

Company Registration No. 03388437

Wembley National Stadium Limited

Report and Financial Statements

Year ended 31 July 2020



Wembley National Stadium Limited

Report and financial statements 31 July 2020

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Wembley National Stadium Limited

Report and financial statements 31 July 2020

Officers and professional advisers

Directors

M Bullingham	(appointed 1 August 2019)
M Burrows	
R McDermott	(appointed 2 July 2020)
J Sellins	(resigned 2 July 2020)

Secretary

R McDermott

Registered office

Wembley Stadium
Wembley
London
HA9 0WS

Independent Auditor

Deloitte LLP
Statutory Auditor
1 New Street Square
London
EC4A 3HQ

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 Football Association Limited (The FA), The English 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.

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 match day 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 events for disabled fans.

Review of business and future prospects

During the current season WNSL generated turnover of £35.5 million (2019: £100.7 million) and an operating loss of £27.7 million (2019: Operating loss of £2.5 million). Operating loss and Turnover are the two main KPI's of WNSL. WNSL's operating loss was impacted significantly in the year by COVID-19, forcing events to be postponed or held behind closed doors and refunds or credit notes issued to Club Wembley seat and box members. Additionally, the prior year was significantly higher due to the high volume of concert nights and the Tottenham Hotspur FC tenancy.

Liquidity and financing

WNSL activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. All revenue is generated in GBP and therefore is not impacted by changes in foreign currency exchange rates.

WNSL principal financial assets are bank balances and cash, trade and other receivables.

WNSL credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables.

WNSL has a net current liabilities position of £147.6 million (2019 £123.9 million) and is reliant on its parent company The FA to provide it with financial resources when required in order to enable WNSL to meet its obligations as they fall due, therefore creating a liquidity risk.

At 31 July 2020 The FA had sufficient ability to provide WNSL with this financial support. Alongside this the directors of The FA have concluded that The FA remains a going concern after considering the principal risks and uncertainties, including the impact of COVID-19 as disclosed within The FA consolidated financial statements.

Wembley National Stadium Limited

Strategic report

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 monthly 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.

Given the high profile and public status of Wembley Stadium, the risk of a terrorist-related incident must be continually monitored and managed. If The FA Group does not prepare adequately to prevent or respond to a terrorist attack on a major event, it could result in reputational damage, financial loss and most importantly loss of life.

We therefore remain in regular contact with Counter Terrorism agencies, with risk profiles / categories determined on an event-by-event basis using intelligence gathered. Furthermore, throughout the season, we will continuously evolve and update our safety and security plans as per agency recommendations, as well as introduce improved safety and security infrastructure and processes. From a business perspective, we maintain and update annually, a detailed set of business continuity plans for all areas of the organisation. These plans aim to ensure that key processes and departments can continue to operate if The FA Group loses access to Wembley Stadium.

All principal risks and uncertainties have been disclosed in full within The FA consolidated financial statements.

Directors' section 172(1) statement

The directors of WNSL are common with those of the ultimate parent company, Football Association Limited. Board decisions are taken at the FA Group level, and therefore the section 172(1) statement for the FA Group has been included as follows:

The directors have sought, collectively and individually, to conduct themselves at all times honestly, fairly, impartially and in accordance with the highest ethical standards. These behaviours are considered central to promoting the success of The FA, and in exhibiting them the Board have had careful regard to the matters set out in section 172(1)(a-f) of the Companies Act 2006. Examples of how the directors have had regard to each of these matters is set out below, with reference to information found elsewhere in this Strategic report.

Making Decisions in the Long Term

Securing the long-term health of football in England, at all levels, is vital to the success of the organisation and is therefore central to the decision-making processes of the Board. As a result, consideration of the likely consequences of a decision in the long term permeates the Board's thinking on all issues. Whilst day-to-day management is delegated to the Senior Management Team, the Board retains oversight of matters of strategic importance, including the long-term objectives and overall strategic policy of the FA.

Considering Employees

Directors maintain a close regard for the interests of the company's employees by spending time meeting with senior employees to understand and discuss their areas. The directors provide feedback as a result of those meetings and use the knowledge gained when making relevant decisions.

Fostering Relationships with Suppliers, Customers and Stakeholders

The Board is very conscious of the importance of lasting relationships with stakeholder groups within football. Board members are aware of and actively consider the interests of stakeholders as part of the decision-making process.

