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**THE SCOTTISH FOOTBALL  
ASSOCIATION LIMITED**

**CONSOLIDATED FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2007**



# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2007

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### COMPANY INFORMATION

<b>Company registration number</b>	SC005453	
<b>Registered office</b>	Hampden Park Glasgow G42 9AY	
<b>Directors</b>	G W Peat R C Ogilvie A McRae A M Gold J Gold T Johnston D MacIntyre T B McMaster R Petrie R W Shaw G Smith	President 1st Vice President 2nd Vice President
<b>Secretary</b>	G Smith	
<b>Bankers</b>	Bank of Scotland	
<b>Legal advisors</b>	Burness 120 Bothwell Street Glasgow G2 7JL	
<b>Auditors</b>	BDO Stoy Hayward LLP Chartered Accountants Registered Auditors 4 Atlantic Quay 70 York Street Glasgow G2 8JX	

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2007

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# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## DIRECTORS' REPORT

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The directors present their annual report together with financial statements for the year ended 31 December 2007

### Principal activities

The principal activity of the company is the furtherance and control of the game of football in Scotland. In addition a subsidiary undertaking operates the National Stadium.

### Business review

The profit and loss account is set out on page 5 and shows turnover for the year of £30,567,373 (2006 £23,395,292) and profit for the year after taxation of £773,907 (2006 £735,926) which has been transferred to reserves.

Group turnover has increased by 31% due to the performance of the National Team and the increased number of home European Championship qualifying matches, together with the hosting of the UEFA Cup Final. The directors believe turnover will decrease significantly in 2008 as a result of a reduced number of home international matches.

Further information on the group's activities is set out in the Financial Report section of the Annual Review.

There have been no events since the balance sheet date which materially affect the position of the company.

### Principal risks and uncertainties

A significant proportion of company turnover arises from television and commercial sponsorship contracts. To secure future revenues the directors seek to enter into such contracts with suitable commercial partners for durations of several years.

Credit risk is managed by running credit checks on significant customers and by monitoring payments against contractual agreements.

The company monitors cash flow as part of its day to day control procedures. The Board and Senior Management Group consider cash flow projections on a monthly basis.

### Directors

The persons listed below served as directors of the company during the year.

G W Peat	President	
R C Ogilvie	1st Vice President	
A McRae	2nd Vice President	
H A Campbell Adamson		Resigned 1 June 2007
A M Gold		
J Gold		
T Johnston		Appointed 1 July 2007
D MacIntyre		Appointed 1 July 2007
J F McBeth		Resigned 1 June 2007
T B McMaster		Appointed 1 July 2007
R Petrie		Appointed 1 July 2007
E J Riley		Resigned 1 June 2007
R W Shaw		
G Smith	Chief Executive	Appointed 27 June 2007
J L Smith		Resigned 1 June 2007
D A Taylor		Resigned 15 April 2007

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## DIRECTORS' REPORT

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The positions of President, 1<sup>st</sup> Vice President and 2<sup>nd</sup> Vice President are elected every 2 years at the Annual General Meeting and are due for re election in 2009 Mr A M Gold and Mr T B McMaster are nominated by the Scottish Premier League and Scottish Football League respectively The remaining directors, with the exception of the Chief Executive, are appointed every 2 years from those nominated to the SFA council

### **Directors' responsibilities for the financial statements**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 and the group and of the profit or loss of the group 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, subject to any material departures disclosed and explained in the financial statements, and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping 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**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information The directors are not aware of any relevant audit information of which the auditors are unaware

BDO Stoy Hayward LLP have expressed their willingness to continue in office A resolution to re appoint them will be proposed at the Annual General Meeting

### **BY ORDER OF THE BOARD**



Secretary  
3<sup>rd</sup> April 2008

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

We have audited the group and parent company financial statements (the "financial statements") of The Scottish Football Association Limited for the year ended 31 December 2007 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the principal accounting policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 group's and company's circumstances, 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
THE SCOTTISH FOOTBALL ASSOCIATION LIMITED (CONTINUED)**

**Opinion**

In our opinion

- the group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's affairs as at 31 December 2007 and of its profit for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs at 31 December 2007,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



