

**WEMBLEY NATIONAL STADIUM
LIMITED**

Report and Financial Statements

31 December 2001

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



REPORT AND FINANCIAL STATEMENTS 2001

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REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir R Walker
M Cunnah
E Walker CBE
I Peacock OBE
Lord J Harris
C Sherling
A Crozier
K Harris
F Pattison
P Heard

SECRETARY

R Maslin

REGISTERED OFFICE

11TH Floor
York House
Empire Way
Wembley
Middlesex HA9 0WS

BANKERS

Co-operative Bank Plc
1 Balloon Street
Manchester M60 4EP

Natwest PLC
15 Bridge Road
Wembley Park
Middlesex HA9 9AE

SOLICITORS

Masons
30 Aylesbury Street
London EC1R 0ER

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £415,091 (2000: £3,556,191). The directors do not recommend the payment of a dividend for the year (2000: £nil).

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal continuing activity of the company is to organise sporting and other entertainment events at Wembley Stadium and other sporting venues.

Throughout the year work has been progressing on planning for the redevelopment of Wembley Stadium. The Football Association Limited and Wembley National Stadium Limited have been working closely with the Government, Sport England, The London Development Agency and Brent Council to create a revised business plan and funding position.

The Football Association Limited, as the parent company of WNSL, has pledged its support to the project and the directors are confident that the required finance should be raised to complete the project.

FUTURE DEVELOPMENTS

The continued intention is to commence demolition of the existing Wembley Stadium and commence construction of a new stadium.

DIRECTORS AND THEIR INTERESTS

The directors of the company were as follows:

Sir R Walker	
D Richards	(Resigned 6 December 2001)
M Cunnah	
E Walker CBE	
I Peacock OBE	
Lord J Harris	
C Sherling	
A Crozier	
K Harris	(Appointed 5 January 2001)
F Pattison	(Appointed 14 July 2000; Resigned 5 January 2001; Appointed 14 May 2001)
P Heard	(Appointed 2 May 2001)
K Bates	(Resigned 7 February 2001)
Sir D Hill-Wood	(Resigned 31 January 2001)
G Thompson	(Resigned 31 January 2001)
P Ridsdale	(Appointed 31 January 2001, Resigned 21 November 2001)

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

DIRECTORS' REPORT (continued)

AUDITORS

Deloitte & Touche were reappointed at the Annual General Meeting and have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



R Maslin

Secretary

8th April

2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those 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 accounting standards have been followed; and
- prepare the financial statements 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 financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEMBLEY
NATIONAL STADIUM LIMITED**

We have audited the financial statements of Wembley National Stadium Limited for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

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

Uncertainty relating to financing of the new Stadium

In forming our opinion, we have considered the adequacy of the disclosures in note 17 which explains the status of the financing of the new Wembley Stadium. In view of the significance of this uncertainty, we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche

Chartered Accountants and
Registered Auditors

26 April 2002

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2001

	Note	2001 £	2000 £
TURNOVER	2	11,134,857	30,483,274
Administrative expenses	(10,782,354)	(46,709,344)	
Exceptional administrative expenses	4	-	(651,610)
Grant released to profit and loss account		365,623	21,307,405
Total administrative expenses		(10,416,731)	(26,053,549)
OPERATING PROFIT	3	718,126	4,429,725
Bank interest receivable		180,169	756,409
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		898,295	5,186,134
Tax charge on profit on ordinary activities	6	(483,204)	(1,629,943)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR	15	415,091	3,556,191

All activities relate to continuing operations

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than those included in the profit and loss account.

Details of movements in reserves are given in note 15.

The notes on pages 8 to 14 form part of these accounts.

