

Company Registration No. 03388437

Wembley National Stadium Limited

Report and Financial Statements

Year ended 31 July 2016

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Wembley National Stadium Limited

Report and financial statements 31 July 2016

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Wembley National Stadium Limited

Report and financial statements 31 July 2016

Officers and professional advisers

Directors

M Benn	(Chairman, Resigned 29 February 2016)
M Glenn	(Chairman)
S Martin	(Resigned 30 June 2016)
R Maslin	(Resigned 2 October 2015)
G Burr	(Resigned 30 September 2015)
A Crean	(Appointed 26 August 2015, Resigned 8 April 2016)
J Harrington	(Appointed 26 August 2015)
S Turner	(Appointed 26 August 2015, Resigned 10 February 2016)
M Burrows	(Appointed 21 July 2016)
M Stewart	(Appointed 8 April 2016, Resigned 21 July 2016)

Secretary

R McDermott

Registered office

Wembley Stadium
Wembley
London
HA9 0WS

Bankers

The Royal Bank of Scotland PLC
280 Bishopsgate
London, EC2M 4RB

Solicitors

Allen & Overy LLP
Level 32
40 Bank Street
Canary Wharf
London, E14 5DU

Bird & Bird
15 Fetter Lane
London
EC4A 1JP

Charles Russell Speechlys LLP
5 Fleet Place
London
EC4M 7RD

Mayer Brown LLP
201 Bishopsgate
London
EC2M 3AF

Pinsent Masons LLP
30 Crown Place
London
EC2A 4ES

Independent Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London
EC4A 3BZ

Wembley National Stadium Limited

Strategic report

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

Principal activity

The principal activity of Wembley National Stadium Limited ("WNSL") is an events business, facilitating events on behalf of event owners across a wide variety of sporting and entertainment activities.

Wembley Stadium has long-term staging agreements with a number of event owners, including The Football Association, The Football League, The Rugby Football League and The National Football League ("NFL"). These events form the spine of Wembley's event calendar.

Wembley also has strong relationships with a number of other event owners, regularly hosting events on behalf of various music promoters, and other sporting bodies.

Review of business and future prospects

Hosting the most high profile, showpiece events is critical to maintaining Wembley's position as one of the world's leading stadia. The 2015/16 season continued on the success of previous seasons by hosting a wide range of events including the final and semi-finals of the Emirates FA Cup and finals of other FA competitions, a number of England Senior Men's internationals, the Challenge Cup final, two 2015 Rugby World Cup games, three NFL games and a number of world renowned artists as part of the Wembley summer concert season.

Club Wembley remains the key driver of the business plan. Although Club Wembley continues to be the largest and most successful long-term contracted high value membership scheme of any entertainment venue in the world, management are far from complacent and there is a continued focus on the quality and breadth of events and first class service.

Club Wembley remains an integral part of our business, and the next year will be significant as the original ten-year tenures come to an end. August 2017 will see the launch of the new Club Wembley, with membership options changing and tenures reduced to three seasons. Substantial investment is being planned for our members' concourse and we will be introducing a number of exclusive members' benefits and privileges to build on the current Club Wembley offering.

Environmental responsibility has been central to Wembley Stadium since it opened and our dedication to making our stadium as environmentally friendly as possible. We remain zero waste-to-landfill, and this year we have focused on making sure as much waste as possible is recycled by changing our waste management on event days. Elsewhere, we continually seek to identify opportunities to save energy and water. Our focus in the coming year will be on various LED lighting projects, with 1,000 emergency running man lights – illuminated 24 hours a day – to be upgraded by the end of 2016.

Wembley Stadium remains fully accessible, and we pride ourselves on being able to offer every visitor an unrivalled event-day experience. There is an accessible entrance at every set of turnstiles for wheelchair users, semi-ambulant visitors and those accompanied by assistance dogs and we have more than 310 wheelchair spaces across all levels. Wembley also provides a full 90-minute commentary service, including information and emergency announcements, to ensure that blind and partially sighted football fans are able to enjoy their matchday experience fully and safely. Off the pitch, we continue to work closely with Level Playing Field (LPF) to improve the accessibility, customer service and overall experience of live sporting events for disabled fans.

In October 2015, the company settled its debt obligations under its existing financing arrangements in full and entered into a new long-term financing agreement with the parent company. For more information see note 13.

