

LEAGUE FOOTBALL EDUCATION

**Trustees' Annual Strategic Report and
Financial Statements**

A Company Limited by Guarantee

30 June 2017



Registered Company Number: 05143284

Registered Charity Number: 1104917

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Trustees' Annual Strategic Report Reference and Administrative Details

The Trustees, who act as Directors for the purposes of company law, present their report and financial statements for the year ended 30 June 2017.

| | |
|---|---|
| Charity registration number | 1104917 |
| Company registration number | 05143284 |
| Principal and registered address | EFL House 10–12 West Cliff Preston PR1 8HU |
| Trustees | G Taylor OBE D Wilson S Harvey (appointed 7 th September 2016) AG Williamson OBE J Nixon (resigned 5 th September 2016) |
| Chief Executive Officer | AD Sykes |
| Company Secretary | S Stephen |
| Members | The Professional Footballers' Association The Football League Limited |
| Bankers | Barclays Bank plc PO Box 357 51 Moseley Street Manchester M60 2AU UBS AG 3 Finsbury Avenue London EC2M 2AN |
| Auditors | KPMG LLP 1 St Peter's Square Manchester M2 3AE |
| Legal advisors | Mills and Reeve Solicitors LLP 8 th Floor 1 New York Street Manchester M1 4AD |

Trustees' Annual Strategic Report (continued)

The Trustees, who act as Directors for the purposes of company law, are pleased to present their annual trustees' strategic report together with the financial statements of the charity for the year ended 30 June 2017 which are prepared to meet the requirements for a directors' report, a strategic report and accounts for Companies Act purposes.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2015.

Structure, Governance and Management

League Football Education (LFE) is a charitable company limited by guarantee, incorporated on 2 June 2004 and registered as a charity on 15 July 2004. LFE is governed by its Memorandum and Articles of Association adopted on 16 June 2004 and subsequently amended on 28 July 2010 and 7 September 2012.

Trustees

The Trustees are listed on page 2.

The Board of Trustees is responsible for the overall governance of LFE. Each member of LFE is entitled to appoint up to two Trustees. Trustees are appointed by the members and due to the background and experience of the Trustees appointed they already have a good understanding of LFE's business and of the Charity sector in general, therefore, the training requirements for new Trustees are limited. However, on appointment new Trustees are provided with an overview of LFE, its aims and objectives, business processes and risk strategy together with the Charity Commission's expectations of Trustees.

The Board plan to meet at least quarterly however additional meetings are scheduled should the need arise. The Board approve annual operating plans and budgets and an annual AGM is utilised to approve the Accounts and appoint External Auditors.

The income and property of the Charity shall be applied solely towards the promotion of the Objects and no part shall be paid or transferred directly or indirectly, by way of dividend, bonus or otherwise by way of profit, to members of the Charity, and no Trustee shall be appointed to any office of the Charity paid by salary or fees or receive any remuneration or other benefit in money or money's worth from the Charity.

Every member of the Charity undertakes to contribute such amount as may be required (not exceeding £10) to the Charity's assets if it should be wound up.

Organisational Structure

The Trustees retain the oversight of the financial and operational activities of the Charity, and are responsible for the recruitment and performance of the Chief Executive Officer.

Day to day management of LFE is delegated to the Chief Executive Officer who is responsible for implementing policy as agreed by the Trustees. The Chief Executive Officer ensures the Trustees are informed of all financial, operational and strategic developments and ensures all material transactions receive Trustee approval. LFE is committed to maintaining the highest possible standards to meet its social, moral and legal responsibilities to safeguard the welfare of every apprentice and works in partnership with the English Football League in order to achieve this. The Chief Executive Officer also has overall responsibility for the safeguarding of the apprentices.

The Chief Executive Officer is supported by a Senior Management Team and staff split into educational and support teams. The Educational Team manage the delivery of education ensuring co-ordination between the apprentices, employers and educational providers. The Support Team provide administrative and management support to the Education Team and all stakeholders and ensure that the fundamental company functions such as Quality Assurance, Finance, HR, IT and MIS are delivered effectively.

The Trustees meet annually to review the pay and remuneration of the Senior Management Team and in conjunction with the Chief Executive Officer, pay is set according to the market rate at the time and comparisons made with similar roles in other organisations within the industry.

