

3388437

The English National Stadium Development Company Limited

Report and Accounts

30 June 1998



ERNST & YOUNG

The English National Stadium Development Company Limited

Registered No. 3388437

DIRECTORS

K Bates
Sir D Hill-Wood
N Coward
D Sheepshanks
D Richards
G Thompson
M Cunnah
E Walker C.B.E
Sir R Walker
I Peacock O.B.E
J Harris

SECRETARIES

Masons Secretarial Services Limited and Nic Coward (Joint)

AUDITORS

Ernst & Young
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

NatWest Bank Plc
15 Bridge Road
Wembley Park
Middlesex
HA9 9AE

SOLICITORS

Masons
30 Aylesbury Street
London
EC1R 0ER

REGISTERED OFFICE

The Wembley Stadium
Wembley
Middlesex HA9 0DW

The English National Stadium Development Company Limited

DIRECTORS' REPORT

The directors present their first report and accounts for the period since incorporation to 30 June 1998

RESULTS AND DIVIDENDS

The profit for the period, after taxation, amounted to £nil. The directors do not recommend the payment of a dividend for the period.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company was incorporated on 18 June 1997 and commenced its operations on 4 November 1997. During the period, the company issued 3 ordinary shares of £1 each at par.

FUTURE DEVELOPMENTS

Wembley Stadium was acquired by ENSDCL on 15 March 1999. The intention is to run the existing Stadium until August 2000, commence demolition in September 2000 and open the New Stadium in May 2003.

YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The company is well advanced in the phase of addressing the risks to our business resulting from the date change to the Year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks. The cost of implementing the action plans will not be material and will be subsumed into the recurring costs of the company as they arise.

DIRECTORS AND THEIR INTERESTS

The directors during the period and those appointed subsequently were as follows:

K Bates	(appointed 23 December 1998)
Sir D Hill-Wood	(appointed 23 December 1998)
N Coward	(appointed 23 December 1998)
D Sheepshanks	(appointed 23 December 1998)
D Richards	(appointed 23 December 1998)
G Thompson	(appointed 23 December 1998)
M Cunnah	(appointed 23 December 1998)
E Walker C.B.E	(appointed 26 February 1999)
Sir R Walker	(appointed 26 February 1999)
I Peacock O.B.E	(appointed 28 November 1997)
J Harris	(appointed 6 November 1997)
M Cassidy	(appointed 28 November 1997, resigned 9 March 1998)
R Stubbs	(appointed 29 October 1997, resigned 12 January 1999)
R Heaver	(appointed 6 November 1997, resigned 12 January 1999)
C Sherling	(appointed 28 November 1997, resigned 28 January 1999)

Masons Nominees Limited, who were appointed directors on incorporation of the company, resigned on 29 October 1997.

None of the directors have any interest in the share capital of the company.

The English National Stadium Development Company Limited

DIRECTORS' REPORT

SUBSEQUENT EVENTS

Subsequent events are detailed in note 16 to the accounts.

AUDITORS

Ernst & Young were appointed by the directors as the auditors during the period. A resolution to reappoint them as auditors will be put to the members at the Annual General Meeting.

By order of the board



Secretary

6 APR 1999

The English National Stadium Development Company Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, 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 accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

REPORT OF THE AUDITORS**to the members of The English National Stadium Development Company Limited**

We have audited the accounts on pages 6 to 12, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 June 1998 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young.

Ernst & Young
Registered Auditor
London

6 April 1999.

The English National Stadium Development Company Limited

PROFIT AND LOSS ACCOUNT

for the period since incorporation to 30 June 1998

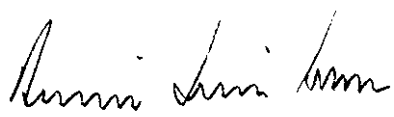
		<i>13 months to 30 June 1998</i>
	<i>Notes</i>	<i>£</i>
TURNOVER	2	1,829,711
Administrative expenses		1,834,652
OPERATING LOSS	3	(4,941)
Bank interest receivable		5,471
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		530
Tax on profit on ordinary activities	6	530
RESULT FOR THE FINANCIAL PERIOD	12	-

There are no recognised gains or losses other than as shown above.