As we look forward to the 2016/17 season, we are pleased to host Tottenham Hotspur for their home UEFA Champions League fixtures and celebrate the ten year anniversary of the present stadium.

Wembley National Stadium Limited

Strategic report (Continued)

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a significant impact on the Company's long-term performance.

The FA Group's management team actively review existing risks across the Group and identify new risks on a quarterly basis. Suitable controls are put in place and action plans are established to mitigate risks. The risk management process is overseen by the Group Audit Committee, as described in the Directors' report. Club Wembley box and premium seats have been contracted for an average of eight and ten years respectively and are primarily due for renewal in 2016/17 or 2017/18. Their renewal over the long-term remains the principal risk facing the business.

These principal risks and uncertainties have been disclosed in full within Wembley National Stadium Limited parent (The Football Association Ltd) consolidated financial statements.

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



Richard McDermott

Company Secretary

Wembley National Stadium Limited

1 November 2016

Wembley National Stadium Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 July 2016.

Going concern

The directors have considered the principal risks and uncertainties as disclosed within its Parent Company accounts and have taken account of them in their forecasts, and concluded that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Further, The FA has provided written confirmation to the directors of WNSL of its intention to provide any financial support that is necessary to enable WNSL to meet its obligations as they fall due, for a period of 12 months from the date of signing the report and financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the report and financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

Dividends

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

Corporate governance

The Board

The main functions of the Board are to formulate the strategy, objectives and major policies of the Company. They met nine times during the reporting period. Prior to each Board meeting, the directors receive an agenda and a set of board papers to be discussed. Standing agenda items include a summary report from across the business by the Operations Director and the Chief Financial Officer / Financial Controller and updates in relation to Club Wembley, events, construction, health and safety and stadium operations. Other matters for which formal approval or noting are required are also included on the agenda.

Where Board members, in the furtherance of their duties, need to take independent professional advice they may do so at the Company's expense. They also have access to the advice and service of The FA Group's Company Secretary.

The directors of the Company during the period, and the attendance of directors at the scheduled meetings of the Board were, as follows:

Name	Role	Date appointed/resigned	Scheduled Board Meetings
M Benn	Non-Executive Chairman	Resigned on 29 February 2016	7 (7)
M Glenn	Executive Director		6 (9)
S Martin	Non-Executive Director	Resigned on 30 June 2016	8 (9)
R Maslin	Managing Director	Resigned on 2 October 2015	1 (1)
G Burr	Non-Executive Director	Resigned on 30 September 2015	1 (1)
A Crean	Executive Director	Appointed on 26 August 2015, resigned on 8 April 2016	7 (7)
J Harrington	Executive Director	Appointed on 26 August 2015	9 (9)
S Turner	Executive Director	Appointed on 26 August 2015, resigned on 10 February 2016	3 (5)
M Burrows	Executive Director	Appointed on 21 July 2016	1 (1)
M Stewart	Executive Director	Appointed on 8 April 2016, resigned on 21 July 2016	1 (2)

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Wembley National Stadium Limited

Directors' report (continued)

Group Audit Committee

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness at least annually. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The FA Board has established a Group Audit Committee (the "GAC") with a mandate to provide independent oversight on the following matters across The FA Group:

- governance, including risk management and internal control;
- external audit arrangements;
- internal audit arrangements;
- the appropriateness of financial reporting; and
- compliance, whistleblowing and fraud.

The GAC's remit includes all operations and activities undertaken by The FA Group, covering the consolidated Group and the individual entities: The Football Association Limited, Wembley National Stadium Limited and National Football Centre Limited.

The GAC comprises an independent chairman, I Nunn, alongside R Devlin (FA Board director) and two non-executive directors, M Reilly and V Vaghela. The chairman and independent non-executive directors have no connections with The FA such as through a material business relationship or by representing a shareholder. As well as bringing independence and objectivity, non-executive directors are appointed onto the GAC in view of the skills and experience they can bring to the role. The GAC typically meets four times per year, with one meeting including the review of the financial statements of the Group.

The GAC reviews reports from management, internal audit and external audit on the Group's system of internal control and risk management, specifically those that support the integrity of the financial statements. The GAC also reviews, and where necessary challenges, the judgements of management in relation to the preparation of the financial statements.