Trustees' Annual Strategic Report (continued)

The LFE Board consists of representatives from The Professional Footballers' Association and The Football League Limited. LFE provide educational and vocational training for apprentice footballers aged 16 to 18 who aspire to progress to professional footballer status at the end of their Level 3 Apprenticeship in Sporting Excellence (ASE). LFE has a key responsibility to ensure apprentices' personal development and employability skills are catered for given that a high percentage do not achieve professional footballer status and therefore seek alternative positive destinations such as other employment, training or further education. LFE also ensure that the clubs that run a full-time or hybrid youth development programme at under 16 sufficiently monitor the educational progress of these players within the academy system to ensure they are not educationally disadvantaged.

ASE is supported and delivered by tutors, assessors, youth coaches and education & welfare officers employed by football clubs based at their academies. Education also takes place at Further Education Colleges and other sub-contracted education providers. LFE currently engage with 75 Clubs (66 out of the 72 English Football League (EFL) Clubs, 6 from the National League and 3 promoted to The Premier League in 2017). In addition to the ASE programme LFE started to deliver a study programme within 6 EFL club communities, in conjunction with their Futsal Games Programme, during the 2016/17 year.

Financial review

The Statement of Financial Activities (SoFA), Balance Sheet, Statement of Cash Flows and notes to the accounts are set out on subsequent pages. The SoFA details total incoming resources of £9.96m, of which £9.94m relate to income from charitable activities and £17k represents income from interest on cash deposits. The income from charitable activities includes £7.4m from the Education and Skills Funding Agency (ESFA) for the 16-18 apprenticeship delivery and a further £396k in respect of the new study programme. £1.642m was received as a donation from the Professional Footballers' Association and £474k is in respect of the Erasmus+ Project. During the year resources consumed totalled £10.06m. Of this, £7.8m was spent on the provision of education and training, £1.5m was spent on staff salaries and £738k was spent on support costs. The deficit for the year ending 30 June 2017 was £100k. During the year there was a one off cost for the dilapidations for the previous head office building, estimated at £89k, which has adversely affected the results for the year.

Total income increased by £734k, primarily caused by an increase in funding of £512k from the ESFA, £396k of which was in respect of a new programme. The revenue from the PFA also increased by £201k, together with an increase of £30k from the Erasmus + Project. During the year ending 30 June 2017 there was an increase in total expenditure of £573k, predominantly caused by an increase in costs of £358k, in respect of the provision of education and training, mainly for the new study programme, together with an increase in staff salaries of £58k, the one off cost of £89k for the dilapidations and an increase of £42k in respect of the Erasmus + Project.

Risk Review

A review of the risks faced by LFE was conducted during the year and systems established to mitigate those risks. LFE has identified the business risks it faces and has documented these within its 3-year development plan and updates them in its 1-year operational plan in the form of a risk matrix. The current most significant risks to LFE are the external financial risks together with the Government Reform of Apprenticeships in England as detailed below.

The external risks are those associated with the continued efforts by the government to not only reduce public spending but to completely restructure the funding model and delivery method of Apprenticeships in England. Following the Richard Review carried out in 2012/13 the government issued, 'The Future of Apprenticeships in England: Implementation Plan'. The proposed changes contained within the Apprenticeship Reforms plan have various implications for the way LFE will be funded in future. 16-18 year old apprenticeships have historically been fully funded by the government, however in April 2017, this changed with the implementation of the Apprenticeship Levy.

All employers throughout the UK with an annual payroll bill in excess of £3m are now subject to paying the Apprenticeship Levy. The levy fee is 0.5% of the employers' payroll in excess of £3m, which will be used to pay for the education of their apprentices, via the PAYE system and managed through the Apprentice Service account. Over half of the employers that LFE currently provide education and training to, are subject to paying the Apprenticeship Levy.

The remaining non-levy paying employers that LFE support are no longer entitled to fully funded apprenticeship training, instead, with effect from May 2017 employers are required to pay 10% of the cost of the education and training, as a co-investment, with the government paying the remaining 90%.

