

**Company Registration No. 03388437**

**Wembley National Stadium Limited**

**Report and Financial Statements**

**Year ended 31 July 2018**



# **Wembley National Stadium Limited**

## **Report and financial statements 31 July 2018**

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# **Wembley National Stadium Limited**

## **Report and financial statements 31 July 2018**

### **Officers and professional advisers**

#### **Directors**

M Glenn (Chairman)  
M Burrows  
J Sellins (appointed 19 July 2018)

#### **Secretary**

R McDermott

#### **Registered office**

Wembley Stadium  
Wembley  
London  
HA9 0WS

#### **Independent Auditor**

Deloitte LLP  
Statutory Auditor  
1 New Street Square  
London  
EC4A 4HQ

# 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 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

During the current season WNSL generated turnover of £90.5 million (2017: £104.1 million) and decreased operating profit by £14.5 million from £12.5 million in 2016/17 to £(2.0) million in 2017/18. Operating profit and Turnover are the two main KPI's of WNSL.

In 2018 the new Club Wembley membership programme was launched following the end of the 10 year membership programme, which initially saw a fall in occupancy to 63% versus 96% during the 10 year tenure. During 2017/18 Club Wembley has been a continued focus for management and together with improvements, including the new Three Lions bar and Club Wembley packages, saw rise in occupancy ending the year at 77%. Overall, the impact of this was a fall in income of £24.7 million on prior year to £33.5 million (2017: £58.2 million). Sales and renewals of this new product offering remain a focus.

Events held at Wembley stadium generated income of £46.4 million (2017: £34.6 million). The increase of £11.8 million was due to the number of events held at the Stadium almost doubling from 32 in 2016/17 to 57 in 2017/18 as a result of Tottenham Hotspur Football Club playing 29 'home' matches at Wembley Stadium during the 2017/18 season (compared to only four in 2016/17). Wembley Stadium continued to build on the successes of previous seasons and hosted a strong events calendar. Notable events include Ed Sheeran, Taylor Swift, six England Men's senior games in preparation for the World Cup 2018, Tottenham Hotspur UEFA Champions' League group games, two NFL fixtures and the Semis and Final of The Emirates FA Cup.

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.

### 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 Sterling 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. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

WNSL has a net current liabilities position of £122.1 million (2017 £124.9 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 2018 The FA had access to £171.4 million of undrawn debt facilities and has 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.

## **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 revenue represented 8.9% of the Group's turnover in the year. The renewal of these box and seat licences for the current season and future seasons presents a commercial risk to the organisation. The renewals of box licences remain consistent from prior seasons and sales of seat licences remains a focus for management.

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

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



**Richard McDermott**

Company Secretary

Wembley National Stadium Limited

19/12/2018

# Wembley National Stadium Limited

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 July 2018.

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 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 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 (2017: £nil).

### 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.

The directors of the Company during the period were as follows:

Name	Role	Date appointed/resigned
M Glenn	Executive Director	
M Burrows	Executive Director	
J Sellins	Executive Director	Appointed 19 July 2018

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 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
- 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: Football Association Limited, Wembley National Stadium Limited and National Football Centre Limited.

The GAC is comprised of an independent chairman, Tim Score, alongside Stacey Cartwright (FA independent non-executive board director) and two independent members, Mary Reilly and Jill Ainscough.

## Wembley National Stadium Limited

### Directors' report (continued)

The independent chairman and independent members have no connections with The FA Group 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 Group's (Football Association Limited and its subsidiaries) 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 Peter McCormick OBE (Chair), Kate Tinsley, Jack Pearce and Greg Clarke. 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 within The FA Group and to ensure that The FA is discharging its statutory and regulatory obligations. The Committee is chaired by Mervyn Leggett 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:

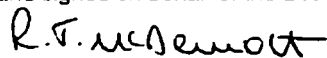
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's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

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



**Richard McDermott**

Company Secretary

Wembley National Stadium Limited

19/12/2018

## **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; 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**

#### **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 2018 and of its profit 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 17.

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.

## Wembley National Stadium Limited

### Notes to the financial statements (continued) Year ended 31 July 2018

#### 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.

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](http://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.

