proportion to the revenue funding received.

In 2006/07 the revenue subsidy per visitor for the funding received from DCMS was 90p. If the revenue funding from the Football Foundation is included, the subsidy per visitor was £3.60. This compares with a target figure for local authority museums set by the Audit Commission in 1991 of £5 per visitor.

10. Achieving all of the above with the lowest revenue grant of any DCMS-sponsored museum (£100,000 p.a.) and a staffing complement of just 19 full-time equivalent staff.

Funding Support

The Museum is grateful for the financial support received during the year from DCMS, the Football Foundation, and a number of other organisations, including: Heritage Lottery Fund (HLF); Lancashire County Council; MLA North West; Northwest Regional Development Agency; Preston City Council; the Professional Footballers' Association (PFA); and the University of Central Lancashire. The Museum would also like to thank the following companies for their support:

AD Varley
Bonhams
Brabners Chaffe Street
Conlon
Foundation for Sport and the Arts
New Football Pools
North & Western Lancashire Chamber of Commerce
PPS Pipeline Systems
Thomson Directories

The Museum continued to benefit greatly from the contributions of a team of highly skilled and committed volunteers, of all ages and backgrounds.

THE NATIONAL FOOTBALL MUSEUM

TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2008

Business review (continued)

The World's Finest Football Collections

The National Football Museum has continued to develop, preserve and document the world's finest collections relating to the history of football. At any time, around 2,000 items from the Museum's collections are on display, with a further 30,000 items held behind the scenes. Each day brings the offer of new artefacts for the Museum's collections. The Museum continues to collect historical items, and also collects material relating to football today, for the benefit of future generations.

Accreditation

The Museum has achieved Full Accreditation Status under the Museums, Libraries & Archives (MLA) Council scheme. The standards required for the scheme are higher than ever before and there are some additional requirements for national museums, so this is an outstanding achievement.

Research

The International Football Institute (IFI), the Museum's research partnership with the University of Central Lancashire, has continued to make excellent progress. Based at the Museum and the University, IFI undertakes research on all aspects of football and makes this research available to the widest possible audience. IFI has produced over fifty publications to date. The Museum also has strong research links with a number of other universities.

Exhibitions

During the year the exhibitions at the Museum were regularly changed and developed through the introduction of new artefacts. In addition, the Museum opened three major temporary exhibitions, and held a full programme of associated events. Thanks to funding from the DCMS-Wolfson Gallery Improvement Fund, an audio-guide for the First Half Gallery has been introduced.

The Museum worked in partnership with UEFA and the Region of Brussels to create a major exhibition on the history of European Football, *Only a Game?* The Museum also loaned a number of objects to the display, which was held in the Musées Royaux d'Art et d'Histoire, Parc du Cinquenaire, in Brussels. The exhibition was opened by UEFA President, Michel Platini.

Hall of Fame

The National Football Museum Hall of Fame held a sixth highly successful Annual Awards Ceremony in November 2007. The event is now firmly established as one of the leading occasions in the football calendar.

Visits by Secretary of States, DCMS

The Museum was delighted to welcome a number of important visitors during the year including the Rt Hon James Purnell MP, then Secretary of State, DCMS, and the current Secretary of State, DCMS, the Rt Hon Andy Burnham MP.

THE NATIONAL FOOTBALL MUSEUM

TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2008

Business review (continued)

Education and Social Inclusion

The National Football Museum is breaking new ground in bringing new audiences to museums, and ensuring that access is provided to *all* in society.

The National Football Museum offers a wide range of education and outreach services for learners all ages and levels of attainment, both regionally and nationally.

In addition the Museum has developed a range of social inclusion projects with children and young people, particularly targeting those most disadvantaged in our communities.

Funding Issues

The Museum's outstanding success to date has been achieved with core revenue funding of £100,000 p.a. from the Department for Culture, Media and Sport (DCMS) and £300,000 p.a. from the Football Foundation. These grants did not increase between 1 April 2003 and 31 March 2008. As a result the Museum has had to make year-on-year cuts in services and therefore this success is not sustainable.

The initial level of revenue funding has enabled the Museum to establish a collection which is the best in the world. Our goal now is to ensure that it is made available to the widest audience possible. This cannot be achieved with a deteriorating funding stream.

It is now time for the National Football Museum to be recognised for its achievements. The major English national football bodies, working with DCMS, have an opportunity to capitalise on this by investing in a Museum which has demonstrated an ability to draw maximum returns for the investment. The National Football Museum deserves to be given sufficient funding to allow it to make a step change in provision.

This increase in funding is essential to:

- Restore the budget cuts that have been made year on year, as the Museum's revenue grants have not increased with inflation since 1st April 2003
- Fill key posts which as a result have remained frozen
- To achieve an expansion of the Museum's services to all parts of the country and to establish a significant base in London, preferably at Wembley Stadium.

THE NATIONAL FOOTBALL MUSEUM

TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2008

Business review (continued)

The revenue funding pledged to the Museum by DCMS and the Football Foundation, through the Football Stadia Improvement Fund (FSIF) from 1 April 2008 onwards is outlined in the table below. The remaining revenue funding contribution required from the football bodies (FA, Premier League, Football League, PFA, Football Foundation) from 1 April 2008, is highlighted:

| | DCMS Contribution | FSIF Contribution | Football Bodies: Contribution Required | Total Stakeholder Contribution |
|---------|----------------------|----------------------|--|--------------------------------------|
| 2008/09 | £103,000 | £308,100 | £188,900 | £600,000 |
| 2009/10 | £105,000 | £0 | £511,000 | £616,000 |
| 2010/11 | £108,000 | £0 | £525,000 | £633,000 |

Future Plans

With this revenue funding secured, the Museum would build on the success achieved to date, further developing the world's greatest football collection, take the collection to an even wider audience across the country, and expand and develop its groundbreaking education and social inclusion programmes, which use the power of football to reach and help all our communities.