As the apprenticeship levy and co-investment have only recently been implemented, they have so far not impacted on the number of apprentices that LFE care for, however, this could change in future years. Once the new funding mechanisms have been fully implemented and employers understand the additional costs place on them, they may choose to recruit fewer apprentices in future, which will impact LFE in terms of learner numbers, and reducing revenues accordingly.

In addition to these funding changes the educational content of the Apprenticeship also has to be redeveloped in conjunction with all employers and the government. All LFE apprentices currently undertake an Apprenticeship Framework, and these Frameworks are being replaced by Apprenticeship Standards. LFE is part of a trailblazer group developing a new standard for Professional Sports and therefore at the forefront of any future changes. The current date for the final transition of the educational content change is 2020, which allows LFE time to consider how to approach and deal with the proposed changes and remain sustainable for the long term.

Trustees are fully appraised at regular Trustee meetings and also between meetings of any issues that impact upon the management of risk and the restructuring of the funding of apprenticeships.

Reserves policy

The Trustees are aware of the need to create sufficient unrestricted reserves to enable completion of the educational programme for apprentices within the scheme should the funding of LFE be significantly reduced. Following the publication of 'The Future of Apprenticeships in England: Implementation Plan' together with the changes in the way Apprenticeships will be funded in future, the contract with the ESFA will be subject to a significant reduction over the coming years. The ESFA income is therefore the largest risk factor for LFE. Given the current situation the reserves policy is to establish a reserves target of 40% of prior year income with the explicit aim of ensuring support is given to all existing apprentices. The Trustees believe that these reserves will ensure support is given to the existing apprentices while allowing LFE the time necessary to restructure its business model.

Objectives and Activities

The Charity's objects ("the Objects") are the advancement of education for the public benefit, in particular, but not exclusively, for apprentice footballers, professional footballers and retired professional footballers.

Public benefit test

From 1 April 2008 the Charities Act 2006 requires all charities to meet the legal requirement that its aims are for the public benefit. The Charity Commission in its "Charities and Public Benefit" guidance states that there are two key principles to be met in order to demonstrate that an organisation's aims are for the public benefit: firstly, there must be an identifiable benefit and secondly, that the benefit must be to the public or a section of the public. This report sets out the objectives and strategic aims of the charity and its achievements during the year. LFE provides education to those recruited as potential professional footballers irrespective of their race, religion, location, income or prior educational attainment. The Trustees are satisfied that the aims and objectives of the charity and the activities reported on in this annual report to achieve those aims, meet these principles.

Achievements and performance

LFE has key operational targets to achieve each year and these are shown in the table below:

| | 2016/17 Key Targets | 2016/17 Results | 2017/18 Key Targets |
|------------------|------------------------|--------------------|------------------------|
| Recruitment | >600 | 667 | >600 |
| Retention | >90% | 97% | >95% |
| Achievement | >85% | 94% | >85% |
| BAME recruitment | >20% | 22% | >20% |
| BAME retention | >90% | 96% | >90% |
| BAME achievement | >85% | 94% | >85% |

Trustees' Annual Strategic Report (continued)

LFE has now seen twelve cohorts of apprentices complete the ASE programme. LFE exceeded all six key operational targets, as set out above, the highlights of which were retention rates of 97% and achievement rates of 93%, making LFE one of the top 5 performing Work Based Learning provider across all ages and sectors.

In April 2012 LFE was inspected by Ofsted and was graded as an outstanding provider across all 23 areas of the inspection criteria including Leadership and Management, Quality of Provision, Outcomes for Learners, Safeguarding and Equality & Diversity. This achievement was confirmed by an inspection carried out by Estyn in January 2013 where the overall performance of LFE was rated as excellent. These outstanding achievements were also reinforced by the award of The Matrix Standard in July 2015 and the renewal of this award in July 2017, which is a further endorsement of the excellent work LFE carries out.

The Trustees believe that the independent reviews alongside the wider programme of audit and checks conducted within the education sector and the excellent retention and achievement rates provide all stakeholders with the confidence they require in the governance, management and delivery mechanisms of LFE.

Related Parties

LFE has two members, The Football League Limited and The Professional Footballers' Association. LFE provides educational and vocational training for apprentice footballers aged 16 to 18 who aspire to progress to professional footballer status.