*M. R. Lee-Amies*

Mark Lee-Amies FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
19<sup>th</sup> December 2018

## Wembley National Stadium Limited

### Profit and loss account Year ended 31 July 2018

	Notes	2018 £'000	2017 £'000
Turnover	3	90,450	104,126
Cost of sales		<u>(32,962)</u>	<u>(31,101)</u>
Gross profit		57,488	73,025
Operating expenses		<u>(59,445)</u>	<u>(60,501)</u>
Operating profit / (loss)		<u>(1,957)</u>	<u>12,524</u>
Finance costs (net)	4	<u>(7,074)</u>	<u>(6,975)</u>
Profit / (loss) before taxation	5	<u>(9,031)</u>	<u>5,549</u>
Tax (charge) / credit on profit / (loss)	8	<u>1,407</u>	<u>(790)</u>
Profit / (loss) for the financial period		<u><u>(7,624)</u></u>	<u><u>4,759</u></u>

The above results relate to continuing operations.

There were no remeasured items for the year ended 31 July 2018 or the year ended 31 July 2017. Accordingly, no statement of comprehensive income is presented.

# Wembley National Stadium Limited

## Statement of financial position As at 31 July 2018

	Notes	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Intangible assets	9	222	228
Tangible assets	10	532,510	545,999
		<u>532,732</u>	<u>546,227</u>
<b>Current assets</b>			
Stock		370	336
Debtors due within one year	11	34,402	32,198
Cash at bank and in hand		16,539	10,990
		<u>51,311</u>	<u>43,524</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(173,419)</u>	<u>(168,400)</u>
<b>Net current liabilities</b>		<u>(122,108)</u>	<u>(124,876)</u>
<b>Total assets less current liabilities</b>		<u>410,624</u>	<u>421,351</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(355,669)</u>	<u>(356,916)</u>
<b>Provisions for liabilities</b>	14	<u>(9,973)</u>	<u>(11,829)</u>
<b>Net assets</b>		<u>44,982</u>	<u>52,606</u>
<b>Capital and reserves</b>			
Called up share capital	15	-	-
Share premium account	15	230,000	230,000
Profit and loss account		<u>(185,018)</u>	<u>(177,394)</u>
<b>Shareholders' funds</b>		<u>44,982</u>	<u>52,606</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

(9/12/2018)

## Wembley National Stadium Limited

### Statement of changes in equity Year ended 31 July 2018

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
Balance at 31 July 2017	-	230,000	(177,394)	52,606
Loss for the year	-	-	(7,624)	(7,624)
Balance at 31 July 2018	-	230,000	(185,018)	44,982

# Wembley National Stadium Limited

## Notes to the financial statements Year ended 31 July 2018

### 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 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. At the period end, the Company has net current liabilities of £122.1 million (2017: £124.9 million). It has received a letter of support from Football Association Limited 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

## Notes to the financial statements (continued) Year ended 31 July 2018

### 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) 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.

#### g) 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.

#### h) 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.

#### i) 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 2018

### 1. Accounting policies (continued)

#### j) 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 2017/18 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.

#### k) 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.

#### l) 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.

### 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

## Notes to the financial statements (continued) Year ended 31 July 2018

### 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 in a number of ways such as sponsorship, non-FA events, FA Cup matches, England games and Club Wembley. It also absorbs cash notably capital expenditure of which £18 million is budgeted for 2018/19. The Group Strategic Report makes reference to the challenges posed by the renewal of Club Wembley renewals. The impairment assessment is sensitive to key assumptions, in particular, the level of Club Wembley cash flows.

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 (2017: £0.4 million).

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

	2018 £'000	2017 £'000
<b>Turnover</b>		
Club Wembley	33,469	58,236
Events	46,403	34,602
Sponsorship	5,662	5,724
Other income	4,916	5,564
	<u>90,450</u>	<u>104,126</u>

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

	2018 £'000	2017 £'000
Sale of goods	733	894
Rendering of services	87,937	101,578
Rental income	743	617
Grants	1,037	1,037
	<u>90,450</u>	<u>104,126</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)

	2017 £'000	2017 £'000
Interest payable on intercompany borrowings	(7,089)	(6,997)
Bank interest receivable	15	22
Net interest payable	<u>(7,074)</u>	<u>(6,975)</u>

# Wembley National Stadium Limited

## Notes to the financial statements (continued) Year ended 31 July 2018

### 5. Profit / (loss) before taxation

	2018 £'000	2017 £'000
This is stated after charging/(crediting)		
Operating lease rentals – land and buildings	-	470
Operating lease rentals – plant and machinery	22	8
Depreciation of tangible fixed assets – owned	23,647	26,778
Depreciation of tangible fixed assets – held under finance lease	52	52
Impairment of tangible assets**	-	1,501
Amortisation of intangible assets	6	5
Amortisation of deferred capital grants	(1,037)	(1,037)

\*\*Impairment of tangible assets is recognised within operating expenses.