Community and Environment

Contributing to the community is a key part of the FA Group's activities, especially with regard to football at grassroots levels. The FA runs various projects and initiatives to support the community and works to mitigate the impact of football on the environment.

Maintaining a Reputation for High Standards of Conduct

The Board aspires to the highest ethical standards in its management of the organisation. The Board achieves this internally by strict adherence to the company's codes of conduct, conflict of interest and anti-bribery policies and by prioritising the integrity of The FA in each decision it makes. The Board considers that the reputation of the company and operating it in accordance with high standards of conduct is of paramount importance to safeguarding football in the long-term in England.

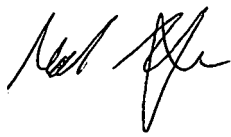
Wembley National Stadium Limited

Strategic report

Acting fairly between Members

The members of the company are all stakeholders in football. The Board is always aware of the importance of acting fairly between the stakeholders and this is considered whenever a decision is being made which affects one or more of the members. The Board engages with its stakeholders to ensure that it is aware of their views and to assist it in complying with its duty to act fairly between them.

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

A handwritten signature in black ink, appearing to read 'Mark Bullingham', is positioned above the printed name.

Mark Bullingham

Director

Wembley National Stadium Limited

10 December 2020

Wembley National Stadium Limited

Directors' report

The directors present their report and the audited financial statements for the year ended 31 July 2020.

As permitted under section 414C(11) of the Companies Act 2006, the disclosures required by regulations made under section 416(4) in relation to financial risk management objectives and policies have been included in the Strategic report and form part of this report by cross-reference.

Going concern

The directors have considered the principal risks and uncertainties as disclosed within its parent company accounts including the impact of COVID-19. The profit impact of COVID-19 will be fully mitigated over a 4-year period to 2024 by reducing the FA Group cost base by £75 million per annum. In order to deal with the immediate cash impact, The FA increased its bank borrowing facility to £250 million. The directors have taken account of these measures 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 this 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 (2019: £nil).

Equal opportunities

At The FA Group, equality, diversity and inclusion mean valuing and celebrating our differences. Differences can include protected characteristics, but also go far beyond this. Additionally, differences can be visible or invisible. Irrespective of any differences, we are committed to treating all our employees and prospective employees fairly and respectfully. We have policies, practices and checks and balances in place to ensure this happens. In addition to this we have an Inclusion Advisory Board with a remit that includes advising The FA on widening diversity in The FA's wider football workforce alongside partnerships with all the football bodies and campaign groups such as Kick It Out with the aim of eradicating discrimination. In 2018 we published a three-year diversity and inclusion plan called 'In Pursuit of Progress' covering all areas of our work across football; from highlighting our commitment to broaden our talent pipeline, to our work on increasing representation in elite coaching, to supporting LGBT+ people in football.

Disabled employees

As an inclusive employer, we welcome applications from all candidates and are focussed on recruiting based on merit so that the best person for the role is always appointed. As part of our recruitment approach, our resourcing team works with candidates to make reasonable adjustments wherever requested and as appropriate. In the event of members of staff becoming disabled during their employment with The FA Group, or declaring their disability after being appointed, we provide individual and team training and resources, ensuring every effort is made to ensure that their employment with the Group continues in a supportive way.

Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings, an employee consultation forum, staff surveys, staff intranet as well as all-staff conferences and other staff communication events.

Corporate governance

The Board

The main functions of the Board are to formulate the strategy, objectives and major policies of the company. The Board did not meet formally during the reporting period. Statutory matters may be dealt with by way of a written resolution of the Board.

Where directors, 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.

Wembley National Stadium Limited

Directors' report

The directors of the company during the period and after were as follows:

Name	Role	Date appointed/resigned
M Burrows	Executive Director	
J Sellins	Executive Director	Resigned 2 July 2020
M Bullingham	Executive Director	Appointed 1 August 2019
R McDermott	Executive Director	Appointed 2 July 2020

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.

Group Audit Committee

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

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

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

The GAC comprises of an independent chairman, Tim Score, alongside Stacey Cartwright and Kate Tinsley (FA independent non-executive board directors) and two independent members, Mary Reilly and Jill Ainscough.