The Remuneration Committee

The Company's policy relating to the remuneration, pension provision, termination of employment and service contracts (including severance issues of executive directors and senior management), is dealt with by The FA Group's Remuneration Committee.

The Remuneration Committee comprises P McCormick OBE, H Rabbatts DBE, J Pearce and G Clarke. It is responsible for advising the Board on the pay and terms and conditions of the Chief Executive Officer and members of senior management. In discharging its duties, the Remuneration Committee takes independent advice where appropriate. The remuneration policy is designed to attract, retain and motivate executive directors to deliver the business strategy. Remuneration arrangements for senior positions incorporate performance measures which link to the business plan and individual performance criteria.

Health and Safety Committee

Health and safety is a key issue and the Board and management take seriously their legislative duties to ensure the wellbeing of staff, visitors and others who may be affected by the Company's activities. Under its obligations from the Health and Safety at Work Act and the Safety at Sports Ground Act, the Company constantly strives to provide and maintain a safe place of work. The Health and Safety Committee assists the Board in discharging these responsibilities.

The Health and Safety Committee is chaired by a Board director with the other members being relevant members of The FA's executive. The purpose of the Health and Safety Committee is to set an appropriate health and safety policy and ensure that it is implemented effectively. The Health and Safety Committee meet on a monthly basis and report their findings to the Board.

As part of the health and safety policy, a comprehensive risk assessment process is conducted for all activities held within the stadium. This system is reviewed at least annually and more regularly if required. The Health and Safety Manager oversees this policy and ensures the Board, the Health and Safety Committee and staff are kept informed of changes in legislation and briefed as necessary.

The Company acknowledges that the successful operation of the Stadium, and all activities within it, relies on a healthy and safe work environment. The Company is committed to nurturing effective relationships with local and national authorities to ensure its policy can be implemented effectively and it remains at the forefront of health and safety practice.

Wembley National Stadium Limited

Directors' report (continued)

A review of the governance arrangements for the management of health and safety across The FA Group was carried out in 2016 and the recommendations arising from this will be implemented in due course.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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



Richard McDermott

Company Secretary

Wembley National Stadium Limited

1 November 2016

Wembley National Stadium Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S 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 July 2016 which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

M. R. Lee-Amies

Mark Lee-Amies FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

London, United Kingdom

3 November 2016

Wembley National Stadium Limited

Profit and loss account Year ended 31 July 2016

	Notes	2016 £'000	2015 £'000
Turnover	3	104,395	93,590
Cost of sales		<u>(31,275)</u>	<u>(22,180)</u>
Gross profit		73,120	71,410
Operating expenses		<u>(61,125)</u>	<u>(61,609)</u>
Operating profit		11,995	9,801
<i>Finance costs</i>		<u>(12,625)</u>	<u>(19,921)</u>
<i>Remeasurement of interest rate swap</i>		<u>(4,457)</u>	<u>(6,561)</u>
Total finance costs (net)	4	<u>(17,082)</u>	<u>(26,482)</u>
Loss on ordinary activities before taxation	5	<u>(5,087)</u>	<u>(16,681)</u>
Tax credit on loss on ordinary activities	8	<u>1,269</u>	<u>2,383</u>
Loss for the financial period		<u><u>(3,818)</u></u>	<u><u>(14,298)</u></u>

The above results relate to continuing operations.

There were no recognised gains or losses for the year ended 31 July 2016 or the year ended 31 July 2015. Accordingly, no statement of comprehensive income is presented.

Wembley National Stadium Limited

Balance sheet As at 31 July 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	9	233	239
Tangible assets	10	<u>562,504</u>	<u>589,388</u>
		<u>562,737</u>	<u>589,627</u>
Current assets			
Stocks		423	350
Debtors			
- due within one year	11	34,210	16,540
- due after one year	11	439	439
Cash and cash equivalents		<u>34,700</u>	<u>78,964</u>
		<u>69,772</u>	<u>96,293</u>
Creditors: amounts falling due within one year	12	<u>(194,881)</u>	<u>(195,859)</u>
Net current liabilities		<u>(125,109)</u>	<u>(99,566)</u>
Total assets less current liabilities		<u>437,628</u>	<u>490,061</u>
Creditors: amounts falling due after more than one year	13	<u>(375,145)</u>	<u>(425,777)</u>
Provisions for liabilities	14	<u>(14,636)</u>	<u>(12,619)</u>
Net assets		<u>47,847</u>	<u>51,665</u>
Capital and reserves			
Called up share capital	16	-	-
Share premium account	16	230,000	230,000
Profit and loss account		<u>(182,153)</u>	<u>(178,335)</u>
Shareholders' funds		<u>47,847</u>	<u>51,665</u>

These financial statements of Wembley National Stadium Limited, company number 03388437, were approved by the Board of Directors on 1 November 2016.