The Museum would also build on its success to date in developing exhibitions at venues in cities in all parts of England. In the ten years leading up to the potential World Cup in England in 2018, the Museum would be able to take its collections to an audience of over two million people across the country, through a programme of displays, as well as attracting over one million people to the headquarters of the Museum in Preston. The Museum would build on its impressive track record in attracting additional funding for such displays, from a range of heritage, regional and other sources.

In addition, the Museum would press forward with three major potential capital initiatives as part of the Museum's 2008-2018 vision, namely:

- *National Football Museum 2012* – a refurbishment of the existing displays in Preston, including the addition of Stuart Clarke's *The Homes of Football*
- *The National Football Museum Hall of Fame Experience* – an interactive attraction dedicated to the Museum's Hall of Fame
- *The World Football Museum.*

THE NATIONAL FOOTBALL MUSEUM

TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2008

Financial review

General

The financial statements for the Museum for the year ended 30th June 2008 highlight a number of issues which were first identified in last years statements. Whilst the Museum manages its financial affairs very efficiently it is clear that the amounts currently being received from the Government and the Football Foundation are not enough to cover the day to day running costs of the Museum. The Museum has always generated sufficient commercial income to make up this gap, but this is becoming increasingly more difficult and a review of the financial outturn for the year shows that the Museum has now used up its cash reserves and has to borrow to provide short term cover.

This situation is being addressed by ongoing discussions with the Secretary of State and the Football bodies and it is hoped that the current short term trading position can be reversed.

The Museum continues to be the most efficient operator across all national museums and the quality of provision and financial stability remains the primary focus.

Detailed analysis

Total income generated within the year was £770,848 of which £106,744 was funded by DCMS and £304,050 by the Football Foundation. The Museum has generated the balance from other public sector bodies and a small amount from trading and charitable activities. The monies from the DCMS and the football foundation are just sufficient to pay for the wages and pension costs of the Museum, but it should be remembered that these costs are maintained at a level below full capacity to ensure that the Museum can live within its means. In real terms the level of income to the Museum is falling at a time when there are increasing pressures on costs as a result of the economic climate, therefore the Trustees and the management have to monitor the financial position on a weekly basis.

Accounts structure

The format of the accounts has been changed over the last two years to reflect the recommendations of the new charity SORP. The management feel that these changes have enabled a better understanding of the accounts. If, however, the accounts are not easy to understand then we would welcome feedback and we will try to incorporate any improvements into next year's accounts.

Funding issues and financial management

The Museum is now in active talks with all the football bodies and the Government to find a funding structure which would preserve and enhance the quality of the Museums provision. These negotiations should be concluded by the end of this calendar year to enable sufficient budget provision to be earmarked for the end of the current funding round (March 2009)

The Museum manages its financial affairs very effectively however the long term viability of the Museum rests not on the strength of its management (which will remain effective) but on the will of the Government and the football bodies to preserve the collection of football heritage.

2008/09 is a critical year for the Museum and everything is being done to safeguard the financial base for the foreseeable future. However, as a result of the position we find ourselves in, it is necessary to state the following going concern position.

THE NATIONAL FOOTBALL MUSEUM

TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2008

Going Concern

The trustees are aware of their responsibilities to assess whether there are significant doubts about the Museum's ability to trade as a going concern. At the date of approving the accounts there is significant concern over future revenue funding. The Museum's principal funder has declared its intentions to terminate funding on 31st March 2009 and the Trustees are actively seeking replacement income. It is for this reason that the foreseeable future considered by the trustees has been limited to a period of less than one year from the date of approval of the accounts.

Subsidiary company

The Museum owns the whole of the issued share capital of The National Football Museum (Trading) Limited, a company registered in England and Wales. The subsidiary undertakes a number of commercial activities for the Museum. They include retail, catering, corporate hospitality, commercial sponsorship, image rights and licensing and publication royalties.

The results for the subsidiary for the year ended 30 June 2008 are summarised in note 17 to the accounts. All activities of the Museum and its subsidiary have been consolidated on a line by line basis in the SOFA.

Heritage assets

The Museum holds eleven distinct collections of major historical significance. Details of the individual collections are included within note 9 to the accounts

Reserves policy

The Museum has a number of restricted funds, the majority of which relate to specific capital expenditure and collections. The purpose of these funds is detailed in note 15 in the financial statements and summarises the year's movements on each fund.

The Museum is striving to achieve general reserves equivalent to at least three months running costs in order to effectively manage unforeseen circumstances.

Risk management

The Museum has a detailed Risk Management Strategy and Risk Register, which is reviewed regularly, at least on an annual basis.

THE NATIONAL FOOTBALL MUSEUM

TRUSTEES ANNUAL REPORT

YEAR ENDED 30 JUNE 2008

Trustees responsibilities

Company law requires the trustees to prepare the accounts for each financial year which give a true and fair view of the state of affairs of the charity at the end of the year and of the incoming and outgoing resources for the year then ended.