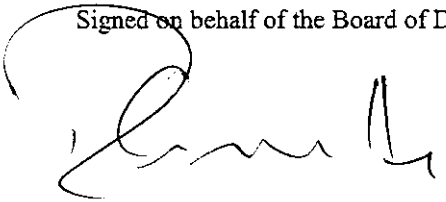
BALANCE SHEET**31 December 2001**

	Note	2001 £	2000 £
FIXED ASSETS			
Intangible assets	7	250,000	250,000
Tangible assets	8	94,824,865	88,604,430
		<u>95,074,865</u>	<u>88,854,430</u>
CURRENT ASSETS			
Debtors	9	686,244	2,817,226
Cash at bank and in hand	10	1,269,415	5,522,601
		<u>1,955,659</u>	<u>8,339,827</u>
CREDITORS: amounts falling due within one year	11	<u>(7,424,207)</u>	<u>(7,637,408)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(5,468,548)</u>	<u>702,419</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		89,606,317	89,556,849
PROVISIONS FOR LIABILITIES AND CHARGES	12	(7,000,000)	(7,000,000)
DEFERRED GRANT	13	(78,631,890)	(78,997,513)
		<u>3,974,427</u>	<u>3,559,336</u>
CAPITAL AND RESERVES			
Called up share capital	14	3	3
Profit and loss account	15	3,974,424	3,559,333
SHAREHOLDERS' FUNDS (including non-equity interests)		<u>3,974,427</u>	<u>3,559,336</u>

These financial statements were approved by the Board of Directors on

2002.

Signed on behalf of the Board of Directors


 Sir R Walker
 Director

NOTES TO THE ACCOUNTS**Year ended 31 December 2001****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets and depreciation

Land is included in the accounts at the directors' opinion of the apportioned cost arising from the purchase of land and buildings from Wembley plc. No depreciation is charged in respect of land. Depreciation is provided on all other tangible fixed assets on a straight line basis, at rates calculated to write off the cost of those assets over their useful expected useful lives, and incorporating any residual value, as follows:

Stadium assets	-	over period to closure of existing stadium
Long leasehold property	-	over the life of the lease when remaining term is less than 50 years
Short leasehold property	-	over the life of the lease
Furniture and fittings	-	10 years
Computer equipment	-	3 years
Plant and machinery	-	5 years
Motor vehicles	-	4 years

Assets in the course of construction relate to costs associated with the construction of the new stadium. These assets will be depreciated when they are brought into use.

Intangible assets

Intangible assets are not amortised on the grounds of their expected durability in accordance with FRS 10.

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 relevant depreciation expense.

Revenue grants 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.

Provisions for liabilities and charges

Provisions for liabilities and charges represent costs expected to be incurred in connection with the closure of the stadium for redevelopment purposes. The effect of the time value of money is not material and therefore the provisions are not discounted.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements, to the extent that it is probable that a liability or asset will crystallise in the future.

Cash flow statement

The cash flows of the company are included in the consolidated group cash flow statement of The Football Association Limited, the ultimate holding company. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from preparing a cash flow statement.

NOTES TO THE ACCOUNTS**Year ended 31 December 2001****1. ACCOUNTING POLICIES (continued)****Pensions**

The company does not operate a pension scheme. Contributions are made on behalf of employees in respect of their personal pension arrangements.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts receivable from operating and running sporting and other entertainment events and arises solely in the UK.

3. OPERATING PROFIT

This is stated after charging:

	2001 £	2000 £
Auditors' remuneration:		
- Audit fees	25,000	31,600
- Other services	238,670	536,734
Operating lease rentals – motor vehicles	46,460	453,224
Depreciation of owned fixed assets	434,534	19,842,344
	<u> </u>	<u> </u>

4. EXCEPTIONAL ITEMS

	2001 £	2000 £
Recognised in arriving at operating loss:		
Other provisions created during the year (see note 12)	-	651,610
	<u> </u>	<u> </u>
	-	651,610
	<u> </u>	<u> </u>

5. STAFF COSTS

	2001 £	2000 £
Wages and salaries	1,322,664	4,631,140
Social security costs	137,961	385,225
Other pension costs	127,693	199,780
	<u> </u>	<u> </u>
	1,588,318	5,216,145
	<u> </u>	<u> </u>

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

	No.	No.
Administration	26	26
Operations	-	100
	<u> </u>	<u> </u>

The directors received no remuneration for the services provided to the company.