Signed on behalf of the Board of Directors



Mark Burrows
Director

Wembley National Stadium Limited

Statement of changes in equity **Year ended 31 July 2016**

	Share capital £'000	Share Premium Account £'000	Profit and loss account £'000	Total £'000
Balance at 31 July 2015	-	230,000	(178,335)	51,665
Loss for the year	-	-	(3,818)	(3,818)
Balance at 31 July 2016	-	230,000	(182,153)	47,847

Wembley National Stadium Limited

Notes to the financial statements (continued) Year ended 31 July 2016

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

a) General information and basis of accounting

Wembley National Stadium Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 2. The nature of the Company's operations and its principal activities are set out in the Strategic report.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The Company's financial statements are therefore presented in pounds sterling.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

The results of the Company are included in the consolidated accounts of its ultimate parent company, The Football Association Limited.

b) Going concern

The business activities of Wembley National Stadium Limited ("WNSL" or the "Company"), together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report, that also outlines the Company's financial position including its financial cash flows, liquidity position and borrowing facilities. At the period end, the Company has net current liabilities of £125.1 million (2015: £99.6 million). There are a number of potential risks and uncertainties which could have a significant impact on the Company's long-term performance. Club Wembley box and premium seats have been contracted for an average of eight and ten years respectively and are primarily due for renewal in 2016/17 or 2017/18. Their renewal over the long-term remains the principal risk facing the business.

In October 2015, the Company settled its debt obligations under its existing financing arrangements in full and entered into a new long-term financing agreement with the parent company. For more information see note 13.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the report and financial statements.

c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. No depreciation is charged in respect of freehold 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 lives, and incorporating any residual value, as follows:

Stadium	- the assets that comprise the Stadium have been categorised into operating classes and depreciated according to the useful economic life of that class. Useful economic lives range from 5 to 50 years.
Freehold land	- no depreciation is charged in respect of land.
Long leasehold property	- over the life of the lease when remaining term is less than 50 years, otherwise not depreciated.
Furniture and fittings	- 10 years
Computer equipment	- 3 years
Plant and machinery	- 3 to 10 years

Wembley National Stadium Limited

Notes to the financial statements (continued) Year ended 31 July 2016

1. Accounting policies (continued)

d) Intangible fixed asset

WNSL holds an intangible asset which represents the cost attributed to intellectual property on the acquisition of Wembley Stadium. The intellectual property rights are being amortised using the straight line method over a useful economic life in line with the Stadium fixed assets. An impairment review is performed annually.

e) Investments

Fixed asset investments are shown at cost less provision for impairment.

f) Grants and deferred income

Grants in respect of capital expenditure are credited to a deferred capital grant 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. Where a grant relates to an asset which is not depreciated, the grant remains in deferred income until the end of the asset's life.

Revenue grants are credited to income so as to match them with the expenditure to which they relate.

g) Leasing commitments

Rentals paid or received under operating leases are charged or credited to the profit and loss account on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which the benefit from the leased asset is receivable.

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

h) Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profit and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profit from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

i) Pensions

The Company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

j) Borrowing costs

The arrangement fees for the committed funding have been offset against the loan and are being amortised over the period of the loan. Finance costs, including amortisation of arrangement fees, directly attributable to construction of the Stadium were capitalised and are being depreciated on a straight-line basis over the life of the Stadium. Borrowing costs incurred from the date of operational completion are charged to the profit and loss account as incurred.

Wembley National Stadium Limited

Notes to the financial statements (continued) Year ended 31 July 2016

1. Accounting policies (continued)

k) Turnover

Club Wembley licence fees - The revenue is recognised when the licence agreement has been signed and the exercise period commences. Total revenue from licence fees is spread evenly across the term of the licence agreement.