The independent chairman and independent members have no connections with The FA companies such as through a material business relationship or by representing a shareholder. As well as bringing independence and objectivity, these members are appointed onto the GAC in view of the skills, experience and professional qualifications 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 FA 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 Remuneration Committee comprises FA Board directors Peter McCormick OBE (Chair), Kate Tinsley and Jack Pearce. It is responsible for advising the Board on the pay and terms and conditions of the Chief Executive Officer, members of senior management and the Chair and non-executive directors of FA Group companies. 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

The Health and Safety Committee is responsible for overseeing health and safety matters across The FA Group and to ensure that The FA is discharging its statutory and regulatory obligations. The Committee is chaired by FA Board director Bob Cotter and comprises other members of The FA's executive.

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.

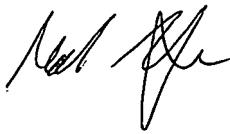
Wembley National Stadium Limited

Directors' report

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

Deloitte LLP has 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

A handwritten signature in black ink, appearing to read 'Mark Bullingham', with a stylized flourish at the end.

Mark Bullingham

Director

Wembley National Stadium Limited

10 December 2020

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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

Wembley National Stadium Limited

Independent auditor's report to the members of Wembley National Stadium Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Wembley National Stadium Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 July 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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

Wembley National Stadium Limited

Independent auditor's report to the members of Wembley National Stadium Limited

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.



Judith Tacon (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

10 December 2020

Wembley National Stadium Limited

Profit and loss account Year ended 31 July 2020

	Notes	2020 £'000	Restated* 2019 £'000
Turnover	3	35,519	100,695
Cost of sales		(9,370)	(42,567)
Gross profit		26,149	58,128
Administrative expenses		(53,802)	(60,629)
Operating loss		(27,653)	(2,501)
Finance costs (net)	4	(7,073)	(7,205)
Loss before taxation	5	(34,726)	(9,706)
Tax credit on loss	8	5,120	948
Loss for the financial period		(29,606)	(8,758)

The above results relate to continuing operations.

There were no remeasured items for the year ended 31 July 2020 or the year ended 31 July 2019. Accordingly, no separate statement of comprehensive income is presented.

* Please refer to Note 18 of the financial statements for further details of changes to the presentation of profit and loss items above Operating profit.

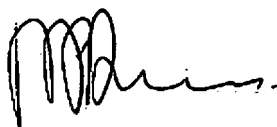
Wembley National Stadium Limited

Statement of financial position As at 31 July 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	9	210	216
Tangible assets	10	516,217	523,633
		<u>516,427</u>	<u>523,849</u>
Current assets			
Debtors due within one year	11	12,421	57,518
Cash at bank and in hand		15,325	24,877
		<u>27,746</u>	<u>82,395</u>
Creditors: amounts falling due within one year	12	<u>(175,368)</u>	<u>(206,333)</u>
Net current liabilities		<u>(147,622)</u>	<u>(123,938)</u>
Total assets less current liabilities		<u>368,805</u>	<u>399,911</u>
Creditors: amounts falling due after more than one year	13	<u>(353,932)</u>	<u>(354,990)</u>
Deferred tax liability	14	<u>(8,255)</u>	<u>(8,697)</u>
Net assets		<u>6,618</u>	<u>36,224</u>
Capital and reserves			
Called up share capital	15	-	-
Share premium account	15	230,000	230,000
Profit and loss account		<u>(223,382)</u>	<u>(193,776)</u>
Shareholders' funds		<u>6,618</u>	<u>36,224</u>

These financial statements of Wembley National Stadium Limited (company number 03388437) were approved by the Board of Directors.

Signed on behalf of the Board of Directors



Mark Burrows
Director
10 December 2020

Wembley National Stadium Limited

Statement of changes in equity Year ended 31 July 2020

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
Balance at 31 July 2018	-	230,000	(185,018)	44,982
Loss for the year	-	-	(8,758)	(8,758)
Balance at 31 July 2019	-	230,000	(193,776)	36,224
Loss for the year	-	-	(29,606)	(29,606)
Balance at 31 July 2020	-	230,000	(223,382)	6,618

Wembley National Stadium Limited

Notes to the financial statements Year ended 31 July 2020

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 1. 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, Football Association Limited.

b) Going concern

The business activities of WNSL, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report. In particular, the Strategic report includes a summary of the principal risks and uncertainties affecting the company, including the impact of COVID-19. At the period end, the company has net current liabilities of £147.6 million (2019: £123.9 million). It has received a letter of support from The FA and therefore 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 annual 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

Profit and loss account Year ended 31 July 2020

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) 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.

f) 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 Statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of financial position 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 Statement of financial position 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 Statement of financial position date. Deferred tax is measured on a non-discounted basis.

g) 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 Statement of financial position.

h) 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

Profit and loss account Year ended 31 July 2020

1. Accounting policies (continued)

i) 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. From the 2018/19 season new licence agreements are typically for a three-year term.