In preparing those accounts, the trustees are required to select suitable accounting policies and then apply them consistently, making judgements and estimates that are reasonable and prudent. The trustees must also prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the accounts comply with the Companies Act 1985. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

there is no relevant audit information of which the company's auditors are unaware; and

the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditor

A resolution to re-appoint Moore and Smalley LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 25 November 2008 and signed on its behalf



Mr D Martland - Secretary

**Sir Tom Finney Way
Preston
Lancashire
PR1 6RU**

THE NATIONAL FOOTBALL MUSEUM

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

FOR THE YEAR ENDED 30 JUNE 2008

We have audited the group and parent company accounts of The National Football Museum for the year ended 30 June 2008 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

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

Respective responsibilities of directors/trustees and auditors

As described in the Statement of Directors' Responsibilities, the trustees, who are also the directors of The National Football Museum for the purposes of company law are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Practice).

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

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

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

Basis of opinion

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

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

THE NATIONAL FOOTBALL MUSEUM

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

FOR THE YEAR ENDED 30 JUNE 2008

Opinion

In our opinion the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the Charity's state of affairs and of the group as at 30 June 2008 and of its incoming resources and application of resources, in the year then ended and have been properly prepared in accordance with the Companies Act 1985. The information given in the Trustees' Report is consistent with the financial statements for the year ended 30 June 2008.

Without qualifying our opinion, we draw attention Note 16 in the financial statements which indicates that, at the date of approval of the accounts, the charitable company has no guaranteed funding beyond 31 March 2009. This indicates the existence of a material uncertainty which may cast significant doubt upon the charitable company's ability to continue as a going concern.

Moore and Smalley LLP

25 November 2008

**Moore and Smalley LLP
Chartered Accountants
and Registered Auditor
Preston**

THE NATIONAL FOOTBALL MUSEUM

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2008

| | Note | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2008 £ | Total Funds 2007 £ |
|--|------|----------------------------|--------------------------|--------------------------|--------------------------|
| Incoming resources | | | | | |
| Incoming resources from generated funds: | | | | | |
| Grant and donations | 2 | 510,356 | 40,372 | 550,728 | 593,955 |
| Incoming resources from charitable activities | 3 | 217,738 | - | 217,738 | 193,420 |
| Interest received | | <u>2,382</u> | <u>-</u> | <u>2,382</u> | <u>3,881</u> |
| Total incoming resources | | <u>730,476</u> | <u>40,372</u> | <u>770,848</u> | <u>791,256</u> |
| Resources expended | | | | | |
| Charitable expenditure: | | | | | |
| Costs in furtherance of charitable objects: | | | | | |
| Costs of generating funds | 4 | 177,754 | 16,612 | 194,366 | 163,682 |
| Costs of Museum operation | 4 | 590,383 | 373,691 | 964,074 | 1,024,261 |
| Governance costs | 5 | <u>31,702</u> | <u>-</u> | <u>31,702</u> | <u>43,252</u> |
| Total resources expended | 6 | <u>799,839</u> | <u>390,303</u> | <u>1,190,142</u> | <u>1,231,195</u> |
| Net (outgoing) resources before transfers | 7 | (69,363) | (349,931) | (419,294) | (439,939) |
| Transfers between funds | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net (outgoing) resources for the year | | (69,363) | (349,931) | (419,294) | (439,939) |
| Balances brought forward | | <u>46,453</u> | <u>9,556,142</u> | <u>9,602,595</u> | <u>10,042,534</u> |
| Balances carried forward | | <u>(22,910)</u> | <u>9,206,211</u> | <u>9,183,301</u> | <u>9,602,595</u> |

The group has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the group are classed as continuing.

THE NATIONAL FOOTBALL MUSEUM

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2008

| | Note | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2008 £ | Total Funds 2007 £ |
|--|------|----------------------------|--------------------------|--------------------------|--------------------------|
| Fixed assets | | | | | |
| Tangible assets | 8 | 16,960 | 8,100,502 | 8,117,462 | 8,473,026 |
| Heritage assets | 9 | - | 1,505,709 | 1,505,709 | 1,505,709 |
| | | 16,960 | 9,606,211 | 9,623,171 | 9,978,735 |
| Current assets | | | | | |
| Stocks | | 19,334 | - | 19,334 | 31,935 |
| Debtors | 11 | 53,315 | - | 53,315 | 72,338 |
| Cash at bank and in hand | | 449 | - | 449 | 37,358 |
| | | 73,098 | - | 73,098 | 141,631 |
| Creditors: amounts falling due within one year | 12 | (112,968) | - | (112,968) | (117,771) |
| Net current assets/(liabilities) | | (39,870) | - | (39,870) | 23,860 |
| Total assets less current liabilities | | (22,910) | 9,606,211 | 9,583,301 | 10,002,595 |
| Creditors: amounts falling due after more than one year | 13 | - | (400,000) | (400,000) | (400,000) |
| Net assets | | (22,910) | 9,206,211 | 9,183,301 | 9,602,595 |
| Funds | | | | | |
| Unrestricted funds | 14 | (22,910) | - | (22,910) | 46,453 |
| Restricted funds | 15 | - | 9,206,211 | 9,206,211 | 9,556,142 |
| | | (22,910) | 9,206,211 | 9,183,301 | 9,602,595 |

Approved by the Board of Trustees on 25 November 2008 and signed on its behalf by:

Mr P Dermody
Trustee - Chair

Trustee

THE NATIONAL FOOTBALL MUSEUM

BALANCE SHEET OF THE COMPANY (LIMITED BY GUARANTEE)