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
UK Corporation tax at 30% (2000: 30%)	483,204	1,309,943
Adjustment in respect of prior years	-	320,000
	<u>483,204</u>	<u>1,629,943</u>

The tax charge is disproportionately high due to expenditure having been incurred which is not tax deductible.

No deferred tax is provided in the accounts. The amount of unprovided deferred tax is:

	Unprovided	
	2001 £	2000 £
Capital allowances in excess of depreciation	(59,558)	(37,152)
Other timing differences	1,098	2,144
	<u>(58,460)</u>	<u>(35,008)</u>

7. INTANGIBLE FIXED ASSETS

	Intellectual property £
Cost and net book value	
At 1 January 2001 and 31 December 2001	<u>250,000</u>

Intangible assets represent the cost attributed to intellectual property on the acquisition of Wembley Stadium. In accordance with Financial Reporting Standard 10, intangibles are not subject to an annual amortisation charge on the grounds of their expected durability.

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Assets in the course of construction £	Leasehold property £	Plant, machinery, furniture and fittings £	Motor vehicles £	Computer equipment £	Total £
Cost:							
At 1 January 2001	96,723,679	20,713,183	5,500,000	1,878,199	113,000	259,514	125,187,575
Additions	-	6,969,870	-	8,168	-	-	6,978,038
Disposals	-	(200,000)	-	(1,240,374)	(105,000)	(2,507)	(1,547,881)
At 31 December 2001	<u>96,723,679</u>	<u>27,483,053</u>	<u>5,500,000</u>	<u>645,993</u>	<u>8,000</u>	<u>257,007</u>	<u>130,617,732</u>
Accumulated depreciation:							
At 1 January 2001	32,223,679	-	3,000,000	1,158,895	49,437	151,134	36,583,145
Charge for the year	-	-	-	346,865	2,000	85,669	434,534
Disposals	-	-	-	(1,178,048)	(45,938)	(827)	(1,224,813)
At 31 December 2001	<u>32,223,679</u>	<u>-</u>	<u>3,000,000</u>	<u>327,712</u>	<u>5,500</u>	<u>235,976</u>	<u>35,792,867</u>
Net book value							
At 31 December 2001	<u>64,500,000</u>	<u>27,483,053</u>	<u>2,500,000</u>	<u>318,281</u>	<u>2,500</u>	<u>21,031</u>	<u>94,824,865</u>
At 31 December 2000	<u>64,500,000</u>	<u>20,713,183</u>	<u>2,500,000</u>	<u>719,304</u>	<u>63,563</u>	<u>108,380</u>	<u>88,604,430</u>

NOTES TO THE ACCOUNTS**Year ended 31 December 2001****8. TANGIBLE FIXED ASSETS (continued)**

The cost of leasehold property includes £2,500,000 of long term leases and £3,000,000 of short term leases.

Although the company is the ultimate owner of the freehold, a lease and leaseback arrangement has been entered into for nominal consideration with a fellow subsidiary undertaking. The lease from the fellow subsidiary undertaking to the company runs for 130 years.

Included within the cost of freehold land and buildings is land at an apportioned cost of £64,500,000.

Assets in the course of construction relate to development costs for the new Wembley stadium. (See note 17)

9. DEBTORS

	2001 £	2000 £
Trade debtors	75,513	865,427
Other debtors	24,634	52,739
Value added tax recoverable	522,025	865,103
Prepayments	64,072	128,038
Amounts due from group undertakings	-	905,919
	<u>686,244</u>	<u>2,817,226</u>

10. CASH AT BANK AND IN HAND

	2001 £	2000 £
Cash at bank and in hand	869,415	5,122,601
Cash held in Escrow account	400,000	400,000
	<u>1,269,415</u>	<u>5,522,601</u>