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.

j) 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.

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.

Critical accounting judgements

No critical accounting judgements have been made during the current season.

Key sources of estimation uncertainty in applying the company's accounting policies

The following are the key sources of 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 (see note 10 for details of the carrying value). 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.

Wembley National Stadium Limited

Profit and loss account Year ended 31 July 2020

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

When testing the Stadium assets for impairment a number of assumptions have been used in estimating future cash flows. Wembley Stadium generates cash primarily from Club Wembley, event hosting and sponsorship. The significant cash outflows come from the on-going running costs of the stadium and capital projects to enhance the stadium.

COVID-19 has had a significant impact on the forecast cash flows for Wembley Stadium, principally Club Wembley and Events. Event revenue is expected to be impacted in the short term while we are hosting events behind closed doors; the expectation is that event profit recovers quickly once crowds are allowed inside stadiums again. Club Wembley revenues are harder to forecast and highly sensitive. As a result of COVID-19 we have already experienced higher churn rates for our renewing members and have missed out on a significant new sales period; this has resulted in us modelling a conservative estimate of contracted members in the short term. We forecast a return to Pre-COVID levels of members and profitability, but this is anticipated to be a long and slow recovery, not approaching Pre-COVID levels of members until 2030.

We have performed a number of sensitivities against our modelling, notably looking at retention and new sales rates within Club Wembley which are the two key sensitivities in the model. A change in either of these sensitivities from our base modelling could see us either taking an impairment of c£50 million or generating headroom of c£90 million.

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 £0.4 million (2019: £0.4 million).

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

	2020 £'000	Restated* 2019 £'000
Turnover		
Club Wembley	17,342	39,488
Events	8,201	50,397
Sponsorship	5,899	5,403
Grant income	1,521	1,534
Other income	2,556	3,873
	35,519	100,695

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

	2020 £'000	Restated* 2019 £'000
Sale of goods	59	285
Rendering of services	33,221	98,203
Rental income	718	673
Grants	1,521	1,534
	35,519	100,695

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.

* Please refer to Note 18 of the financial statements for further details of changes to the presentation of profit and loss items above Operating profit.

Wembley National Stadium Limited

Notes to the financial statements Year ended 31 July 2020

4. Finance costs (net)

	2020 £'000	2019 £'000
Bank interest payable	(1)	-
Interest payable on intercompany borrowings	(7,092)	(7,248)
Bank interest receivable	20	43
Net interest payable	<u>(7,073)</u>	<u>(7,205)</u>

5. Loss before taxation

	2020 £'000	2019 £'000
This is stated after charging/(crediting)		
Depreciation of tangible fixed assets	25,158	24,376
Amortisation of intangible assets	6	6
Amortisation of deferred capital grants	<u>(1,037)</u>	<u>(1,037)</u>

Auditor's remuneration

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

	2020 £'000	2019 £'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	78	67
Total audit fees	<u>78</u>	<u>67</u>
Fees payable to the company's auditor for other services		
Taxation compliance services	4	4
Total non-audit fees	<u>4</u>	<u>4</u>

6. Staff numbers and costs

	2020 £'000	Restated* 2019 £'000
Wages and salaries	6,297	6,881
Social security costs	580	589
Other pension costs	250	236
Severance costs	206	53
	<u>7,333</u>	<u>7,759</u>

The average monthly number of employees during the year was 94 (2019: 89).

During the year WNSL took advantage of the UK Government's Coronavirus Job Retention Scheme. Wages and salaries costs disclosed above are shown net of contributions of £1.3 million from the UK Government.

* Please refer to Note 18 of the financial statements for further details of changes to the presentation of profit and loss items above Operating profit.