The educational costs of LFE were supported by a donation from The Professional Footballers' Association of £1,642k during the year ending 30 June 2017.

The Football League (Community) Limited has also been highlighted as a related party and during the year ending 30 June 2017, LFE paid £36k for the management of the Futsal Games Programme, for which LFE work with clubs to provide the delivery of education to the Learners enrolled on this programme.

LFE Sports Development Limited is a subsidiary company of League Football Education and was incorporated on 28 November 2008. LFE Sports Development Limited has been dormant since the date of incorporation up to and including 30 June 2017.

Plans for future periods

In 2017/18 LFE will look to maintain its excellent position on retention and achievement and aim to enhance the programme delivery and support. Operational targets have been set for 2017/18, as detailed on Page 5.

As a result of the Government Reform of Apprenticeships in England as detailed in the Risk Review, LFE will continue to review its business model during the forthcoming year. LFE continues to work with other stakeholders across Football, to find a solution that will be fit for purpose and support the Elite Player Performance Plan, within Football Clubs. Consideration needs to be given to the risk of further cuts in funding and planning for these cuts. Plans will be put in place during 2017/18 to ensure the sustainability of the high quality education that LFE provide, as previously endorsed by Ofsted.

In addition to the ASE programme LFE started to deliver a study programme within 6 EFL club community programmes, in conjunction with their Futsal Games Programme, during the 2016/17 year and this will be continued in 2017/18 with a view to increasing the learner numbers at 5 out of the 6 clubs.

Trustees' Annual Strategic Report (continued)

Statement of Trustees' responsibilities in respect of the trustees' annual report and the financial statements

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the trustees 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 charitable company and of the excess of expenditure over income for that period. In preparing these financial statements, the trustees are required to:

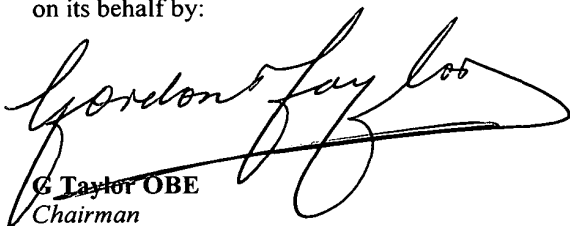
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

Auditors

In accordance with the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

The trustees' annual strategic report was approved by the Board of Trustees on 5th December 2017 and was signed on its behalf by:



G Taylor OBE
Chairman
EFL House
10-12 West Cliff
Preston
PR1 8HU

Date 5th December 2017

Independent Auditor's Report to the Members of League Football Education

Opinion

We have audited the financial statements of League Football Education ("the charitable company") for the year ended 30 June 2017 which comprise the Statement of Financial Activities (incorporating Income & Expenditure Account), Balance Sheet and Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information, which comprises the Trustees' Annual Strategic Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Strategic Report, which constitutes the strategic report and the directors' report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records 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 trustees' 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 these respects.

Independent Auditor's Report to the Members of League Football Education (continued)

Trustees' responsibilities

As explained more fully in their statement set out on page 7, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charitable 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

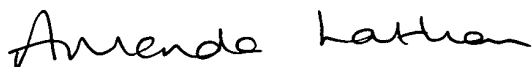
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charitable 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 charitable 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.



Amanda Latham (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

Date

6th December 2017

Statement of Financial Activities (incorporating Income & Expenditure Account)
For the year ended 30 June 2017

| | <i>Note</i> | Unrestricted Funds 2017 £ | Restricted Funds 2017 £ | Total Funds 2017 £ | Total Funds 2016 £ |
|---|-------------|------------------------------------|----------------------------------|---------------------------------------|-----------------------------|
| Income from: | | | | | |
| Charitable activities | 2 | 9,466,398 | 474,415 | 9,940,813 | 9,210,302 |
| Investments | | 16,784 | - | 16,784 | 12,813 |
| Total income | | 9,483,182 | 474,415 | 9,957,597 | 9,223,115 |
| Expenditure on: | | | | | |
| Charitable activities | 3 | (9,568,747) | (488,691) | (10,057,438) | (9,484,352) |
| Total expenditure | | (9,568,747) | (488,691) | (10,057,438) | (9,484,352) |
| Net expenditure | | (85,565) | (14,276) | (99,841) | (261,237) |
| Net movement in funds | | (85,565) | (14,276) | (99,841) | (261,237) |
| Reconciliation of funds | | | | | |
| Fund balances brought forward at 1 July | | 2,808,174 | 14,276 | 2,822,450 | 3,083,687 |
| Fund balances carried forward at 30 June | | 2,722,609 | - | 2,722,609 | 2,822,450 |

The net expenditure and resulting net movement in funds arise from continuing operations.