Club Wembley season fees - When a customer first joins Club Wembley, revenue is recognised from when the licence agreement has been signed and the licence period has commenced. The season fee is spread evenly across the period to which it relates (1 August to 31 July if a full season).

Revenue from events is derived predominantly from the sale of tickets and packages to Club Wembley customers, WNSL's share of gate receipts under various staging agreements and one-off Stadium hire fees. Other sources of event related income are programme income, other merchandise income, commission on resale and commission on catering. This income is all recognised when the event occurs.

Sponsorship and related revenues – These are recognised in line with the rights provided, under each contract.

Other revenue is recognised as it is earned. Sources of other revenue include shop income, tour income, parking income, steward training income, postage and packaging charged to customers, credit card fees charged to customers, licensing for merchandising, photography and publications, commission on catering and fees for catering rights within the Stadium.

l) Barter transactions

Turnover and costs in respect of barter transactions for goods and services are recognised only where there is persuasive evidence of the value at which, if they had not been exchanged, the goods and services would have been sold for cash in a similar transaction.

m) Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The Company determines the fair value of its derivative financial instruments using quoted market prices adjusted for credit risk based on an implied probability of default, calculated using accepted valuation techniques. The resulting gain or loss is recognised in profit or loss immediately. No hedge accounting is applied.

n) Stock

Stock is stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

Wembley National Stadium Limited

Notes to the financial statements (continued) Year ended 31 July 2016

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements and key sources of estimation uncertainty in applying the Company's accounting policies

The following are the critical judgements and estimations that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment review of tangible assets

There are a number of assumptions management have considered in performing the impairment review of the Company's tangible assets, the most significant of which is the stadium. The determination of whether the assets are impaired requires an estimation of the value in use of the assets, based upon an estimate of the future cash flows expected to arise from the assets and a suitable discount rate in order to calculate present value.

A number of assumptions have been used in estimating future cash flows namely the number of events held at the stadium and the renewals of Club Wembley membership.

The discount rate used within the calculation is the 20 year AA UK corporate bond rate.

3. Turnover

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

The amount of barter transactions recognised in turnover is £0.7 million (2015: £0.8 million).

An analysis of the Company's turnover by class of business is set out below.

	2016 £'000	2015 £'000
Turnover		
Club Wembley	56,529	55,717
Events	36,944	27,309
Sponsorship	5,452	5,129
Other income	5,470	5,435
	<u>104,395</u>	<u>93,590</u>

Wembley National Stadium Limited

Notes to the financial statements (continued) Year ended 31 July 2016

3. Turnover (continued)

An analysis of the Company's turnover by type is as follows:

	2016 £'000	2015 £'000
Sale of goods	874	984
Rendering of services	102,066	91,151
Rental income	418	418
Grants	1,037	1,037
	<u>104,395</u>	<u>93,590</u>

Grants represent amounts received in respect of Stadium assets and infrastructure of the surrounding area (see note 13). The Company has not directly benefited from any other forms of government assistance.

4. Finance costs (net)

	2016 £'000	2015 £'000
Bank interest payable	(6,633)	(20,203)
Interest payable on intercompany borrowings	(6,117)	-
Bank interest receivable	125	282
Movement in fair value of interest rate swap (see note 15)	(4,457)	(6,561)
Net interest payable	<u>(17,082)</u>	<u>(26,482)</u>

Bank interest payable includes the amortisation of issue costs of £3.3 million (2015: £0.4 million).

5. Loss before taxation

	2016 £'000	2015 £'000
This is stated after charging/(crediting)		
Operating lease rentals – land and buildings	470	470
Operating lease rentals – plant and machinery	16	49
Depreciation of tangible fixed assets – owned	28,964	29,253
Depreciation of tangible fixed assets – held under finance lease	52	52
Loss on disposal of tangible assets	2,568	94
Amortisation of intangible assets	5	5
Amortisation of deferred capital grants	<u>(1,037)</u>	<u>(1,037)</u>

Wembley National Stadium Limited

Notes to the financial statements (continued) Year ended 31 July 2016

5. Auditors remuneration

The analysis of the auditor's remuneration is as follows:

	2016 £'000	2015 £'000
Fees payable to the Company's auditor for audit services		
Fees payable to the Company's auditor for the audit of WNSL's annual accounts	65	61
Total audit fees	65	61
Fees payable to the Company's auditor for other services		
Taxation compliance services	13	14
Other services	7	62
Total non-audit fees	20	76

6. Staff numbers and costs

	2016 £'000	2015 £'000
Wages and salaries	4,089	4,315
Social security costs	415	478
Other pension costs	195	217
Severance costs	-	133
	4,699	5,143

The average monthly number of employees during the year was 79 (2015: 90).