The English National Stadium Development Company Limited

BALANCE SHEET at 30 June 1998

	Notes	1998 £
FIXED ASSETS		
Tangible assets	7	38,402
CURRENT ASSETS		
Debtors	8	93,385
Cash at bank and in hand		840,934
		934,319
CREDITORS: amounts falling due within one year	9	743,929
NET CURRENT ASSETS		190,390
TOTAL ASSETS LESS CURRENT LIABILITIES		228,792
DEFERRED INCOME		
Deferred grants	10	228,789
		3
CAPITAL AND RESERVES		
Called up share capital	11	3
Profit and loss account	12	-
Shareholders' funds: Equity		3

 Director

- 6 APR 1999

The English National Stadium Development Company Limited

NOTES TO THE ACCOUNTS

at 30 June 1998

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Leasehold improvements	-	over the lease term
Furniture and fittings	-	5 years
Equipment	-	3 years

Cash flow statement

The company is exempted from preparing a cash flow statement in accordance with FRS 1 (Revised).

Grants and deferred income

Grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by matching with the depreciation expense.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts received under a grant from the English Sports Council and arises solely in the UK on continuing activities.

3. OPERATING LOSS

This is stated after charging:

		13 months to 30 June 1998 £
Auditors' remuneration:		
audit fee		6,500
other fees		7,600
Operating lease rentals	-	land and buildings
		24,205
Depreciation of owned fixed assets before offset of grant income of the same amount		15,917

The English National Stadium Development Company Limited

NOTES TO THE ACCOUNTS

at 30 June 1998

4. DIRECTORS' EMOLUMENTS

*13 months to
30 June
1998
£*

Emoluments	30,629
Estimated value of benefits in kind	-
	<u>30,629</u>

5. STAFF COSTS

*13 months to
30 June
1998
£*

Wages and salaries	94,136
Social security costs	9,412
	<u>103,548</u>

The average weekly number of employees during the period was as follows:

*13 months to
30 June
1998
No.*

Administration	4
	<u>4</u>

6. TAX ON LOSS ON ORDINARY ACTIVITIES

*13 months to
30 June
1998
£*

UK Corporation tax	-
Deferred taxation	530
	<u>530</u>

The English National Stadium Development Company Limited

NOTES TO THE ACCOUNTS

at 30 June 1998

7. TANGIBLE FIXED ASSETS

	<i>Leasehold improvements</i> £	<i>Furniture and fittings</i> £	<i>Other equipment</i> £	<i>Total</i> £
Cost:				
Additions	6,791	9,538	37,990	54,319
At 30 June 1998	6,791	9,538	37,990	54,319
Depreciation:				
Provided during the period	1,358	1,908	12,651	15,917
At 30 June 1998	1,358	1,908	12,651	15,917
Net book amount:				
At 30 June 1998	5,433	7,630	25,339	38,402

8. DEBTORS

	<i>1998</i> £
Security deposit	14,000
Value added tax recoverable	69,665
Prepayments	9,720
	<u>93,385</u>

9. CREDITORS: amounts falling due within one year

	<i>1998</i> £
Corporation tax	530
Social security and other taxes	6,221
Accruals	737,178
	<u>743,929</u>

10. DEFERRED INCOME

	<i>Deferred grants 1998</i> £
Received during the period	2,058,500
Released during the period	(1,829,711)
At 30 June 1998	<u>228,789</u>

The deferred income relates to amounts received from the English Sports Council under terms of agreements dated 11 November 1997 and 15 May 1998.

The English National Stadium Development Company Limited

NOTES TO THE ACCOUNTS at 30 June 1998

11. SHARE CAPITAL

	1998 No.	Authorised 1998 £
'A' share of £1	1	1
Ordinary shares of £1 each	999	999
	<u>1,000</u>	<u>1,000</u>
	1998 No.	Allotted, called up and fully paid 1998 £
'A' share of £1	1	1
Ordinary shares of £1 each	2	2
	<u>3</u>	<u>3</u>

During the period, two ordinary shares of £1 each, and one 'A' share of £1, with an aggregate nominal value of £3, were issued fully paid.

12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
Profit for the period		-	-
Other movements:			
shares issued	3		3
At 30 June 1998	<u>3</u>	<u>-</u>	<u>3</u>

13. OTHER FINANCIAL COMMITMENTS

At 30 June 1998 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 1998 £	Other 1998 £
Operating leases which expire:		
within two to five years	37,020	-
in over five years	-	-
	<u>37,020</u>	<u>-</u>

14. RELATED PARTIES

During the period £306,421 was paid in consultancy fees to BDO Stoy Hayward Public Sector Consulting Services Limited of which R Stubbs is a director and shareholder.

The English National Stadium Development Company Limited

NOTES TO THE ACCOUNTS

at 30 June 1998

15. CONTROLLING PARTY

The directors consider the controlling party as at 30 June 1998 to be The English National Stadium Trust. Refer to note 16 in respect of events after the balance sheet date.

16. SUBSEQUENT EVENTS

On 12 January 1999 the company became a wholly owned subsidiary of the Football Association.

On 15 March 1999 The English National Stadium Development Company Limited completed the purchase of Wembley Stadium.