BDO STOY HAYWARD LLP  
Chartered Accountants  
and Registered Auditors  
Glasgow

3rd April 2008

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2007

	Note	2007 £	2006 £
<b>Turnover</b>	1	<b>30,567,373</b>	23,395,292
Cost of sales		<u>16,915,654</u>	<u>11,926,682</u>
<b>Gross profit</b>		<b>13,651,719</b>	11,468,610
Grant to The Scottish Football Partnership		<b>2,900,000</b>	1,500,000
Administrative expenses		<u>10,405,582</u>	<u>9,600,504</u>
<b>Operating profit</b>	3	<b>346,137</b>	368,106
Income from fixed asset investments		<b>202,503</b>	161,417
Gain on realisation of fixed asset investments		<b>61,661</b>	102,375
Interest receivable		<b>388,266</b>	268,290
Other finance income/(expense)	4	<u><b>78,000</b></u>	<u>(1,000)</u>
<b>Profit for the year before taxation</b>		<b>1,076,567</b>	899,188
Taxation	5	<u><b>(302,660)</b></u>	<u>(163,262)</u>
<b>Profit for the year after taxation</b>		<u><b>773,907</b></u>	<u>735,926</u>

All of the above activities relate to continuing activities

The accompanying accounting policies and notes form an integral part of these financial statements


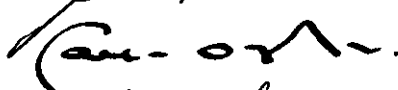



# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2007

	Note	2007 £	2007 £	2006 £	2006 £
<b>Fixed assets</b>					
Tangible assets	6		4,761,513		4,767,641
Investments	7		<u>2,603,694</u>		<u>2,552,624</u>
			7,365,207		7,320,265
<b>Current assets</b>					
Stock				15,830	
Debtors	8	7,580,268		6,135,187	
Cash at bank and in hand	17	<u>4,382,928</u>		<u>5,403,121</u>	
		11,963,196		11,554,138	
<b>Creditors: amounts falling due within one year</b>	9	<u>11,176,097</u>		<u>10,955,884</u>	
<b>Net current assets</b>			<u>787,099</u>		<u>598,254</u>
			8,152,306		7,918,519
<b>Creditors: amounts falling due after more than one year</b>	10		1,741,852		1,856,079
Deferred Taxation	11		<u>59,107</u>		
<b>Net assets excluding pension asset/(liability)</b>			6,351,347		6,062,440
Pension asset/(liability)	20		<u>245,000</u>		<u>(1,313,000)</u>
<b>Net assets including pension asset/(liability)</b>			<u>6,596,347</u>		<u>4,749,440</u>
<b>Reserves</b>					
General reserve			1,500,000		1,500,000
Investment revaluation reserve	12		448,394		514,603
Other reserves	13		1,799,673		1,799,673
Profit and loss account	14		<u>2,848,280</u>		<u>935,164</u>
			<u>6,596,347</u>		<u>4,749,440</u>

The financial statements were approved by the Board of Directors and authorised for issue on 3<sup>rd</sup> April 2008

 **President**  
 **1st Vice President**  
 **2nd Vice President**

The accompanying accounting policies and notes form an integral part of these financial statements

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## COMPANY BALANCE SHEET AT 31 DECEMBER 2007

	Note	2007 £	2007 £	2006 £	2006 £
<b>Fixed Assets</b>					
Tangible Assets	6		3,553,720		3,846,581
Investments	7		<u>2,633,696</u>		<u>2,582,626</u>
			6,187,416		6,429,207
<b>Current Assets</b>					
Stock				15,830	
Debtors	8	6,713,636		5,235,211	
Cash at bank and in hand		<u>3,457,979</u>		<u>4,834,769</u>	
		10,171,615		10,085,810	
<b>Creditors, amounts falling due within one year</b>	9	<u>10,089,698</u>		<u>9,940,962</u>	
<b>Net current assets</b>			<u>81,917</u>		<u>144,848</u>
			6,269,333		6,574,055
<b>Creditors' amounts falling due after more than one year</b>	10		<u>1,469,432</u>		<u>1,602,766</u>
<b>Net assets excluding pension asset/(liability)</b>			4,799,901		4,971,289
Pension asset/(liability)	20		245,000		(1,313,000)
<b>Net assets including pension asset/(liability)</b>			<u>5,044,901</u>		<u>3,658,289</u>
<b>Reserves</b>					
General Reserve			1,500,000		1,500,000
Investment revaluation reserve	12		448,394		514,603
Other reserves	13		1,799,673		1,799,673
Profit and loss account	14		<u>1,296,834</u>		<u>(155,987)</u>
			5,044,901		3,658,289