Wembley National Stadium Limited

Notes to the financial statements (continued) Year ended 31 July 2016

7. Directors' remuneration

The total remuneration received by the directors is detailed below:

	2016 £'000	2015 £'000
Emoluments	341	700
Benefits in kind	1	-
Company contribution to pension schemes	5	35
Severance costs	481	-
	<u>828</u>	<u>735</u>

Details of the remuneration for the highest paid director are as follows:

Emoluments	107	329
Benefits in kind	1	-
Company contribution to pension scheme	5	35
Severance costs	481	-
	<u>594</u>	<u>364</u>

The number of directors to whom retirement benefits are accruing in respect of qualifying services of money purchase schemes as at the yearend is one (2015: one).

8. Taxation

	2016 £'000	2015 £'000
Current tax		
UK Corporation tax at 20% (2015: 20.67%)	3,286	135
	<u>3,286</u>	<u>135</u>
Deferred tax		
Deferred taxation (see note 14):		
- Timing differences, origination and reversal	(3,810)	2,271
- Effect of the rate change	1,626	
- Adjustment in respect of prior years	167	(23)
	<u>(2,017)</u>	<u>2,248</u>
Tax credit on loss on ordinary activities	<u>1,269</u>	<u>2,383</u>

Wembley National Stadium Limited

Notes to the financial statements (continued) Year ended 31 July 2016

8. Taxation (Continued)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit (loss) before tax is as follows:

	2016 £'000	2015 £'000
Loss on ordinary activities before tax	(5,087)	(16,681)
Tax on loss at standard rate of 20% (2015: 20.67%)	1,017	3,448
Effects of:		
- Expenses not deductible for tax purposes	(1,864)	(1,365)
- Current tax credit on interest rate swap loss	6,719	
- Deferred tax charge on interest rate swap loss	(6,719)	
- Non-taxable release of grant income	322	395
- Effect of current year changes to statutory tax rate	1,626	(72)
- Fair value movement on unhedged financial instruments	-	-
- Adjustments in respect of previous periods	168	(23)
Total tax credit for the period	1,269	2,383

The standard rate of tax applied to reported profit on ordinary activities is 20% (2015: 20.67%).

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Act 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

During the year beginning 1 August 2016, the net reversal of deferred tax assets and liabilities is expected to increase the corporation tax charge for the year by £4.3 million. This is due to the closure of the interest rate swap (decrease of £0.7 million), capitalised finance costs (increase of £2.5 million) and a reversal of fixed asset timing differences (increase of £2.6 million).

There is no expiry date on timing differences, unused tax losses or tax credits.

Wembley National Stadium Limited

Notes to the financial statements (continued) Year ended 31 July 2016

9. Intangible fixed assets

	Total £'000
Cost	
At 1 August 2015	250
Amortisation	
At 1 August 2015	11
Charge for the year	6
At 31 July 2016	17
Net book value	
At 31 July 2016	233
At 31 July 2015	239

Intangible assets represent the cost attributed to intellectual property on the acquisition of Wembley Stadium.

10. Tangible fixed assets

	Freehold land £'000	Stadium £'000	Long Leasehold property £'000	Plant, machinery, furniture and fittings £'000	Computer equipment £'000	Total £'000
Cost						
At 1 August 2015	64,500	717,634	2,500	23,427	7,240	815,301
Additions	-	965	-	2,761	974	4,700
Disposals	-	(3,244)	-	(1,153)	(835)	(5,232)
At 31 July 2016	64,500	715,355	2,500	25,035	7,379	814,769
Accumulated depreciation						
At 1 August 2015	-	211,747	-	9,683	4,483	225,913
Charge for the year	-	25,651	-	2,455	910	29,016
Disposals	-	(718)	-	(1,111)	(835)	(2,664)
At 31 July 2016	-	236,680	-	11,027	4,558	252,265
Net book value						
At 31 July 2016	64,500	478,675	2,500	14,008	2,821	562,504
At 31 July 2015	64,500	505,887	2,500	13,744	2,757	589,388