The charitable company has no recognised gains or losses other than the net movement in funds for the year.

The notes on pages 13 to 20 form an integral part of the financial statements.

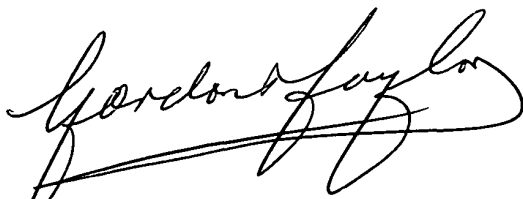
Balance Sheet

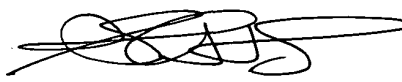
As at 30 June 2017

A Company Limited by Guarantee

| | Note | 2017 £ | £ | 2016 £ | £ |
|---|------|-------------|-----------|-------------|-----------|
| Fixed assets | | | | | |
| Tangible assets | 7 | | 234,579 | | 222,339 |
| Current assets | | | | | |
| Debtors | 8 | 1,689,724 | | 2,840,880 | |
| Cash at bank and in hand | | 4,014,928 | | 2,683,319 | |
| | | 5,704,652 | | 5,524,199 | |
| Creditors: amounts falling due within one year | 9 | (3,127,796) | | (2,924,088) | |
| Provision for liabilities | 10 | (88,826) | | - | |
| Net current assets | | | 2,488,030 | | 2,600,111 |
| Total assets less current liabilities | | | 2,722,609 | | 2,822,450 |
| The funds of the charity: | | | | | |
| Unrestricted funds | | 2,722,609 | | 2,808,174 | |
| Restricted income funds | | - | | 14,276 | |
| Total charity funds | | | 2,722,609 | | 2,822,450 |

These financial statements were approved by the Board of Trustees on 5th December 2017 and were signed on its behalf by:


G Taylor OBE
Chairman


S Harvey
Trustee

Statement of Cash Flows
For the year ended 30 June 2017

| | <i>Note</i> | £ | 2017 £ | £ | 2016 £ |
|---|-------------|-----------|-------------|-----------|-------------|
| Cash flows from operating activities: | | | | | |
| Net cash provided by operating activities | 12 | | 1,442,166 | | 148,785 |
| Cash flows from investing activities: | | | | | |
| Interest from investments | | 16,784 | | 12,813 | |
| Proceeds from the sale of equipment | | 28,250 | | 31,800 | |
| Purchase of equipment | | (155,591) | | (132,827) | |
| Proceeds from the sale of investments | | - | | - | |
| Purchase of investments | | - | | - | |
| | | <hr/> | | <hr/> | |
| Net cash used in investing activities | | | (110,557) | | (88,214) |
| | | | <hr/> | | <hr/> |
| Change in cash and cash equivalents in the reporting period | | | 1,331,609 | | 60,571 |
| Cash and cash equivalents at the beginning of the reporting period | | | 2,683,319 | | 2,622,748 |
| Change in cash and cash equivalents due to exchange rate movements | | | - | | - |
| | | | <hr/> | | <hr/> |
| Cash and cash equivalents at the end of the reporting period | 13 | | 4,014,928 | | 2,683,319 |
| | | | <hr/> <hr/> | | <hr/> <hr/> |

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charitable company's financial statements.

Company status

League Football Education is a charitable company limited by guarantee and does not have a share capital. The liability of the members is limited, but is not to exceed £10 per member.

Basis of preparation

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

The accounts have been prepared on a historical cost basis and on a going concern basis.