AS AT 30 JUNE 2008

| | Note | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2008 £ | Total Funds 2007 £ |
|--|------|----------------------------|--------------------------|--------------------------|--------------------------|
| Fixed assets | | | | | |
| Tangible assets | 8 | 16,960 | 8,100,502 | 8,117,462 | 8,473,026 |
| Heritage assets | 9 | - | 1,505,709 | 1,505,709 | 1,505,709 |
| Investments | 10 | <u>1</u> | <u>-</u> | <u>1</u> | <u>1</u> |
| | | 16,961 | 9,606,211 | 9,623,172 | 9,978,736 |
| Current assets | | | | | |
| Stocks | | - | - | - | - |
| Debtors | 11 | 68,607 | - | 68,607 | 221,373 |
| Cash at bank and in hand | | <u>449</u> | <u>-</u> | <u>449</u> | <u>26,975</u> |
| | | 69,056 | - | 69,056 | 248,348 |
| Creditors: amounts falling due within one year | 12 | <u>(97,575)</u> | <u>-</u> | <u>(97,575)</u> | <u>(100,137)</u> |
| Net current assets/(liabilities) | | (28,519) | - | (28,519) | 148,211 |
| Total assets less current liabilities | | (11,558) | 9,606,211 | 9,594,653 | 10,126,947 |
| Creditors: amounts falling due after more than one year | 13 | <u>(11,352)</u> | <u>(400,000)</u> | <u>(411,352)</u> | <u>(524,352)</u> |
| Net assets | | <u>(22,910)</u> | <u>9,206,211</u> | <u>9,183,301</u> | <u>9,602,595</u> |
| Funds | | | | | |
| Unrestricted funds | 14 | (22,910) | - | (22,910) | 46,453 |
| Restricted funds | 15 | <u>-</u> | <u>9,206,211</u> | <u>9,206,211</u> | <u>9,556,142</u> |
| | | (22,910) | 9,206,211 | 9,183,301 | 9,602,595 |

Approved by the Board of Trustees on 25 November 2008 and signed on its behalf by:

Mr P Dermody
Trustee - Chair

Trustee

THE NATIONAL FOOTBALL MUSEUM

CONSOLIDATED CASH FLOW STATEMENT

AS AT 30 JUNE 2008

| | Note | £ | 2008 | £ | £ | 2007 | £ |
|---|-----------|---|------|----------|---|-----------|---|
| Net cash (outflow)/ inflow from operating activities | 18 | | | (57,774) | | (65,401) | |
| Returns on investments and servicing of finance | | | | | | | |
| Interest received | | | | 2,382 | | 3,881 | |
| Interest paid | | | | (150) | | - | |
| Capital expenditure | | | | | | | |
| Payments to acquire tangible fixed assets | | | | (9,492) | | (40,355) | |
| Cash (outflow)/inflow before financing | | | | (65,034) | | (101,875) | |
| Financing | | | | | | | |
| Net (outflow)/inflow from bank loans | | | | - | | - | |
| Net (outflow)/inflow from other long term creditors | | | | - | | - | |
| Net cash (outflow)/inflow from financing | | | | - | | - | |
| (Decrease)/increase in cash | 20 | | | (65,034) | | (101,875) | |

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2008

1. Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) and the Companies Act 1985, and in accordance with applicable accounting standards.

The Statement of Financial Activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The charity has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for the charity alone as permitted by Section 230 of the Companies Act 1985 and paragraph 304 of the SORP.

Company status

The charity is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

Incoming resources

Grant and other similar income is credited to the statement of financial activities as it becomes due, gross of income tax where applicable. Restricted income relates to amounts which are received for a specific purpose and is matched to related expenditure in the statement of financial activities.

Grants relating to fixed asset purchases are credited in full to the statement of financial activities in the year in which they are receivable. This treatment is not in accordance with SSAP 4, however it does comply with the charity SORP, which the trustees consider to be most applicable. Where the obligation attached to the grant income is fully met by purchasing the relevant capital items, the fund balance is transferred to unrestricted funds.

Resources expended

Expenditure has been charged to the statement of financial activities on an accruals basis. Expenditure relating directly to the objects of the charitable group is allocated as costs of operating the museum with central administration costs allocated to the management and administration of the charitable group.

Exhibition costs which relate to short term or temporary exhibitions are expended in the statement of financial activities in the year in which they arise.

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2008

1. Accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets costing more than £500 are capitalised and included at cost including any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

| | |
|-----------------------------|--------------------------------------|
| Plant and office equipment | Over 3 years |
| Leasehold improvements | Over the remaining life of the lease |
| Permanent exhibition stands | Over 10 years |

Exhibition costs which relate to long term museum exhibition stands and displays are capitalised in the balance sheet.

Heritage assets

Heritage assets comprise collection items displayed throughout the Museum. Purchased items are capitalised and included at cost. Donated collection items are capitalised at their estimated market value.

It is the responsibility of the Museum to preserve collection items for the benefit of the nation and due to their nature they are expected to have a long life. Depreciation is therefore not charged on collection items which have been capitalised since this is deemed to be immaterial. Impairment reviews are carried out annually in respect of such assets.

Stocks

The cost of books, guides and publications produced are valued at the lower of cost and net realisable value.

Pension costs

The charitable group pays contributions to personal money purchase schemes for eligible employees and accounts for the amount due each year in the SOFA.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the SOFA.

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2008

1. Accounting policies (continued)

Fund accounting

Funds held by the charitable group are either:

Unrestricted general funds - these are funds which can be used in accordance with the charitable objects at the discretion of the trustees and have not been designated for other purposes.

Designated funds - these are the funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.

Restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the charitable group. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Where a grant or donation is received to fund a capital item or where an asset is donated, if there is an obligation relating to the future use or retention of the relevant asset, the balance relating to that asset is held within restricted funds as long as that restriction exists. Where there is no such restriction, the restricted income relating to the purchase of capital items is transferred to unrestricted funds in the statement of financial activities.