The financial statements were approved by the Board of Directors and authorised for issue on 3<sup>rd</sup> April 2008

*George Horne*

President

*Sammy Onyiah*

1st Vice President

*Alan McLeish*

2nd Vice President

The accompanying accounting policies and notes form an integral part of these financial statements

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2007

	Note	2007 £	2007 £	2006 £	2006 £
<b>Net cash (outflow)/inflow from operating activities</b>	15		(1,289,130)		1,935,764
<b>Returns on investments</b>					
Interest received		388,266		268,290	
Income from investments		199,442		158,554	
Other finance income/(expense)		<u>78,000</u>		<u>(1,000)</u>	
<b>Net cash inflow from returns on investments</b>			665,708		425,844
<b>Taxation</b>					
Taxation (paid)/received			(7,298)		2,899
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(524,572)		(88,145)	
Purchase of investments		(242,293)		(345,069)	
Proceeds on disposal of tangible fixed assets		64,508		67,500	
Proceeds on disposal of investments		252,884		353,276	
Receipt of capital grant		<u>60,000</u>			
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>			<u>(389,473)</u>		<u>(12,438)</u>
<b>(Decrease)/Increase in cash in the year</b>	16		<u>(1,020,193)</u>		<u>2,352,069</u>

The accompanying accounting policies and notes form an integral part of these financial statements

**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

For the year ended 31 December 2007

	Note	2007 £	2006 £
Profit for the financial year		773,907	735,926
Actuarial gain in the pension scheme	20	1,611,000	855,000
Deferred tax thereon		(483,000)	(257,000)
(Decrease)/Increase in revaluation reserve		(55,000)	25,000
Total recognised gains relating to the year		<u>1,846,907</u>	<u>1,358,926</u>

The accompanying accounting policies and notes form an integral part of these financial statements

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2007

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The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention as modified by the revaluation of certain assets. The principal accounting policies have remained unchanged from the previous year except as set out below.

### Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings (see note 7). The financial statements of its subsidiary undertakings have been prepared to 31 December 2007.

### Company structure

The company is limited by guarantee not having a share capital.

### Turnover

Turnover is the amount receivable by the group from its various activities during the accounting period. Revenue derived from contracts in respect of media rights is recognised as turnover in accordance with the proportion of matches covered in any accounting period against the total number of matches to be played in any season. Barter transactions are quantified and included within turnover.

### Depreciation

Depreciation is calculated at the following rates:

Leasehold Improvements	Straight line over period of lease and 10-20 years
Computer and office equipment	25% and 10% straight line

### Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax balances are not discounted.

### Investments

Investments are included at cost, and are classified as fixed assets.

### Investment properties

In accordance with Statement of Standard Accounting Practice No 19, investment properties are included in the balance sheet at their open market values. The unrealised surplus on revaluation of individual properties is transferred to the investment revaluation reserve. Depreciation is not provided in respect of freehold investment properties as any charge would be considered insignificant.

### Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

# **THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

For the year ended 31 December 2007

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### **Pension costs**

The Company operates a defined benefit pension scheme. The assets of the scheme are administered by the Trustees in a fund independent from those of the Association.

Scheme assets are measured at market values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the company.

The current service cost and costs from settlements and curtailments are charged against operating profit. Interest on the scheme liabilities and the expected return on scheme assets are included in other finance costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

Contributions payable for the year to defined contribution schemes are charged to the profit and loss account.

### **Grants**

Grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets.

Grant assistance of a revenue nature is credited to the profit and loss account in the same period as the related expenditure.

### **Stock**

Stock consists of goods held for resale and is valued at the lower of cost and net realisable value.

### **Operating leases**

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

### **Deferred Expenditure – Rental**

The group entered into a lease for Hampden Stadium in the year 2000. The initial term of the lease is 20 years with an option to extend for a further 20 years.

