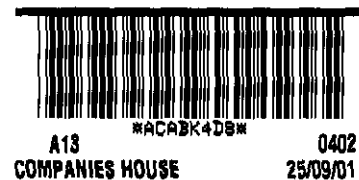


**WEMBLEY NATIONAL STADIUM  
LIMITED**

**Report and Financial Statements**

**31 December 2000**



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

# **WEMBLEY NATIONAL STADIUM LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2000**

### **CONTENTS**

### **Page**

<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Auditors' report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the accounts</b>	<b>8</b>

# **WEMBLEY NATIONAL STADIUM LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2000**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

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

#### **SECRETARY**

N Coward

#### **REGISTERED OFFICE**

11<sup>TH</sup> Floor  
York House  
Empire Way  
Wembley  
Middlesex HA9 0WS

#### **BANKERS**

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

Natwest PLC  
15 Bridge Road  
Wembley Park  
Middlesex HA9 9AE

#### **SOLICITORS**

Masons  
30 Aylesbury Street  
London EC1R 0ER

#### **AUDITORS**

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

# WEMBLEY NATIONAL STADIUM LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

## RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,556,191 (1999: £3,142). The directors do not recommend the payment of a dividend for the year (1999: £nil).

## PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the company are to organise sporting and other entertainment events at Wembley Stadium and other sporting venues and to design, build, finance and operate a new stadium.

The company operates tours of the Wembley Stadium site, and obtains income from sponsorship, facility fees and from the weekly Sunday market held at the Stadium complex.

## FUTURE DEVELOPMENTS

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

## DIRECTORS AND THEIR INTERESTS

The directors of the company were as follows:

Sir R Walker	
D Richards	
M Cunnah	
E Walker CBE	
I Peacock OBE	
Lord J Harris	
C Sherling	
A Crozier	
K Harris	(Appointed 5 January 2001)
P Ridsdale	(Appointed 31 January 2001)
F Pattison	(Appointed 14 July 2000; Resigned 5 January 2001 ; Appointed 14 May 2001)
P Heard	(Appointed 2 May 2001)
K Bates	(Resigned 7 February 2001)
Sir D Hill-Wood	(Resigned 31 January 2001)
D Sheepshanks	(Resigned 14 July 2000)
G Thompson	(Resigned 31 January 2001)
N Coward	(Resigned 10 January 2000)

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

# WEMBLEY NATIONAL STADIUM LIMITED

## DIRECTORS' REPORT (continued)

### AUDITORS

During the year, Ernst & Young resigned as auditors and Deloitte & Touche were appointed in their place. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



N. Coward

Secretary

10 September 2001

# **WEMBLEY NATIONAL STADIUM LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

We have audited the financial statements on pages 6 to 15 which have been prepared under the accounting policies set out on pages 8 and 9.

### **Respective responsibilities of directors and auditors**

As described on page 4 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

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

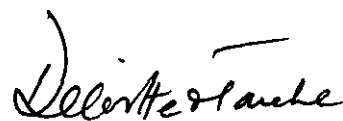
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

### *Uncertainty relating to financing of the new Stadium*

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and  
Registered Auditors

18 September 2001

# WEMBLEY NATIONAL STADIUM LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2000

	Note	Year ended 31 December 2000 £	18 months to 31 December 1999 £
<b>TURNOVER</b>	2	30,483,274	24,775,085
Administrative expenses		(46,709,344)	(35,223,648)
Exceptional administrative expenses	4	(651,610)	(7,548,390)
Grant released to profit and loss account		<u>21,307,405</u>	<u>17,865,371</u>
Total administrative expenses		<u>(26,053,549)</u>	<u>(24,906,667)</u>
<b>OPERATING PROFIT/(LOSS)</b>	3	4,429,725	(131,582)
Bank interest receivable		<u>756,409</u>	<u>258,635</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		5,186,134	127,053
Tax charge on profit on ordinary activities	6	<u>(1,629,943)</u>	<u>(123,911)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR/PERIOD</b>	15	<u><u>3,556,191</u></u>	<u><u>3,142</u></u>

All activities relate to continuing operations

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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

Details of movements in reserves are given in note 15.

The notes on pages 8 to 15 form part of these accounts.