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2008

2. Grants and donations

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2008 £ | Total Funds 2007 £ |
|--|----------------------------|--------------------------|--------------------------|--------------------------|
| HLF grant | 185 | - | 185 | 36,997 |
| NWDA grant | - | 5,500 | 5,500 | - |
| Football Foundation | 304,050 | - | 304,050 | 300,000 |
| Preston City Council | 25,000 | - | 25,000 | 25,000 |
| Lancashire County Council | 25,563 | - | 25,563 | 25,000 |
| Museums and Galleries Improvement Fund | - | 15,128 | 15,128 | 24,831 |
| DCMS grant | 100,000 | 6,744 | 106,744 | 107,994 |
| Other grants and donations | 55,558 | 13,000 | 68,558 | 68,001 |
| UCLAN | - | - | - | 6,132 |
| MLA North West | - | - | - | - |
| Friends of the Museum | - | - | - | - |
| Gift aid | - | - | - | - |
| | <u>510,356</u> | <u>40,372</u> | <u>550,728</u> | <u>593,955</u> |

3. Income from charitable activities

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2008 £ | Total Funds 2007 £ |
|------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Front of house income | - | - | - | 620 |
| Royalties received | 6,486 | - | 6,486 | 17,615 |
| Sponsorship | 2,250 | - | 2,250 | 1,900 |
| Corporate sales | 17,607 | - | 17,607 | 3,972 |
| Image sales | 1,368 | - | 1,368 | 908 |
| Hall of Fame income | 76,227 | - | 76,227 | 55,549 |
| Shop takings | 67,926 | - | 67,926 | 66,079 |
| Events and exhibitions | 18,155 | - | 18,155 | 9,000 |
| Café rent | 170 | - | 170 | 1,520 |
| Goalstriker | 17,103 | - | 17,103 | 22,793 |
| Miscellaneous | <u>10,446</u> | <u>-</u> | <u>10,446</u> | <u>13,464</u> |
| | <u>217,738</u> | <u>-</u> | <u>217,738</u> | <u>193,420</u> |

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2008

4. Costs in furtherance of charitable objects

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2008 £ | Total Funds 2007 £ |
|---------------------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Costs of generating funds: | | | | |
| Purchases for resale | 54,404 | - | 54,404 | 29,430 |
| Hall of Fame costs | 71,034 | - | 71,034 | 54,772 |
| Image sales | - | - | - | - |
| Cost of events and projects | <u>52,316</u> | <u>16,612</u> | <u>68,928</u> | <u>79,480</u> |
| | <u>177,754</u> | <u>16,612</u> | <u>194,366</u> | <u>163,682</u> |
| Costs of Museum operation: | | | | |
| Wages and national insurance | 380,168 | - | 380,168 | 383,906 |
| Pension costs | 11,760 | - | 11,760 | 6,212 |
| Training and education | 4,776 | - | 4,776 | 6,536 |
| Rates and water | 12,576 | - | 12,576 | 12,022 |
| Heat & light | 72,586 | - | 72,586 | 76,845 |
| Insurance | 20,698 | - | 20,698 | 16,991 |
| Repairs and maintenance | 22,593 | - | 22,593 | 36,295 |
| Cleaning | 15,773 | - | 15,773 | 17,099 |
| Exhibition and marketing costs | 9,821 | 14,268 | 24,089 | 55,009 |
| Telephone | 6,148 | - | 6,148 | 8,089 |
| Printing, postage and stationery | 14,068 | - | 14,068 | 11,922 |
| Motor and travel expenses | 2,375 | - | 2,375 | 6,475 |
| Bad debts | 98 | - | 98 | 220 |
| General expenses | 6,637 | - | 6,637 | 16,074 |
| Software support | 1,142 | - | 1,142 | 1,730 |
| Bank charges | 3,381 | - | 3,381 | 3,518 |
| Interest payable and similar charges | 150 | - | 150 | - |
| Depreciation – leasehold improvements | - | 151,855 | 151,855 | 151,855 |
| Depreciation – permanent exhibitions | - | 207,568 | 207,568 | 207,422 |
| Depreciation – plant and equipment | <u>5,633</u> | <u>-</u> | <u>5,633</u> | <u>6,041</u> |
| | <u>590,383</u> | <u>373,691</u> | <u>964,074</u> | <u>1,024,261</u> |

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2008

5. Governance costs

| | Unrestricted Funds £ | Restricted Funds £ | Total Funds 2008 £ | Total Funds 2007 £ |
|------------------------------|----------------------------|--------------------------|--------------------------|--------------------------|
| Wages and national insurance | 8,916 | - | 8,916 | 10,401 |
| Legal and professional | 6,478 | - | 6,478 | 18,626 |
| Audit and accountancy | 14,946 | - | 14,946 | 12,078 |
| Insurance | <u>1,362</u> | <u>-</u> | <u>1,362</u> | <u>2,147</u> |
| | <u>31,702</u> | <u>-</u> | <u>31,702</u> | <u>43,252</u> |

6. Total resources expended

| | Staff Costs £ | Depreciation £ | Other Costs £ | Total Funds 2008 £ | Total Funds 2007 £ |
|----------------------------------|---------------------|-------------------|---------------------|--------------------------|--------------------------|
| Direct charitable expenditure | 391,928 | 364,910 | 409,060 | 1,165,898 | 1,187,943 |
| Governance costs | <u>8,916</u> | <u>-</u> | <u>22,786</u> | <u>31,702</u> | <u>43,252</u> |
| | <u>400,844</u> | <u>364,910</u> | <u>431,846</u> | <u>1,197,600</u> | <u>1,231,195</u> |

The aggregate payroll costs were:

| | 2008 £ | 2007 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 388,495 | 365,709 |
| Social security costs | 26,768 | 28,598 |
| Pension costs | <u>11,760</u> | <u>6,212</u> |
| | <u>427,023</u> | <u>400,519</u> |

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2008

6. Total resources expended (continued)

Particulars of employees

The average number of employees, calculated on a full-time equivalent basis, analysed by function was:

| | 2008 £ | 2007 £ |
|--------------------------------------|-----------|-----------|
| Research and collections development | 6 | 5 |
| Front of house | 10 | 8 |
| Management and administration | <u>3</u> | <u>4</u> |
| | 19 | 17 |

There were no employees earning more than £60,000.