The cash is held in Escrow as security for the obligations and indemnities arising from the purchase of Wembley Stadium. This is expected to be released in April 2002.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Trade creditors	2,579,934	1,370,803
Amount due to group undertakings	2,504,980	-
Taxation and social security	346,353	1,158,937
Other creditors, accruals and deferred income	1,992,940	5,107,668
	<u>7,424,207</u>	<u>7,637,408</u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

12. PROVISIONS FOR LIABILITIES AND CHARGES

	Other £	Total £
At 1 January 2001 and 31 December 2001	7,000,000	7,000,000

Other provisions include the estimated costs of settling obligations in respect of current contracts with suppliers, which may be terminated on the closure of the stadium for redevelopment purposes.

13. DEFERRED GRANTS

	2001 £	2000 £
At 1 January	78,997,513	92,845,918
Receivable for the year	-	7,459,000
Released to profit and loss during the year	(365,623)	(21,307,405)
At 31 December	78,631,890	78,997,513

Deferred grants relate to grants received from Sport England under the terms of Agreements dated 11 November 1997 and 15 May 1998. (See note 17)

14. CALLED UP SHARE CAPITAL

	2001 £	2000 £
Authorised:		
1 'A' share - non-equity	1	1
999 ordinary shares of £1 each	999	999
	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid:		
1 'A' share of - non-equity	1	1
2 ordinary shares of £1 each	2	2
	<u>3</u>	<u>3</u>

The 'A' share is held by the English National Stadium Trust and entitles the shareholder to appoint directors as set out in the Articles of Association. The holder is not entitled to vote at General Meetings or receive dividends, and on winding up the holder is only entitled to the capital paid on the share.

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 January 2001	3	3,559,333	3,559,336
Profit for the year	-	415,091	415,091
At 31 December 2001	<u>3</u>	<u>3,974,424</u>	<u>3,974,427</u>

16. OTHER FINANCIAL COMMITMENTS

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	2001	
	Land and buildings £	Other £
Operating leases which expire:		
Within two to five years	-	18,766
In over five years	-	-
	<u>-</u>	<u>18,766</u>

17. WEMBLEY STADIUM

Plans for the redevelopment of Wembley Stadium are ongoing. The initial round of fund raising in November/December 2000 was not successful. Since then The Football Association Limited and Wembley National Stadium Limited (WNSL) have been working closely with the government, Sport England, The London Development Agency and Brent Council to create a revised business plan and funding proposition.

The Football Association Limited, as the parent company of WNSL, has pledged its support to the project. The directors of both companies are confident that the required finance should be raised to complete the project with the new support from the aforementioned organisations.

These financial statements have been prepared on the basis that appropriate finance for the development of the new Wembley Stadium will be found. However, if the required level of support and finance is not raised, then amounts carried as assets in the course of construction in note 8 will need to be written off. A proportion of the original grant of £120 million paid to WNSL by Sport England may become repayable in the event that Sport England exercises such rights under the Lottery Funding Agreement ("The Agreement") dated 12 January 1999. In the event that Sport England exercises such rights, WNSL will have to find finance to refund that proportion of the grant.

The retention of the Sport England Grant is contingent upon a number of specific milestones being achieved. The Agreement set out a timetable for meeting these milestones. A number of these milestones have still to be met. Sport England has been kept fully informed of all developments and the grant remains in place. In the opinion of the directors, WNSL have met and will continue to meet the obligations under the Agreement. On this basis, the directors do not believe the grant will be required to be repaid.

18. RELATED PARTY TRANSACTIONS

The company is taking advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No. 8 "Related Party Disclosures" not to disclose transactions with group companies which are related parties.

NOTES TO THE ACCOUNTS

Year ended 31 December 2001

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING ENTITY

The ultimate and immediate parent undertaking is The Football Association Limited (the "FA"), a company incorporated in Great Britain and registered in England and Wales. The results of the company are consolidated in the accounts of the FA. Copies of the FA's accounts are available from The Football Association Limited, 25 Soho Square, London W1D 4FA.