# WEMBLEY NATIONAL STADIUM LIMITED

## BALANCE SHEET 31 December 2000

	Note	2000 £	1999 £
<b>FIXED ASSETS</b>			
Intangible assets	7	250,000	250,000
Tangible assets	8	88,604,430	96,241,214
		<u>88,854,430</u>	<u>96,491,214</u>
<b>CURRENT ASSETS</b>			
Debtors	9	2,817,226	2,987,461
Stock		-	81,391
Cash at bank and in hand	10	5,522,601	6,801,999
		<u>8,339,827</u>	<u>9,870,851</u>
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(7,637,408)</u>	<u>(5,964,612)</u>
<b>NET CURRENT ASSETS</b>		<u>702,419</u>	<u>3,906,239</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		89,556,849	100,397,453
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	(7,000,000)	(7,548,390)
<b>DEFERRED GRANT</b>	13	<u>(78,997,513)</u>	<u>(92,845,918)</u>
		<u>3,559,336</u>	<u>3,145</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	3	3
Profit and loss account	15	<u>3,559,333</u>	<u>3,142</u>
<b>SHAREHOLDERS' FUNDS (including non-equity interests)</b>		<u>3,559,336</u>	<u>3,145</u>

These financial statements were approved by the Board of Directors on 10 September 2001.

Signed on behalf of the Board of Directors



Sir R Walker

Director

# WEMBLEY NATIONAL STADIUM LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2000

### 1. ACCOUNTING POLICIES

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

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Tangible fixed assets and depreciation

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

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

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

#### Intangible assets

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

#### Grants and deferred income

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

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

#### Leasing commitments

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

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred prior to completion and disposal.

#### Provisions for liabilities and charges

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

#### Deferred taxation

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

# WEMBLEY NATIONAL STADIUM LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2000

### 1. ACCOUNTING POLICIES (continued)

#### Pensions

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

#### Reclassification of comparatives

Certain comparative figures have been reclassified. The reclassification has been to remove the deferral of grant income from turnover and to include within administrative expenses.

### 2. TURNOVER

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

### 3. OPERATING PROFIT/(LOSS)

This is stated after charging:

	Year ended 31 December 2000 £	18 months to 31 December 1999 £
Auditors' remuneration:		
- Audit fees	31,600	49,250
- Other services	536,734	48,483
Operating lease rentals – land and buildings	453,224	439,708
Depreciation of owned fixed assets	19,842,344	16,728,520

### 4. EXCEPTIONAL ITEMS

	Year ended 31 December 2000 £	18 months to 31 December 1999 £
Recognised in arriving at operating loss:		
Other provisions created during the year/period (see note 12)	651,610	6,348,390
Redundancy and reorganisation provisions created during the year/period	-	1,200,000
	651,610	7,548,390

# WEMBLEY NATIONAL STADIUM LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2000

### 5. STAFF COSTS

	Year ended 31 December 2000 £	18 months to 31 December 1999 £
Wages and salaries	4,631,140	2,566,379
Social security costs	385,225	233,427
Other pension costs	199,780	122,702
	<u>5,216,145</u>	<u>2,922,508</u>

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

	No.	No.
Administration	26	18
Operations	<u>100</u>	<u>60</u>

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

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 December 2000 £	18 months to 31 December 1999 £
UK Corporation tax at 30% (1999: 30%)	1,309,943	123,272
Deferred taxation	-	(530)
Adjustment in respect of prior years	320,000	1,169
	<u>1,629,943</u>	<u>123,911</u>

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

	Unprovided Year ended 31 December 2000 £	18 months to 31 December 1999 £
Capital allowances in excess of depreciation	(37,152)	(51,941)
Other timing differences	<u>2,144</u>	<u>45,000</u>
	<u>(35,008)</u>	<u>(6,941)</u>

# WEMBLEY NATIONAL STADIUM LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2000

### 7. INTANGIBLE FIXED ASSETS

	Intellectual property £
Cost and net book value	
At 1 January 2000 and 31 December 2000	250,000