Wembley National Stadium Limited

Notes to the financial statements (continued) Year ended 31 July 2016

11. Debtors

	2016 £'000	2015 £'000
Amounts falling due within one year		
Trade debtors	19,290	12,395
Amounts owed by Group companies	6,576	177
Other debtors	228	203
Prepayments and accrued income	8,116	3,765
	<u>34,210</u>	<u>16,540</u>
Amounts falling due after more than one year		
Amounts owed by Group companies	<u>439</u>	<u>439</u>

12. Creditors – amounts falling due within one year

	2016 £'000	2015 £'000
Net bank loan	-	10,030
Obligations under finance lease	45	45
Trade creditors	960	1,109
Amounts owed to Group undertakings	-	1,591
VAT payable	9,957	9,535
Non-interest bearing loan from parent company	99,277	97,928
Other taxation and social security	129	161
Other creditors	2,177	1,505
Accruals	17,271	12,189
Deferred capital grants	1,037	1,037
Deferred income	64,028	60,729
	<u>194,881</u>	<u>195,859</u>

The non-interest bearing loan from parent company is held at call and repayable on demand.

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

	2016 £'000	2015 £'000
Net bank loan	-	241,583
Interest bearing loan from parent company	258,276	-
Obligations under finance lease	45	90
	<u>258,321</u>	<u>241,673</u>
Other creditors falling due after one year:		
Deferred income	8,272	16,446
Deferred capital grants	108,552	109,588
Derivative financial instruments (see note 15)	-	58,070
	<u>375,145</u>	<u>425,777</u>

In the current year, the Company has settled its obligations under its existing financing arrangements in full and entered into a new long-term intercompany agreement with the parent company. On 2 October 2015, the Company settled its existing loan obligations with WNSL's banking syndicate, repaying the £244.5 million outstanding on the term loan to the original lenders. On the same day, the interest rate swap, which was taken

Wembley National Stadium Limited

Notes to the financial statements (continued) Year ended 31 July 2016

13. Creditors – amounts falling due after more than one year (Continued)

out to hedge the interest rate risk on the Company's borrowings, was collapsed, with the mark-to-market liability of £58.1 million settled in full by the Group. Also on 2 October, The Company entered into a new £262 million interest bearing intercompany loan arrangement with the parent company. This loan is split into two components. Interest of LIBOR plus margin of 1.15% is charged on a loan amount of £125 million. This loan is repayable over eight years, with £10.7 million being reassigned to a £137 million intercompany loan with fixed interest charged of 3.4% repayable over 40 years.

At 31 July 2016 the Company had annual commitments under non-cancellable finance leases as set out below:

	2016 £'000	2015 £'000
Less than one year	45	45
Between one and two years	45	45
Between two and five years	-	45
	<u>90</u>	<u>135</u>

Deferred capital grants comprise the following amounts:

	2016 £'000	2015 £'000
Sport England	76,128	76,352
Department of Culture, Media and Sport	15,768	16,160
London Development Agency	16,656	17,076
	<u>108,552</u>	<u>109,588</u>

The Sport England grant of £78.5 million was made under the terms of agreements dated 11 November 1997 and 15 May 1998. £11.2 million of this grant funding related to Stadium assets and will be amortised over the life of the building. This leaves a balance of £67.3 million which represents grants in respect of land of £64.5 million, long leasehold property of £2.5 million and £0.3 million for business intellectual property rights.

The Department of Culture, Media and Sport grant relates to the S106 payments to improve infrastructure of the surrounding area. The London Development Agency grant relates to infrastructure work, which includes certain elements of costs relating to concrete, steel framework, and concourses.

The grants are amortised over the life of the assets they relate to in line with depreciation charged on those assets. The amount amortised to the profit and loss account during the period was £1.0 million (2015: £1.0million).

14. Provisions for liabilities

	Deferred Tax £'000
At 31 July 2015	12,619
Charge for the period	2,017
At 31 July 2016	<u>14,636</u>

The amounts of deferred taxation provided in these accounts are as follows:

Wembley National Stadium Limited

Notes to the financial statements (continued) Year ended 31 July 2016

14. Provisions for liabilities (Continued)

	2016 £'000	2015 £'000
Accelerated capital allowances	4,389	7,480
Tax losses available	(775)	(753)
Interest rate swap	(4,161)	(11,394)
Capitalised finance costs	15,185	17,288
Other short term timing differences	(2)	(2)
	<u>14,636</u>	<u>12,619</u>

Deferred tax assets and liabilities are offset only where the Company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the same group.