The trustees received no remuneration from the charitable group. A total of £500 (2007: £Nil) was paid to trustees in relation to the reimbursement of travelling expenses incurred attending trustee meetings.

The cost of insurance to indemnify the trustees against the consequences of any neglect or default on their part amounted to £1,362.

7. Net incoming resources

Net incoming resources is stated after charging

| | 2008 £ | 2007 £ |
|-----------------------|---------------|---------------|
| Pension costs | 11,760 | 6,212 |
| Depreciation | 364,910 | 365,318 |
| Auditors remuneration | <u>14,946</u> | <u>12,078</u> |
| | 391,616 | 383,608 |

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2008

8. Tangible fixed assets

Group and charitable company

| | Restricted Leasehold Improvements £ | Permanent Exhibitions £ | Unrestricted Plant & Equipment £ | Total £ |
|------------------------|--|-------------------------------|---|-------------------|
| Cost | | | | |
| At 1 July 2007 | 8,959,449 | 2,149,138 | 87,259 | 11,195,846 |
| Additions | - | 9,492 | - | 9,492 |
| At 30 June 2008 | 8,959,449 | 2,158,630 | 87,259 | 11,205,338 |
| Depreciation | | | | |
| At 1 July 2007 | 1,264,083 | 1,394,071 | 64,666 | 2,722,820 |
| Charge for the year | 151,855 | 207,568 | 5,633 | 365,056 |
| At 30 June 2008 | 1,415,938 | 1,601,639 | 70,299 | 3,087,876 |
| Net book value | | | | |
| At 30 June 2008 | 7,543,511 | 556,991 | 16,960 | 8,117,462 |
| At 30 June 2007 | 7,695,366 | 755,067 | 22,593 | 8,473,026 |

Apart from general plant and office equipment, all of the above fixed assets are used for direct charitable purposes.

Leasehold improvements comprise all works carried out at the Deepdale Stadium in constructing the Museum, including the cost of acquiring the 60-year lease from Preston North End Plc for £1.975 million in March 2003. The vast majority of these improvements have been funded by the Heritage Lottery Fund and the Northwest Regional Development Agency.

Permanent exhibitions relate to the long term stands and displays within the Museum.

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2008

9. Heritage assets

Group and charitable company

| | Collection items £ | Total £ |
|------------------------|-----------------------|------------------|
| Cost | | |
| At 1 July 2007 | 1,505,709 | 1,505,709 |
| Additions | - | - |
| At 30 June 2008 | 1,505,709 | 1,505,709 |
| Net Book Value | | |
| At 30 June 2008 | 1,505,709 | 1,505,709 |
| At 30 June 2007 | 1,505,709 | 1,505,709 |

The National Football Museum holds ten distinct collections, each of which is of major historical significance in its own right. They include two collections relating to FIFA, football's world governing body; and the collection of the world's oldest Football Association and oldest Football League. Collectively they form the largest publicly held collection of football memorabilia in the world, totalling over 30,000 items. These range in age from the 16th to the 21st centuries.

The Museum has a detailed Acquisitions and Disposal Policy, which has been approved by the Museums, Libraries and Archives Council, the Government body responsible for promoting standards in museums.

At any time approximately five percent of the collections are on display in the exhibitions at the National Football Museum. The remaining items are held in storage, but can be made available for research purposes. Items are also loaned for display at other museums.

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2008

9. Heritage assets (continued)

The following six collections are owned by the Museum:

The FIFA Museum Collection

This collection was acquired in 1999 from FIFA with the assistance of a grant from the Heritage Lottery Fund. It consists of over 4,000 items, reflecting all aspects of the history of English football, the ancient and medieval forerunners of the modern game, and also the development of the game around the world. The collection includes paintings, drawings and prints, photographs and posters, playing kit and equipment, metal sculpture, fine metal and ceramic decorative items, toys and games, books and ephemera.

The Peoples' Collection

This collection consists of over 6,000 items donated by hundreds of supporters, players and other individuals related to the game. It is tangible evidence of the extensive public support which the Museum has attracted. It offers an extraordinarily rich and diverse social history of the game and its role in English society throughout the twentieth century. A number of items in the Peoples' Collection are on loan.

The FIFA Book Collection

This collection of over 1,200 football books was purchased with the financial assistance of FIFA in 1998. The collection is particularly strong in terms of rare nineteenth century yearbooks and annuals, but also contains early histories of the game, club histories from the 1920's onwards, players' biographies and autobiographies, and football fiction from 1900 onwards.

The Harry Langton Collection

This collection, created by Harry Langton, the man who created the FIFA Museum Collection, was purchased by the museum in February 2000, with the assistance of a grant from the Heritage Lottery Fund. As with the FIFA Museum Collection, the material includes paintings, drawings and prints, photographs and posters, playing kit and equipment, metal sculpture, fine metal and ceramic decorative items, toys and games, and books and ephemera.