The lease payments are capable of being reduced depending on circumstances outwith the control of the group. The reduction may take place any time between 10 to 17 years from inception. The rent is being charged to the profit and loss account in equal annual instalments over 20 years assuming the reduction in rent takes place in year 17 being the most appropriate estimate at this time. The expenditure deferred is included within prepayments and accrued income in the balance sheet.

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2007

### 1 TURNOVER

	2007 £	2006 £
Turnover is analysed as follows		
Promotion of Football	25,332,791	19,095,985
Stadium Management	5,234,582	4,299,307
	<u>30,567,373</u>	<u>23,395,292</u>

Following a review of commercial contracts, the value of in kind transactions has been included within turnover for the current and previous year in accordance with Financial Reporting Standard 5. The related costs have been included within Cost of Sales and Administrative Expenses. The comparative figures have been restated accordingly, resulting in an increase in Turnover of £501,000, an increase in Cost of Sales of £345,000, and an increase in Administrative Expenses of £156,000.

### 2 DIRECTORS AND EMPLOYEES

The average number of employees of the group during the year and their aggregate emoluments are shown below

	2007 £	2006 £
Wages and salaries	3,564,601	3,296,729
Social security	386,099	371,931
Other pension costs	547,946	713,167
	<u>4,498,646</u>	<u>4,381,827</u>
Average number of employees of the group during the year	<u>132</u>	<u>123</u>

Remuneration in respect of directors was as follows

	2007 £	2006 £
Directors' emoluments	175,493	171,637
Directors' pension contributions	8,652	30,553
	<u>184,145</u>	<u>202,190</u>

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2007

### 3 OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2007 £	2006 £
Directors emoluments	175,493	171,637
Auditors remuneration		
Audit services	20,000	20,000
Non audit services	5,500	5,500
Depreciation	435,700	406,060
Capital grant release	(149,616)	(145,001)
Gain on disposal of fixed assets	(24,508)	(12,500)
Operating leases		
Other	58,576	61,486
Land and Buildings	760,187	748,587

### 4 OTHER FINANCE INCOME/(EXPENSE)

	2007 £	2006 £
Expected return on pension scheme assets	883,000	719,000
Interest on pension scheme liabilities	(805,000)	(720,000)
	78,000	(1,000)

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge is based on the result for the year and is made up as follows

	2007 £	2006 £
United Kingdom corporation tax		
current year	53,627	11,262
prior year	5,926	
Deferred tax		
current year	221,221	152,000
prior year	21,886	
	302,660	163,262

No provision has been made for taxation which would accrue if the investment properties were disposed of at their revalued amounts



**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 2007

**TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTD)****Tax Reconciliation**

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%) The differences are explained below

	2007 £	2006 £
Profit on ordinary activities before tax	<u>1,076,567</u>	<u>899,188</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 30%)	322,970	269,756
Effects of		
Non deductible expenses	28,255	19,331
Non taxable income	(58,498)	(74,035)
Movement in accelerated capital allowances	(56,263)	(67,909)
Other timing differences	(17,640)	2,113
Non qualifying depreciation	58,004	66,780
Net difference on gain on disposal of non qualifying assets		40,994
Utilisation of tax losses		(58,958)
Franked Investment Income	(29,330)	(27,933)
Movement in deferred tax relating to pension scheme	(184,200)	(152,000)
Adjustment re prior year	5,926	
Impact of lower rate in subsidiaries	<u>(9,671)</u>	<u>(6,877)</u>
Current tax charge for year	<u>59,553</u>	<u>11,262</u>

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2007

### 6 TANGIBLE FIXED ASSETS

#### The Group

	Leasehold Improvements £	Investment Property £	Computer & Office Equipment £	Total £
Cost or valuation				
At 1 January 2007	4,749,799	1,140,000	1,369,751	7,259,550
Additions at cost	371,707		152,865	524,572
Deficit arising on revaluation		(55,000)		(55,000)
Disposals		(40,000)		(40,000)
At 31 December 2007	<u>5,121,506</u>	<u>1,045,000</u>	<u>1,522,616</u>	<u>7,689,122</u>
Depreciation				
At 1 January 2007	1,408,694		1,083,215	2,491,909
Provided in the year	309,718		125,982	435,700
At 31 December 2007	<u>1,718,412</u>		<u>1,209,197</u>	<u>2,927,609</u>
Net book value at 31 December 2007	<u>3,403,094</u>	<u>1,045,000</u>	<u>313,419</u>	<u>4,761,513</u>
Net book value at 31 December 2006	<u>3,341,105</u>	<u>1,140,000</u>	<u>286,536</u>	<u>4,767,641</u>

Investment properties were revalued on 31 December 2007 by Messrs Griffin Webster, Chartered Surveyors, at their open market values. The deficit arising of £55,000 has been debited to the investment property revaluation reserve (note 12).