### Auditor's remuneration

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

	2018 £'000	2017 £'000
<b>Fees payable to the Company's auditor for audit services</b>		
Fees payable to the Company's auditor for the audit of WNSL's annual accounts	65	65
<b>Total audit fees</b>	<b>65</b>	<b>65</b>
<b>Fees payable to the Company's auditor for other services</b>		
Taxation compliance services	7	14
<b>Total non-audit fees</b>	<b>7</b>	<b>14</b>

### 6. Staff numbers and costs

	2018 £'000	2017 £'000
Wages and salaries	4,737	4,194
Social security costs	537	443
Other pension costs	206	173
	<b>5,480</b>	<b>4,810</b>

The average monthly number of employees during the year was 97 (2017: 83).

# Wembley National Stadium Limited

## Notes to the financial statements (continued) Year ended 31 July 2018

### 7. Directors' remuneration

The total remuneration received by the directors is detailed below:

	2018 £'000	2017 £'000
Emoluments	17	-
Benefits in kind	1	-
Company contribution to pension schemes	2	-
	<u>20</u>	<u>-</u>

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

Emoluments	17	-
Benefits in kind	1	-
Company contribution to pension scheme	2	-
	<u>20</u>	<u>-</u>

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

### 8. Taxation

	2018 £'000	2017 £'000
<b>Current tax</b>		
UK corporation tax at 19.00% (2017: 19.67%)	(576)	(3,406)
Adjustments in respect of prior years	127	(191)
	<u>(449)</u>	<u>(3,597)</u>
<b>Deferred tax</b>		
Deferred taxation (see note 14):		
- Timing differences, origination and reversal	1,351	1,238
- Effect of the rate change	-	696
- Adjustment in respect of prior years	505	873
	<u>1,856</u>	<u>2,807</u>
<b>Tax (charge) / credit on profit / (loss) on ordinary activities</b>	<u>1,407</u>	<u>(790)</u>

# Wembley National Stadium Limited

## Notes to the financial statements (continued) Year ended 31 July 2018

### 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:

	2018 £'000	2017 £'000
Profit / (loss) on ordinary activities before tax	(9,031)	5,549
Tax on profit / (loss) at standard rate of 19.00% (2017: 19.67%)	1,716	(1,091)
Effects of:		
- Expenses not deductible for tax purposes	(1,214)	(1,517)
- Non-taxable release of grant income	197	376
- Effect of current year changes to statutory tax rate	-	696
- Adjustments in respect of previous periods	632	682
- Fair value movement on unhedged financial instruments	76	64
Total tax (charge) / credit for the period	1,407	(790)

The standard rate of tax applied to reported profit on ordinary activities is 19.00% (2017: 19.67%).

Changes to the UK corporation tax rates were substantively enacted as part of Finance Act 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2018. The enacted rate of corporation tax will reduce to 17% from 1 April 2020. Deferred taxes have been re-measured to 17%, the rate at which the majority of items making up the deferred tax balance are expected to reverse.

Deferred taxes have been re-measured to 17%, the rate enacted by the statement of financial position date.

### 9. Intangible fixed assets

	Total £'000
<b>Cost</b>	
At 1 August 2017	250
<b>Amortisation</b>	
At 1 August 2017	22
Charge for the year	6
At 31 July 2018	28
<b>Net book value</b>	
At 31 July 2018	222
At 31 July 2017	228

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 (continued) Year ended 31 July 2018