Wembley National Stadium Limited

Notes to the financial statements Year ended 31 July 2020

7. Directors' remuneration

The total remuneration received by the directors is detailed below:

	2020 £'000	2019 £'000
Emoluments	203	265
Benefits in kind	1	1
Severance	181	-
Company contribution to pension schemes	5	7
	<u>390</u>	<u>273</u>

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

Emoluments	203	265
Benefits in kind	1	1
Severance	181	-
Company contribution to pension scheme	5	7
	<u>390</u>	<u>273</u>

One director was remunerated through Wembley National Stadium Limited; the remaining directors were remunerated through the Football Association Limited.

8. Taxation

	2020 £'000	2019 £'000
Current tax		
UK corporation tax at 19.00% (2019: 19.00%)	4,641	(487)
Adjustments in respect of prior years	37	159
	<u>4,678</u>	<u>(328)</u>
Deferred tax		
Deferred taxation (see note 14):		
- Timing differences, origination and reversal	1,314	1,445
- Effect of current year changes to statutory tax rate	(1,023)	-
- Adjustment in respect of prior years	151	(169)
	<u>442</u>	<u>1,276</u>
	<u>5,120</u>	<u>948</u>
Tax credit on loss on ordinary activities		

Wembley National Stadium Limited

Notes to the financial statements Year ended 31 July 2020

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 loss before tax is as follows:

	2020 £'000	2019 £'000
Loss on ordinary activities before tax	(34,726)	(9,706)
Loss at standard rate of 19.00% (2019: 19.00%)	6,598	1,844
Effects of:		
- Expenses not deductible for tax purposes	(986)	(1,158)
- Non-taxable release of grant income	344	197
- Effect of current year changes to statutory tax rate	(1,023)	-
- Adjustments in respect of previous periods	187	(11)
- Fair value movement on unhedged financial instruments	-	76
Total tax credit for the period	5,120	948

The standard rate of tax applied to reported loss on ordinary activities is 19.00% (2019: 19.00%).

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for UK GAAP purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19 percent, rather than the previously enacted reduction to 17 percent. Deferred taxes have been re-measured to 19%, the rate at which the majority of items making up the deferred tax balance are expected to reverse.

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

9. Intangible fixed assets

	Total £'000
Cost	
At 1 August 2019 and 31 July 2020	250
Amortisation	
At 1 August 2019	34
Charge for the year	6
At 31 July 2020	40
Net book value	
At 31 July 2020	210
At 31 July 2019	216

Intangible assets represent the cost attributed to intellectual property on the acquisition of Wembley Stadium. This is amortised over the useful life of the stadium (50 years).

Wembley National Stadium Limited

Notes to the financial statements Year ended 31 July 2020

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 2019	64,500	726,384	2,500	49,805	7,605	850,794
Additions	-	5,138	-	10,880	1,724	17,742
At 31 July 2020	64,500	731,522	2,500	60,685	9,329	868,536
Accumulated depreciation						
At 1 August 2019	-	299,245	-	21,312	6,604	327,161
Charge for the year	-	20,096	-	4,513	549	25,158
At 31 July 2020	-	319,341	-	25,825	7,153	352,319
Net book value						
At 31 July 2020	64,500	412,181	2,500	34,860	2,176	516,217
At 31 July 2019	64,500	427,139	2,500	28,493	1,001	523,633

Freehold land and buildings represents the land purchased from Wembley plc in 1999 which is held at cost of £64.5 million (2019: £64.5 million).

The total amount of finance costs included within the cost of the Stadium asset at the year-end is £135.5 million (2019: £135.5 million).

Wembley National Stadium Limited

Notes to the financial statements Year ended 31 July 2020

11. Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year		
Trade debtors	4,204	24,122
Amounts owed by Group companies	2	25,005
UK corporation tax receivable	-	525
Other debtors	4,991	1,086
Prepayments and accrued income	3,224	6,780
	<u>12,421</u>	<u>57,518</u>

Total amounts owed by Group companies

Gross amounts owed by Group companies	956	25,863
Provision for impairment	(954)	(858)
Net amounts owed by Group companies	<u>2</u>	<u>25,005</u>

Since inception Wembley National Stadium Limited has lent operating funds to National Football Centre Limited. As part of our annual impairment assessment of amounts receivable from National Football Centre Limited we determined that the recoverable amount of these loans was less than the carrying amount and therefore a provision for impairment was recognised.