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

### 8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Assets in the course of construction £	Leasehold property £	Plant, machinery, furniture and fittings £	Motor vehicles £	Computer equipment £	Total £
<b>Cost:</b>							
At 1 January 2000	96,723,679	7,335,075	5,500,000	3,136,525	118,000	172,372	112,985,651
Additions	-	13,378,108	-	167,839	-	89,650	13,635,597
Disposals	-	-	-	(1,426,165)	(5,000)	(2,508)	(1,433,673)
At 31 December 2000	96,723,679	20,713,183	5,500,000	1,878,199	113,000	259,514	125,187,575
<b>Accumulated depreciation:</b>							
At 1 January 2000	14,615,000	-	1,500,000	542,070	22,125	65,242	16,744,437
Charge for the year	17,608,679	-	1,500,000	616,825	29,500	87,340	19,842,344
Disposals	-	-	-	-	(2,188)	(1,448)	(3,636)
At 31 December 2000	32,223,679	-	3,000,000	1,158,895	49,437	151,134	36,583,145
<b>Net book value</b>							
At 31 December 2000	64,500,000	20,713,183	2,500,000	719,304	63,563	108,380	88,604,430
At 31 December 1999	82,108,679	7,335,075	4,000,000	2,594,455	95,875	107,130	96,241,214

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

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

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

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

# WEMBLEY NATIONAL STADIUM LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2000

### 9. DEBTORS

	31 December 2000 £	31 December 1999 £
Trade debtors	865,427	1,507,820
Other debtors	52,739	109,126
Value added tax recoverable	865,103	-
Prepayments	128,038	733,466
Amounts due from group undertakings	905,919	76
Corporation tax recoverable	-	636,973
	<u>2,817,226</u>	<u>2,987,461</u>

### 10. CASH AT BANK AND IN HAND

	31 December 2000 £	31 December 1999 £
Cash at bank and in hand	5,122,601	5,601,999
Cash held in Escrow account	400,000	1,200,000
	<u>5,522,601</u>	<u>6,801,999</u>

The cash is held in Escrow as security for the obligations and indemnities arising from the purchase of Wembley Stadium. £800,000 of the amount held in Escrow was released in March 2000, and the balance is expected to be released in March 2002.

### 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2000 £	31 December 1999 £
Trade creditors	1,370,803	1,939,978
Amount due to group undertakings	-	6,524
Social security and other taxes	1,158,937	245,267
Other creditors, accruals and deferred income	5,107,668	3,772,843
	<u>7,637,408</u>	<u>5,964,612</u>

# WEMBLEY NATIONAL STADIUM LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2000

### 12. PROVISIONS FOR LIABILITIES AND CHARGES

	Redundancy and reorganisation £	Other £	Total £
At 1 January 2000	1,200,000	6,348,390	7,548,390
Arising during the year	-	651,610	651,610
Utilised during the year	(1,200,000)	-	(1,200,000)
At 31 December 2000	-	7,000,000	7,000,000

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

### 13. DEFERRED GRANTS

	31 December 2000 £	31 December 1999 £
At 1 January	92,845,918	228,789
Receivable for the year/period	7,459,000	110,482,500
Released to profit and loss during the year/period	(21,307,405)	(17,865,371)
At 31 December	78,997,513	92,845,918

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

### 14. CALLED UP SHARE CAPITAL

	2000 £	1999 £
<b>Authorised:</b>		
1 'A' share - non-equity	1	1
999 ordinary shares of £1 each	999	999
	<u>1,000</u>	<u>1,000</u>
<b>Called up, allotted and fully paid:</b>		
1 'A' share of - non-equity	1	1
2 ordinary shares of £1 each	2	2
	<u>3</u>	<u>3</u>

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

# WEMBLEY NATIONAL STADIUM LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2000

### 15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 January 2000	3	3,142	3,145
Profit for the year	-	3,556,191	3,556,191
At 31 December 2000	3	3,559,333	3,559,336

### 16. OTHER FINANCIAL COMMITMENTS

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as set out below:

	2000 Land and buildings £	Other £
Operating leases which expire:		
Within two to five years	-	37,290
In over five years	-	-
	-	37,290

### 17. WEMBLEY STADIUM

Plans for the redevelopment of the new stadium at Wembley are ongoing. The initial round of fund raising in November/December 2000 and the subsequent revised funding structure were not successful. The Government has subsequently set up a working party to review the plans for a National Stadium. It is anticipated that this working party will make its recommendations to the Government in August 2001.

The Football Association Limited, as the parent company of Wembley National Stadium Limited ("WNSL"), has pledged its support to the project. The directors of both companies are confident that the required finance should be raised to complete the project with Government support.

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

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

### 18. RELATED PARTY TRANSACTIONS

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



# **WEMBLEY NATIONAL STADIUM LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2000**

### **19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING ENTITY**

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