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2007

### TANGIBLE FIXED ASSETS (CONTD)

#### The Company

	Leasehold Improvements £	Investment Property £	Computer & Office Equipment £	Total £
Cost or valuation				
At 1 January 2007	3,577,633	1,140,000	1,066,913	5,784,546
Additions at cost			121,611	121,611
Deficit arising on revaluation		(55,000)		(55,000)
Disposals		(40,000)		(40,000)
At 31 December 2007	<u>3,577,633</u>	<u>1,045,000</u>	<u>1,188,524</u>	<u>5,811,157</u>
Depreciation				
At 1 January 2007	1,097,358		840,607	1,937,965
Provided in the year	214,907		104,565	319,472
At 31 December 2007	<u>1,312,265</u>		<u>945,172</u>	<u>2,257,437</u>
Net book value at 31 December 2007	<u>2,265,368</u>	<u>1,045,000</u>	<u>243,352</u>	<u>3,553,720</u>
Net book value at 31 December 2006	<u>2,480,275</u>	<u>1,140,000</u>	<u>226,306</u>	<u>3,846,581</u>

Investment properties were revalued on 31 December 2007 by Messrs Griffin Webster, Chartered Surveyors, at their open market values. The deficit arising of £55,000 has been debited to the investment property revaluation reserve (note 12).

#### The Group and the Company

If the investment properties had not been revalued, they would have been included on the historical cost basis at a cost of £596,606.

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2007

### 7 INVESTMENTS

	Quoted £
<b>The Group</b>	
At cost 1 January 2007	2,552,624
Additions	242,293
Disposals	(191,223)
At cost 31 December 2007	<u>2,603,694</u>

The market value of quoted investments at 31 December 2007 was £3,465,460 (2006 £3,420,370)

#### The Company

In addition to the above quoted investments, the company holds the following investments

	Investment in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2007 and 31 December 2007	<u>30,002</u>

Subsidiary Undertakings	Country of Registration	Holding	Proportion held	Nature of Business
Scotball Travel and Leisure Limited	Scotland	Ordinary Shares	100%	Dormant
Hampden Park Limited	Scotland	Ordinary Shares	100%	Stadium Management

### 8 DEBTORS

	<b>The Group</b>		<b>The Company</b>	
	2007	2006	2007	2006
	£	£	£	£
Amounts owed by group undertakings			420,329	687,640
Trade debtors	4,429,187	3,164,862	4,368,337	2,642,784
Other debtors	2,292,818	1,553,969	1,642,502	1,541,939
Prepayments and accrued income	845,057	1,413,493	269,262	359,985
Taxation recoverable	13,206	2,863	13,206	2,863
	<u>7,580,268</u>	<u>6,135,187</u>	<u>6,713,636</u>	<u>5,235,211</u>

Prepayments and accrued income for the group includes an amount of £633,330 (2006 £551,610) in relation to deferred rental. This amount will be released in accordance with the accounting policy as disclosed on page 11 and is not recoverable within one year.

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2007

### 9 CREDITORS' AMOUNTS FALLING DUE WITHIN ONE YEAR

	The Group		The Company	
	2007	2006	2007	2006
	£	£	£	£
Accruals and deferred income	10,297,176	10,621,616	9,268,751	9,634,761
Amounts owed to group undertakings			52,221	51,499
Social security and other taxes	810,985	325,869	768,726	247,247
Corporation tax payable	67,936	8,399		7,455
	<u>11,176,097</u>	<u>10,955,884</u>	<u>10,089,698</u>	<u>9,940,962</u>

### 10 CREDITORS' AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The Group		The Company	
	2007	2006	2007	2006
	£	£	£	£
Accruals and deferred income	<u>1,741,852</u>	<u>1,856,079</u>	<u>1,469,432</u>	<u>1,602,766</u>