Fixed assets and depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

- Fixtures & fittings 10% to 25% per annum
- Motor vehicles & IT equipment 33 % per annum

Asset capitalisation policy

Assets are capitalised when all of the following criteria are met:

- Assets purchased have a useful life of one year or more and cost more than £3,000

Income from charitable activities

Income from funding providers is credited to the income and expenditure account to the extent that the charitable company has provided its services. Where such incoming resources are received in advance the income is deferred until the charitable company becomes entitled to the resources.

Investment income

Interest receivable on cash balances is credited to the income and expenditure account as it becomes due.

Resources expended

Expenses are accounted for on an accruals basis.

Charitable expenditure includes the direct costs of the activities. Support costs are also incurred to enable the charitable company to provide these activities.

Lease costs

Charitable expenditure includes the cost of the lease for the rental of the head office premises these costs are recognised as an expense of the charity and are accounted for on an accruals basis.

Pension costs

The company pays contributions to personal money purchase pension schemes for eligible employees, and accounts for the amount in the income and expenditure account.

Funds

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Restricted funds are funds received under a grant agreement and can only be used for a specific purpose.

Notes (continued)

1 Accounting policies (continued)

Provisions policy

A provision will be made within the accounting period, when the following applies:

- the obligation became due as a result of a past event,
- it is probable that the charity will be required to pay, and
- the amount of the obligation can be estimated reliably.

2 Income from charitable activities

| | Provision of education & training 2017 | Erasmus + 2017 | Total Funds 2017 | Total Funds 2016 |
|--------------------|---|-------------------|------------------------|------------------------|
| | £ | £ | £ | £ |
| Unrestricted Funds | 9,466,398 | - | 9,466,398 | 8,760,949 |
| Restricted Funds | - | 474,415 | 474,415 | 449,353 |
| | <u>9,466,398</u> | <u>474,415</u> | <u>9,940,813</u> | <u>9,210,302</u> |

3 Analysis of expenditure on charitable activities

| | Direct Costs 2017 £ | Support Costs 2017 £ | Total Costs 2017 £ | Total Costs 2016 £ |
|---|------------------------------|-------------------------------|-----------------------------|-----------------------------|
| Direct costs of the provision of education & training | 7,325,667 | 2,243,080 | 9,568,747 | 9,039,902 |
| Erasmus + | 486,203 | 2,488 | 488,691 | 444,450 |
| | <u>7,811,870</u> | <u>2,245,568</u> | <u>10,057,438</u> | <u>9,484,352</u> |

Support costs are further analysed in note 4.

Notes (continued)

4 Analysis of support costs

| | Provision of education & training 2017 | Erasmus + 2017 | Total Support Costs 2017 | Total Support Costs 2016 |
|----------------------------------|---|-------------------|-----------------------------------|-----------------------------------|
| | £ | £ | £ | £ |
| Wages and salaries | 1,505,433 | 2,488 | 1,507,921 | 1,449,653 |
| Motor vehicle expenses | 90,952 | - | 90,952 | 92,914 |
| Travel and subsistence | 98,402 | - | 98,402 | 85,184 |
| Rent and rates | 81,071 | - | 81,071 | 83,683 |
| Insurance | 5,530 | - | 5,530 | 5,141 |
| Telephone | 42,725 | - | 42,725 | 50,595 |
| Heat and light | 6,844 | - | 6,844 | 11,678 |
| Repairs and renewals | 94,726 | - | 94,726 | 9,709 |
| Printing, stationery and postage | 18,953 | - | 18,953 | 23,464 |
| Publications | 52,437 | - | 52,437 | 78,603 |
| Audit fees | 18,828 | - | 18,828 | 16,668 |
| Legal and professional fees | 2,547 | - | 2,547 | 9,181 |
| General expenses | 91,704 | - | 91,704 | 72,555 |
| Bank charges | 2,763 | - | 2,763 | 3,046 |
| Depreciation | 130,165 | - | 130,165 | 133,465 |
| | <u>2,243,080</u> | <u>2,488</u> | <u>2,245,568</u> | <u>2,125,539</u> |

The support costs for Erasmus + have been allocated on the basis of actual staff cost for the time spent on the project, there were no reserves available to allocate any further support costs to this project.