12. Creditors – amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	21,007	9,457
Amounts owed to Parent*	142,557	129,374
UK corporation tax payable	78	-
Other taxation and social security	303	289
Other creditors	674	7,966
Accruals	5,338	24,832
Deferred capital grants	1,037	1,037
Deferred income	2,743	33,378
Provisions for liabilities**	1,631	-
	<u>175,368</u>	<u>206,333</u>

* Amounts owed to Parent represents £140.8 million (2019: £122.8 million) of non-interest bearing intercompany loans and £6.5 million (2019: £6.5 million) of interest bearing loans. A variable rate of interest of 12 month Libor + a margin of 1.15% is charged on £3.1 million of this loan balance and a fixed rate of interest of 3.4% is charged on £3.4 million of this loan balance.

** Provisions for liabilities relates entirely to on-going negotiations with commercial partners around the impact of COVID-19.

Wembley National Stadium Limited

Notes to the financial statements Year ended 31 July 2020

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

	2020 £'000	2019 £'000
Amounts owed to Parent	244,129	243,587
Deferred income	5,398	5,961
Deferred capital grants	104,405	105,442
	<u>353,932</u>	<u>354,990</u>

Amounts owed to Parent represent an interest bearing loan payable to The FA. A variable rate of interest of 12 month Libor + a margin of 1.15% is charged on £64.5 million of this loan balance and a fixed rate of interest of 3.4% is charged on £179.0 million of this loan balance.

Deferred capital grants comprise the following amounts:

WNSL received the following capital grants from the above public sector funders to assist with the construction of Wembley Stadium.

	Initial grant received £'000	Balance as at 2020 £'000	2019 £'000
Sport England	78,500	75,233	75,457
Department of Culture, Media and Sport	20,000	14,196	14,589
London Development Agency	21,000	14,976	15,396
	<u>119,500</u>	<u>104,405</u>	<u>105,442</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 mainly represents grants in respect of land of £64.5 million (not amortised).

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. Both grants are amortised over the life of the stadium.

The amount amortised to the profit and loss account in relation to these during the period was £1.0 million (2019: £1.0 million).

14. Deferred tax liability

	Deferred tax £'000
At 31 July 2019	(8,697)
Charged to the profit and loss account in the period	442
At 31 July 2020	<u>(8,255)</u>

Wembley National Stadium Limited

Notes to the financial statements Year ended 31 July 2020

14. Deferred tax liability (continued)

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

	2020 £'000	2019 £'000
Accelerated capital allowances	(4,407)	(2,341)
Interest rate swap	(1,778)	(2,239)
Capitalised finance costs	14,447	13,281
Other short-term timing differences	(7)	(4)
	<u>8,255</u>	<u>8,697</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 recognised £1.8 million (2019: £2.2 million) in respect of the unwinding on an interest rate swap loss incurred in 2015/16 year. The company has an unrecognised gross deferred tax asset on capital losses of £nil (2019: £nil).

15. Called up share capital and reserves

	2020 £	2019 £
Allotted, called up and fully paid		
1 'A' share - non-equity	1	1
101 ordinary shares of £1 each	<u>101</u>	<u>101</u>
	<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 FA.

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 of the stadium, 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 Year ended 31 July 2020

16. Related party transactions

No related party transactions requiring disclosure have been identified.

17. Controlling party

The ultimate and immediate parent company and parent company of the largest and smallest group of which the company is a member and which prepares group accounts is Football Association Limited, a company incorporated in the United Kingdom and Wales and registered office at Wembley Stadium, Wembley, London, HA9 0WS. Copies of the consolidated accounts of Football Association Limited (company number 00077797) may be obtained from the Company Secretary, Wembley Stadium, Wembley, London, HA9 0WS.

18. Restatement

In 2019/20 the WNSL Chart of Accounts (CoA) was redesigned, resulting in changes to the classification of certain profit and loss items. These changes are considered to provide more reliable and relevant information about the effects of certain transactions and in certain cases, align the treatment of similar costs across the Group. There is no impact on Operating loss, Loss for the year or Net assets.

	Original	Adjustments	Restated
	2019	2019	2019
	£'000	£'000	£'000
Turnover	101,682	(987)	100,695
Cost of sales	(42,931)	364	(42,567)
Gross profit	58,751	(623)	58,128
Administrative expenses	(61,252)	623	(60,629)
Operating loss	(2,501)	-	(2,501)
Finance costs (net)	(7,205)	-	(7,205)
Loss before taxation	(9,706)	-	(9,706)
Tax credit on loss	948	-	948
Loss for the financial period	(8,758)	-	(8,758)