The Preston North End Football Club Collection

This collection consists of over 2,000 items reflecting all aspects of the club's history from the 1870s onwards, including trophies, medals, caps, jerseys, archive material and supporters' memorabilia.

The Sir Stanley Matthews Collection

This collection was purchased in 2001 with the assistance of a grant from the Heritage Lottery Fund. It consists of items relating to the career of one of the greatest English players of all time, including international caps, badges and associated information relating to Sir Stanley's club career and his international career with England.

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2008

9. Heritage assets (continued)

The following five collections are on long term loan to the Museum, apart from a small number of items in the Football Association Collection, which have been donated. The loaned collections have not been capitalised within the accounts of the Museum.

The Football Association Collection

This collection of over 1,600 items reflects all aspects of the history of the world's first football association, founded in 1863. The collection consists of trophies and awards from international tournaments, gifts to the FA marking international matches, painting and sculptures, photographs and archive documents. A small number of items in this collection have been donated and these items have been capitalised at their estimated market value.

The Football League Collection

This collection of over 1,500 items reflects all aspects of the history and development of the world's oldest professional league, founded in 1888. It consists of: trophies and medals; commemorative plaques, shields, pennants, banners, ceramics and glassware; framed photographs, presentation scrolls and artwork; and ephemera, including match programmes, original newspapers and Football League publications.

The Littlewoods Pools Collection

The Museum holds on loan a collection of over 5,000 items relating to the history of the Littlewoods Pools. Littlewoods Pools has played a key part in the game, both through the significance of football pools in the social history of football since the 1920s, and also through the major investment in the game which has come from the Government's Levy on the football pools.

In addition to the above collections David Gold, Chairman of Birmingham City Football Club, has kindly loaned to the Museum for display the oldest surviving FA Cup Trophy, which was used from 1896 to 1910.

The Museum has not capitalised the value of items added to the collections during the year. The Museum has comprehensive insurance for all the collections held, both those on loan and those which are owned by the Museum.

The Priory Collection

The National Football Museum has acquired on loan 300 outstanding items from one of the finest private sporting collections in the country, the Priory Collection. The loan includes outstanding artworks on a football theme and objects relating to world famous players and legendary matches. The items have been used during the year to develop a major redisplay of the First Half Gallery.

The Bolton Wanderers Collection

The National Football Museum has acquired on loan objects from the Bolton Wanderers FC collection, which have gone on display in the permanent galleries of the museum. The club, founded in 1874, was one of the twelve founder members of the Football League in 1888 and has remained in the league ever since. Among the loan of objects are early trophies such as the Bolton Charity trophy, in use from 1882 to 1905, and the Turton FC trophy from 1874. The loan also includes tickets and dinner menus from Bolton's FA Cup wins in the 1920s and a model of Burnden Park, Bolton's ground for 102 years before they moved to the Reebok Stadium.

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2008

10. Investments

| <i>Charitable company</i> | 2008 £ | 2007 £ |
|----------------------------------|-----------|-----------|
| Share in subsidiary undertakings | 1 | 1 |

The share in the subsidiary undertaking is the charitable company's investment in the trading subsidiary, The National Football Museum (Trading) Limited, a company incorporated in England and Wales. The investment represents a holding of 100% of the ordinary share capital of that company.

11. Debtors

| | 2008 £ | Group 2007 £ | Charitable Company 2008 £ | 2007 £ |
|------------------------------|-----------|--------------------|---------------------------------|-----------|
| Trade debtors | 20,440 | 5,492 | 16,570 | 8,164 |
| Taxation and social security | 5,494 | 9,827 | 7,533 | 13,991 |
| Gift aid receivable | - | - | 23,669 | 149,243 |
| Other debtors | 1,750 | 2,482 | - | - |
| Accrued income | 6,122 | 32,181 | 5,122 | 32,181 |
| Prepayments | 19,509 | 22,356 | 15,713 | 17,794 |
| | 53,315 | 72,338 | 68,607 | 221,373 |

12. Creditors: amount falling due within one year

| | 2008 £ | Group 2007 £ | Charitable Company 2008 £ | 2007 £ |
|------------------------------|-----------|--------------------|---------------------------------|-----------|
| Bank loans and overdrafts | 28,125 | - | 32,159 | - |
| Trade creditors | 36,743 | 57,056 | 30,816 | 52,757 |
| Taxation and social security | 8,082 | 8,850 | 8,082 | 8,850 |
| Other creditors | - | - | - | - |
| Deferred income | 25,500 | 25,000 | 15,000 | 25,000 |
| Accruals | 14,518 | 26,865 | 11,518 | 13,530 |
| | 112,968 | 117,771 | 97,575 | 100,137 |

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2008

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

| | 2008 | Group | Charitable Company | |
|----------------------------|---------|---------|--------------------|---------|
| | 2007 | 2008 | 2007 | |
| | £ | £ | £ | £ |
| Chattel mortgage | 400,000 | 400,000 | 400,000 | 400,000 |
| Amounts owed to subsidiary | - | - | 11,352 | 124,352 |
| | 400,000 | 400,000 | 411,352 | 524,352 |

The chattel mortgage from the Football Foundation originated in October 2002 with a £300,000 loan secured against two items in the FIFA Collection (combined value £325,000). In August 2003 the mortgage was further extended by £100,000 with security over another item in the FIFA Collection (value of £50,000). The chattel mortgage will only become repayable should the Museum cease to operate.