Notes (continued)

5 Staff numbers and costs

The Directors, who are also Trustees of the charitable company are not remunerated and as such are not regarded as employees. The average number of persons employed by the charitable company during the year, analysed by category, was as follows:

| | 2017 Number of employees | 2016 Number of employees |
|----------------------|--------------------------------|--------------------------------|
| Regional staff | 13 | 13 |
| Administrative staff | 11 | 10 |
| Indirect staff | 5 | 5 |
| | <u>29</u> | <u>28</u> |

The aggregate payroll costs of these persons were as follows:

| | 2017 £ | 2016 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 1,189,246 | 1,155,315 |
| Social security costs | 143,964 | 134,171 |
| Other pension costs | 174,711 | 160,167 |
| | <u>1,507,921</u> | <u>1,449,653</u> |

The number of employees receiving emoluments that exceed £60,000 are as follows:

| | 2017 Number of employees | 2016 Number of employees |
|---------------------|--------------------------------|--------------------------------|
| £70,000 - £79,999 | 0 | 1 |
| £80,000 - £89,999 | 2 | 0 |
| £90,000 - £99,999 | 0 | 2 |
| £100,000 - £109,999 | 1 | 0 |

The total remuneration paid to the four key management personnel during the year was £385,179, which included total contributions of £65,291 into their personal money purchase pension schemes.

6 Operating lease

LFE recognised an annual rental expense of £79,493 in the year in respect of the rental of the head office of the charity. The operating lease is due to expire on 28 November 2021.

| | 2017 £ | 2016 £ |
|--|-----------|-----------|
| The total future minimum lease payments under non-cancellable operating leases are as follows: | | |
| Due within 1 year | 51,528 | 38,138 |
| Due 2 – 5 years | 176,054 | - |
| Due 5 + years | - | - |

Notes (continued)

7 Tangible fixed assets

| | Fixtures & fittings £ | IT equipment £ | Motor vehicles £ | Total £ |
|------------------------|-----------------------------|----------------------|------------------------|------------|
| Cost | | | | |
| At beginning of period | 43,661 | 30,654 | 442,893 | 517,208 |
| Additions | 16,791 | - | 138,800 | 155,591 |
| Disposals | (35,141) | (17,725) | (134,300) | (187,166) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At end of period | 25,311 | 12,929 | 447,393 | 485,633 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Depreciation | | | | |
| At beginning of period | 26,509 | 18,359 | 250,001 | 294,869 |
| Charge for period | 3,961 | 7,368 | 118,836 | 130,165 |
| Disposals | (23,444) | (17,724) | (132,812) | (173,980) |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At end of period | 7,026 | 8,003 | 236,025 | 251,054 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net book value | | | | |
| At 30 June 2017 | 18,285 | 4,926 | 211,368 | 234,579 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 30 June 2016 | 17,152 | 12,295 | 192,892 | 222,339 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

All fixed assets are held for charitable purposes.

8 Debtors

| | 2017 £ | 2016 £ |
|--------------------------------|-----------|-----------|
| Trade debtors | 534,218 | 458,733 |
| Prepayments and accrued income | 1,155,506 | 2,382,147 |
| | <hr/> | <hr/> |
| | 1,689,724 | 2,840,880 |
| | <hr/> | <hr/> |

9 Creditors: amounts falling due within one year

| | 2017 £ | 2016 £ |
|------------------------------|-----------|-----------|
| Trade creditors | 952,585 | 1,157,728 |
| Taxation and social security | 37,009 | 33,750 |
| Other creditors | - | 534 |
| Accruals and deferred income | 2,138,202 | 1,732,076 |
| | <hr/> | <hr/> |
| | 3,127,796 | 2,924,088 |
| | <hr/> | <hr/> |

Notes (continued)

10 Provision in the year

| | 2017 £ | 2016 £ |
|--------------------|-----------|-----------|
| Opening Provision | - | - |
| Change in the year | 88,826 | - |
| Closing Provision | 88,826 | - |

The provision in the year is for a one off cost, for the dilapidations on the Lease of the head office building that came to an end during the 2016/17 year.