### 11 DEFERRED TAXATION

#### The Group

	2007
	£
Accelerated timing differences	98,307
Sundry timing differences	<u>(39,200)</u>
	<u>59,107</u>

### 12 INVESTMENT PROPERTY REVALUATION RESERVE

#### The Group and the Company

	2007	2006
	£	£
At 1 January 2007	514,603	498,255
Transferred to Profit & Loss Account on disposal	(11,209)	(8,652)
Arising on revaluation (Note 6)	<u>(55,000)</u>	<u>25,000</u>
At 31 December 2007	<u>448,394</u>	<u>514,603</u>

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2007

### 13 OTHER RESERVES

The Group and the Company

£

At 1 January 2007 and 31 December 2007

1,799,673

### 14 PROFIT AND LOSS ACCOUNT

	Group £	Company £
As at 1 January 2007	935,164	(155,987)
Retained profit for the year	773,907	313,612
Transferred from Investment Property Revaluation Reserve on disposal	11,209	11,209
Actuarial gain in the pension scheme	1,611,000	1,611,000
Deferred tax thereon	(483,000)	(483,000)
As at 31 December 2007	<u>2,848,280</u>	<u>1,296,834</u>

The retained profit for the year has arisen from the group companies as follows

	2007 £
By the Company	313,612
By subsidiary undertakings	<u>460,295</u>
	<u>773,907</u>

In accordance with s230 of the Companies Act 1985, the company has not included its own profit and loss account in these financial statements

### 15 NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2007 £	2006 £
Operating profit	346,137	368,106
Depreciation	435,700	406,060
Release of deferred capital grant	(149,616)	(145,001)
Pension scheme payments	(614,000)	(507,000)
Gain on disposal of tangible fixed assets	(24,508)	(12,500)
Decrease in stock	15,830	40,252
Increase in debtors	(1,434,738)	(2,348,231)
Increase in creditors	136,065	4,134,078
Net cash (outflow)/inflow from operating activities	<u>(1,289,130)</u>	<u>1,935,764</u>

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2007

### 16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2007 £	2006 £
(Decrease)/Increase in cash in the year	(1,020,193)	2,352,069
Net funds at 1 January 2007	<u>5,403,121</u>	<u>3,051,052</u>
Net funds at 31 December 2007	<u>4,382,928</u>	<u>5,403,121</u>

The company manages its liquid resources through the use of overnight and fixed period deposits with Bank of Scotland. Overnight deposits are treated as cash, and fixed period deposits are treated as liquid resources for the purposes of the cash flow statement.

### 17 ANALYSIS OF NET FUNDS

	At 1 January 2007 £	Cash flow £	At 31 December 2007 £
Cash at bank and in hand	<u>5,403,121</u>	<u>(1,020,193)</u>	<u>4,382,928</u>

### 18 CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2007 or 31 December 2006.

### 19 CONTINGENT LIABILITIES/ASSETS

The company has provided a guarantee in respect of a third party loan which may be provided to The Scottish Football Partnership up to a maximum of £1.2 million. In the opinion of the directors, any risk of liability to the company is remote.

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2007

### 20 PENSION COMMITMENTS

The Association operates a defined benefit pension scheme for the benefit of certain employees. The assets of the scheme are administered by the Trustees in a fund independent from those of the Association. A full actuarial valuation was carried out at 1 May 2006 by a qualified actuary. The major assumptions used by the actuary were

	2007 %	2006 %
Rate of increase in Retail Price Index	3.6	3.3
Rate of increase in Pensions in Payment accruing up to 1 May 2002	5.0	5.0
accruing thereafter	3.6	3.3
Rate of increase in Pensionable Salaries	5.1	4.75
Discount Rate	5.7	5.1

The assets in the scheme and the expected rate of return were

	Rate of Return %	2007 £000's	Rate of Return %	2006 £000's	Rate of Return %	2005 £000's
Market value of assets						
Deposit administration contract					6.0	9,886
Bonds	6.0	3,684	5.1	2,874		
Equities	7.5	8,243	7.6	7,056		
Bank Account	5.5	580	5.25	879		
Deposit Account			6.0	12		
Annuities	5.7	2,632	4.7	2,870	4.7	2,346
		15,139		13,691		12,232
Present value of Scheme liabilities		(14,789)		(15,566)		(15,469)
Net pension asset/(deficit) before deferred tax		350		(1,875)		(3,237)
Related deferred tax (liability)/asset		(105)		562		971
Net pension asset/(deficit)		245		(1,313)		(2,266)



# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2007

### PENSION COMMITMENTS (CONTD)

#### Movement in deficit in the year

	2007 £000's £	2006 £000's £
Deficit in scheme at beginning of the year	(1,875)	(3,237)
Movement in year		
Change to bid value of assets	(25)	
Current service cost	(320)	(371)
Loss on settlement and curtailments		(211)
Contributions	905	1,097
Other finance costs	78	(1)
Expenses paid by scheme	(24)	(7)
Actuarial gain	1,611	855
Surplus/(deficit) in scheme at end of the year	350	(1,875)

The full triennial actuarial valuation at 1 May 2006 showed a decrease in the deficit from £3,276,000 to £1,728,000. The Scheme Actuary has suggested a regular annual contribution of 25.1% of pensionable payroll including employees' contribution, and has recommended that the deficit at 1 May 2006 be reduced by annual payments of £83,000. The scheme is now closed to new entrants.

#### History of experience gains and losses

	2007 £'000's	2006 £'000's	2005 £'000's
Difference between the expected and the actual return on scheme assets			
amount	(21)	223	790
percentage of scheme assets	0.1%	1.6%	6.4%
Experience gains and losses on scheme assets			
amount	(66)	105	(36)
percentage of scheme assets	0.4%	0.7%	0.2%
Total amount recognised in statement of total recognised gains and losses			
amount	1,611	855	(1,177)
percentage of scheme assets	10.6%	6.2%	9.6%

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2007

### PENSION COMMITMENTS (CONTD)

#### Analysis of the amount charged to operating profit

	2007 £000's	2006 £000's
Current service cost	320	371
Past service cost		
Total operating charge	<u>320</u>	<u>371</u>

#### Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses ("STRGL")

	2007 £000's	2006 £000's
Actual return less expected return on pension scheme assets	(21)	223
Experience gains and losses arising on the scheme liabilities	(66)	105
Changes in financial assumptions underlying the scheme liabilities	1,698	527
Actuarial gain recognised in STRGL	<u>1,611</u>	<u>855</u>

The group also contributes to defined contribution schemes Contributions to these schemes for the year amounted to £147,882 (2006 £76,694)

## 21 LEASING COMMITMENTS

Annual commitments under non cancellable operating leases are as follows

	2007 Land and buildings £	Other £	2006 Land and buildings £	Other £
Operating leases which expire				
In one year or less				2,910
Between two and five years		46,659		55,666
In five years or more	<u>848,507</u>		<u>839,851</u>	
	<u>848,507</u>	<u>46,659</u>	<u>839,851</u>	<u>58,576</u>

# THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2007

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### 22 OTHER MATTERS

In furtherance of the objectives of the Scottish Football Association, which is the furtherance and control of the game of football in Scotland, the group makes payments to and contracts with members of the Association in the normal course of business. These transactions are entered into on an arm's length basis.

The Association is a member of The Scottish Football Partnership, a company limited by guarantee and set up to disburse funds for the development of football in Scotland. During the year the Association made a contribution of £2.9 million (2006: £1.5 million) to assist the Partnership in meeting its objectives.

The group made a donation to the Scottish Football Association Museum Trust of £201,707 (2006: £216,622) in the year. The group charged the Scottish Football Association Museum Trust an amount of £195,000 (2006: £192,500) in the year in respect of rent and common charges. Included within Other Debtors is an amount of £47,586 (2006: £82,468) due from the Scottish Football Association Museum Trust. Included within Creditors is an amount of £21,279 (2006: £24,996) due to the Scottish Football Association Museum Trust. The group has certain directors in common with the Scottish Football Association Museum Trust.

The group made a donation to the National Stadium Sports Medicine Centre Limited of £75,000 (2006: £50,000) in the year. The group charged the National Stadium Sports Medicine Centre Limited an amount of £42,550 (2006: £41,800) in the year in respect of rent and common charges. Included within Debtors is an amount of £95,091 (2006: £47,486) due from the National Stadium Sports Medicine Centre Limited. The group has certain directors in common with the National Stadium Sports Medicine Centre Limited.