14. Unrestricted funds

| | Group | Charitable |
|-------------------------|----------|------------|
| | £ | Company |
| | £ | £ |
| Balance at 1 July 2007 | 46,453 | 46,453 |
| Net outgoing resources | (69,363) | (69,363) |
| Funds transfers | - | - |
| Balance at 30 June 2008 | (22,910) | (22,910) |

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2008

15. Restricted funds

Charitable company

| | Balance at 1 July 2007 £ | Income £ | Expenditure £ | Funds Transfers £ | Balance at 30 June 2008 £ |
|-------------------------------|-----------------------------------|---------------|------------------|-------------------------|------------------------------------|
| HLF grant – capital | 6,410,782 | - | (283,361) | - | 6,127,421 |
| Collections fund | 1,105,709 | - | - | - | 1,105,709 |
| NWDA grant – capital | 1,995,502 | 5,500 | (77,277) | - | 1,923,725 |
| Other grants | 44,149 | 13,000 | (15,397) | - | 41,752 |
| Museums and Galleries | - | 6,744 | (6,744) | - | - |
| Improvement Fund | - | 15,128 | (7,524) | - | 7,604 |
| Total restricted funds | 9,556,142 | 40,372 | (390,303) | - | 9,206,211 |

The "HLF Grant – Capital" fund relates to capital grants received. This fund will be written off over the life of the fixed assets to which it relates by allocating a proportion of the depreciation charge each year.

The Collection Fund relates to amounts received towards the purchase of Collection items which are capitalised in the balance sheet. These assets are not depreciated and as such this fund will remain in perpetuity, which reflects the ongoing restriction.

The "NWDA Grant – Capital" and other grant funds relate to capital grants received in the year. The funds will be written off over the life of the fixed assets to which they relate by allocating a proportion of the depreciation charge each year.

16. Going Concern

The trustees are aware of their responsibilities to assess whether there are significant doubts about the Museum's ability to trade as a going concern. At the date of approving the accounts there is significant concern over future revenue funding. The Museum's principal funder has declared its intention to terminate funding on 31 March 2009 and the trustees are actively seeking replacement income. It is for this reason that the foreseeable future considered by the trustees has been limited to a period of less than one year from the date of approval of the accounts.

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2008

17. Company limited by guarantee

The National Football Museum is a charitable company limited by guarantee, having no share capital and governed by its Memorandum and Articles of Association dated 31 October 1996.

18. Subsidiary company

The National Football Museum owns the whole of the issued capital of The National Football Museum (Trading) Limited, a company registered in England and Wales. The subsidiary is used to generate sponsorship and promotional income for the charitable company. All activities have been consolidated on a line by line basis in the SOFA. The total net profit is gifted to the charity. A summary of the results of the subsidiary is shown below:

| | 2008 £ | 2007 £ |
|-------------------------|------------------|------------------|
| Turnover | 207,602 | 277,969 |
| Cost of sales | <u>(144,041)</u> | <u>(97,515)</u> |
| Gross profit | 63,561 | 180,454 |
| Administration expenses | <u>(30,392)</u> | <u>(31,211)</u> |
| Net profit | 33,169 | 149,243 |
| Gifted to charity | <u>(33,169)</u> | <u>(149,243)</u> |
| | - | - |

The aggregate of the assets, liabilities and funds was:

| | 2008 £ | 2007 £ |
|---|-----------------|------------------|
| Assets | 45,136 | 178,041 |
| Liabilities | <u>(45,135)</u> | <u>(178,040)</u> |
| Funds (representing 1 ordinary share of £1) | <u>1</u> | <u>1</u> |

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2008

19. Reconciliation of changes in resources to net cash inflow from operating costs

| | 2008 £ | 2007 £ |
|---|-----------------|-----------------|
| Net outgoing resources | (419,294) | (439,939) |
| Interest received | (2,382) | (3,881) |
| Interest paid | 150 | - |
| Depreciation | 365,056 | 365,318 |
| Decrease/(increase) in stocks | 12,601 | (7,623) |
| Decrease/(increase) in debtors | 19,023 | 12,048 |
| (Decrease)/increase in creditors | <u>(32,928)</u> | <u>8,676</u> |
| Net cash (outflow)/inflow from operating activities | <u>(57,774)</u> | <u>(65,401)</u> |

20. Reconciliation of net cash flow to movement in net debt

| | 2008 £ | 2007 £ |
|---|------------------|------------------|
| (Decrease)/increase in cash in the year | (36,909) | (101,875) |
| Cash flow from movement in net debt | <u>(28,125)</u> | <u>-</u> |
| Movement in net debt in the year | (65,034) | (101,875) |
| Net debt at 1 July 2007 | <u>(362,642)</u> | <u>(260,767)</u> |
| Net debt at 30 June 2008 | <u>(427,676)</u> | <u>(362,642)</u> |

21. Analysis of changes in net funds

| | 1 July 2007 £ | Cash flow £ | 30 June 2008 £ |
|--------------------------|---------------------|-----------------|----------------------|
| Cash at bank and in hand | 37,358 | (36,909) | 449 |
| Debt due within one year | - | (28,125) | (28,125) |
| Debt due after one year | <u>(400,000)</u> | <u>-</u> | <u>(400,000)</u> |
| Net (debt)/funds | <u>(362,642)</u> | <u>(65,034)</u> | <u>(427,676)</u> |

THE NATIONAL FOOTBALL MUSEUM

NOTES TO THE ACCOUNTS

YEAR ENDED 30 JUNE 2008

22. Related party transactions

Mr K Ellard, a trustee of the charitable company, was also a councillor with Lancashire County Council. During the year Lancashire County Council provided funding of £25,000.

Mr S Barker, a trustee of the charitable company, was also an executive with the Professional Footballers' Association. During the year the Professional Footballers' Association provided funding of £16,000.