11 Movement of deferred income

| | 2017 £ | 2016 £ |
|---------------------------------|-----------|-----------|
| Deferred income brought forward | 339,855 | 390,915 |
| Change in the year | 334,675 | (51,060) |
| Deferred income carried forward | 674,530 | 339,855 |

£507k of the deferred income relates to income received in advance for the Erasmus + project. The specific projects for which this income relates are carried out in the following year to which the income is received. The remaining £168k of deferred income relates to the contract with the Education and Skills Funding Agency (ESFA) with regards to the Study Programme, for the Futsal learners, where the ESFA have paid for more learners than were actually recruited, therefore the ESFA will offset this overpayment against income due in the 2017/18 year.

12 Reconciliation of net expenditure to net cash flow from operating activities

| | 2017 £ | 2016 £ |
|---|-----------|-----------|
| Net expenditure for the reporting period (as per the statement of financial activities) | (99,841) | (261,237) |
| Adjustments for: | | |
| Interest from investments | (16,784) | (12,813) |
| Depreciation charges | 130,165 | 133,465 |
| Profit on the sale of fixed assets | (15,064) | (26,741) |
| Decrease in debtors | 1,151,156 | 109,640 |
| Increase in creditors | 292,534 | 206,471 |
| Net cash provided by operating activities | 1,442,166 | 148,785 |

Notes (continued)

13 Analysis of cash and cash equivalents

| | 2017 £ | 2016 £ |
|--|------------------|------------------|
| Cash in hand | 2,302,390 | 983,319 |
| Notice Deposit | 1,712,538 | 1,700,000 |
| Total Cash and Cash equivalents | 4,014,928 | 2,683,319 |

14 Outline summary of fund movements

| | Funds Balances brought forward £ | Income £ | Expenditure £ | Transfers £ | Gains and losses £ | Fund Balances Carried forward £ |
|--------------------|--|-------------|------------------|----------------|--------------------------|---|
| Unrestricted Funds | 2,808,174 | 9,483,182 | (9,568,747) | - | - | 2,722,609 |
| Restricted Funds | 14,276 | 474,415 | (488,691) | - | - | - |
| | 2,822,450 | 9,957,597 | (10,057,438) | - | - | 2,722,609 |

The unrestricted funds relate to the government funding of the Apprenticeship in Sporting Excellence together with the income from the Professional Footballers' Association.

The restricted funds are in respect of Grant funding from the Erasmus + Programme. This relates to income and expenditure specifically for the purposes of European placements and tours for apprenticeship players and staff. This grant is applied for on an annual basis and expenditure under this grant is restricted to this programme.

15 Analysis of net assets between funds

| | Unrestricted Funds 2017 £ | Restricted Funds 2017 £ | Total Funds 2017 £ |
|-----------------------|------------------------------------|----------------------------------|-----------------------------|
| Tangible fixed assets | 234,579 | - | 234,579 |
| Current Assets | 5,197,902 | 506,750 | 5,704,652 |
| Current Liabilities | (2,709,872) | (506,750) | (3,216,622) |
| | 2,722,609 | - | 2,722,609 |

Notes (continued)

16 Pension scheme

The charitable company's employees are members of different pension schemes. These include various Personal Money Purchase Pension Schemes and the Teachers' Pension Scheme. All of the personal pension schemes are defined contribution schemes, while the Teachers' Pension Scheme is a defined benefit scheme. The Teachers' Pension Scheme cannot separately identify the assets and liabilities attributable to individual members and only four employees of the charitable company are members of the Teachers' Pension Scheme therefore further disclosures have not been made. During the year ended 30 June 2017 total pension contributions were £174,711.

17 Related party transactions

During the year, the charitable company managed the delivery of training and education of apprentice footballers on behalf of The Football League Limited and The Professional Footballers' Association who are both members. LFE also managed the delivery of a study programme at various football clubs, and part of this programme included costs incurred for managing the Futsal Games Programme, which is managed by The Football League (Community) Limited.

Related party transactions during the year were as follows:

| | Income during 2017 £ | Debtor 2017 £ | Expenditure during 2017 £ | Accrual 30 June 2017 £ |
|---|-------------------------------|---------------------|------------------------------------|---------------------------------|
| The Football League Limited | 1,342 | - | 76,159 | 46,255 |
| The Professional Footballers' Association | 1,642,000 | - | 61,271 | - |
| The Football League (Community) Limited | - | - | 35,570 | - |
| | <u>1,643,342</u> | <u>-</u> | <u>173,000</u> | <u>46,255</u> |