### 10. Tangible fixed assets

	Freehold land £'000	Stadium £'000	Long Leasehold property £'000	Plant, machinery, furniture and fittings £'000	Computer equipment £'000	Total £'000
<b>Cost</b>						
At 1 August 2017	64,500	716,584	2,500	34,865	8,146	826,595
Additions	-	7,358	-	2,346	506	10,210
Disposals	-	-	-	-	(1,511)	(1,511)
<b>At 31 July 2018</b>	<b>64,500</b>	<b>723,942</b>	<b>2,500</b>	<b>37,211</b>	<b>7,141</b>	<b>835,294</b>
<b>Accumulated depreciation</b>						
At 1 August 2017	-	260,185	-	13,590	6,821	280,596
Charge for the year	-	19,255	-	3,736	708	23,699
Disposals	-	-	-	-	(1,511)	(1,511)
<b>At 31 July 2018</b>	<b>-</b>	<b>279,440</b>	<b>-</b>	<b>17,326</b>	<b>6,018</b>	<b>302,784</b>
<b>Net book value</b>						
<b>At 31 July 2018</b>	<b>64,500</b>	<b>444,502</b>	<b>2,500</b>	<b>19,885</b>	<b>1,123</b>	<b>532,510</b>
<b>At 31 July 2017</b>	<b>64,500</b>	<b>456,399</b>	<b>2,500</b>	<b>21,275</b>	<b>1,325</b>	<b>545,999</b>

Freehold land and buildings represents the land purchased from Wembley plc in 1999 which is held at cost of £64.5 million (2017: £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 (2017: £135.5 million).

Plant, machinery, furniture and fittings include assets with a cost of £0.2 million (2017: £0.2 million) and accumulated depreciation of £0.2 million (2017: £0.15 million) held under finance leases.

# Wembley National Stadium Limited

## Notes to the financial statements (continued) Year ended 31 July 2018

### 11. Debtors

	2018 £'000	2017 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	20,745	17,001
Amounts owed by Group companies	7,818	12,081
Other debtors	745	1,237
Prepayments and accrued income	5,094	1,879
	<u>34,402</u>	<u>32,198</u>

### Total amounts owed by Group companies

Gross amounts owed by Group companies	8,596	12,780
Provision for impairment	(778)	(699)
Net amounts owed by Group companies	<u>7,818</u>	<u>12,081</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

	2018 £'000	2017 £'000
Obligations under finance lease	-	45
Trade creditors	5,616	2,552
Amounts owed to Parent	114,355	108,270
UK corporation tax payable	377	2,023
VAT payable	-	378
Other taxation and social security	247	202
Other creditors	2,696	1,550
Accruals	15,788	16,440
Deferred capital grants	1,037	1,037
Deferred income	33,303	35,903
	<u>173,419</u>	<u>168,400</u>

Amounts owed to Parent represents £107.8 million (2017: £101.8 million) of non-interest bearing intercompany loans and £6.5 million (2017: £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.

# Wembley National Stadium Limited

## Notes to the financial statements (continued) Year ended 31 July 2018

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

	2018 £'000	2017 £'000
Amounts owed to Parent	242,889	242,350
Deferred income	6,301	7,050
Deferred capital grants (note 13 (c))	106,479	107,516
	<u>355,669</u>	<u>356,916</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 £82.2 million of this loan balance and a fixed rate of interest of 3.4% is charged on £160.7 million of this loan balance.

(b) At 31 July 2018 the Company had annual commitments under non-cancellable finance leases as set out below:

	2018 £'000	2017 £'000
Less than one year	-	45
Between one and two years	-	-
	<u>-</u>	<u>45</u>

(c) 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 2018 £'000	2017 £'000
Sport England	78,500	75,681	75,905
Department of Culture, Media and Sport	20,000	14,982	15,375
London Development Agency	21,000	15,816	16,236
	<u>119,500</u>	<u>106,479</u>	<u>107,516</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 (2017: £1.0 million).

# Wembley National Stadium Limited

## Notes to the financial statements (continued) Year ended 31 July 2018

### 14. Provisions for liabilities

	Deferred tax £'000
At 31 July 2017	11,829
Charged to the profit and loss account in the period	(1,856)
At 31 July 2018	<u>9,973</u>

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

	2018 £'000	2017 £'000
Accelerated capital allowances	(772)	2,048
Interest rate swap	(2,887)	(4,204)
Capitalised finance costs	13,634	13,987
Other short term timing differences	(2)	(2)
	<u>9,973</u>	<u>11,829</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 a £2.8 million (2017: £4.2 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 (2017: £3.2 million).

### 15. Called up share capital and reserves

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
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.



## **Wembley National Stadium Limited**

### **Notes to the financial statements (continued)** **Year ended 31 July 2018**

#### **15. Called up share capital and reserves (continued)**

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.

#### **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 may be obtained from the Company Secretary, Wembley Stadium, Wembley, London, HA9 0WS.