The company has an unrecognised deferred tax asset on capital losses of £3.2 million (2015: £0).

15. Financial instruments

The carrying values of the Company's financial assets and liabilities are summarised by category below:

	2016 £'000	2015 £'000
Financial assets		
Measured at undiscounted amount receivable		
Trade and other debtors (see note 11)	19,518	12,598
Amounts due from Group undertakings (see note 11)	7,015	616
	<u>26,533</u>	<u>13,214</u>
	2016 £'000	2015 £'000
Financial liabilities		
Measured at fair value through profit or loss		
Interest rate swap (see note 13)	-	58,070
Debt instruments measured at amortised cost		
Bank loans payable (see notes 12 and 13)	-	251,613
Obligations under finance lease (see notes 12 and 13)	90	135
Loan from parent company (see notes 12 and 13)	357,553	97,928
Measured at undiscounted amount payable		
Trade and other creditors (see note 12)	3,137	2,614
Amounts owed to Group undertakings (see note 12)	-	1,591
	<u>360,780</u>	<u>411,951</u>

On 2 October 2015, the interest rate swap which was taken out to hedge the interest rate risk on the Company's borrowings was collapsed, with the mark-to-market liability of £58.1 million settled in full by the Group.

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

Wembley National Stadium Limited

Notes to the financial statements (continued) Year ended 31 July 2016

15. Financial instruments (Continued)

	2016 £'000	2015 £'000
Interest (income) and expense		
Total interest expense for financial liabilities at amortised cost	10,521	6,679
Total interest expense for financial liabilities at fair value through profit or loss	2,228	13,524
	<u>12,749</u>	<u>20,203</u>
Fair value (gains) and losses		
On interest rate swap measured at fair value through profit or loss	4,457	6,561
	<u>4,457</u>	<u>6,561</u>

Derivative liabilities are measured at initial recognition at fair value and are subsequently remeasured to their fair value at each balance date with the resulting gains and losses recognised in profit or loss.

16. Called up share capital and reserves

	2016 £	2015 £
Allotted, called up and fully paid		
1 'A' share - non-equity	1	1
101 ordinary shares of £1 each	101	101
	<u>102</u>	<u>102</u>

The 'A' share is held by Sport England 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.

Ordinary shares have the right to participate in any dividend or other distribution to be made out of accumulated realised profit of the Company in proportion to the number of ordinary shares of which they are the registered holder. On a return of assets on liquidation, reduction of capital or otherwise the holder of ordinary shares will be entitled to participate in proportion to the number of ordinary shares in which they are the registered holder. Every holder of ordinary shares shall have one vote on a show of hands and shall have one vote for every ordinary share of which it is the holder on a poll.

The Company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses. On 20 December 2007, one ordinary share was subscribed for the sum of £170.0 million, which was applied towards a reduction in the debt currently outstanding to The FA. On 28 July 2015, one ordinary share was subscribed for the sum of £60 million, which was applied towards a reduction on the debt currently outstanding to The Football Association.

The Company must ensure that up to £100.0 million of any investment from The FA (including loans or equity investments) will be retained for a minimum period of 50 years from the date of practical completion, unless specific permission from the Secretary of State is given otherwise.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

Wembley National Stadium Limited

Notes to the financial statements (continued) Year ended 31 July 2016

17. Financial commitments

Operating leases

Total future minimum lease payments under operating leases are as follows:

	2016 £'000	2015 £'000
Operating leases which expire:		
Within one year	478	486
Within two to five years	879	1,358
	<u>1,357</u>	<u>1,844</u>

18. Related party transactions

By the Company's nature, and in accordance with its rules, WNSL enters into a number of transactions in the normal course of business with County Associations, The Premier League Limited, The Football League Limited, and other competitions and football clubs, some of whom share common directors with The Football Association's Group companies.

19. Controlling party

The ultimate and immediate parent company and controlling party is The Football Association Limited ("The FA"), a company incorporated in the United Kingdom 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, Wembley Stadium, PO Box 1966, London, SW1P 9EQ.