

The Scottish Football Association Limited

Report and Financial Statements

Year Ended

31 December 2012

Company Number SC005453

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The Scottish Football Association Limited

Report and financial statements for the year ended 31 December 2012

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Directors

R C Ogilvie (President)
A McRae (1st Vice President)
R M Petrie (2nd Vice President)
S M Regan (Chief Executive)
T A Johnston
R J Topping
B M Jackson

Secretary and registered office

H A Barton, Hampden Park, Glasgow, G42 9AY

Company number

SC005453

Auditors

BDO LLP, 4 Atlantic Quay, 70 York Street, Glasgow, G2 8JX

Legal advisors

Burness Paull & Williamsons, 120 Bothwell Street, Glasgow, G2 7JL

Levy & McRae, 266 St Vincent Street, Glasgow, G2 5RL

The Scottish Football Association Limited

Report of the directors for the year ended 31 December 2012

The directors present their report together with the audited financial statements for the year ended 31 December 2012.

Principal activities and business review

The principal activity of the company is the promotion, development and regulation of the game of football in Scotland. In addition a subsidiary undertaking operates the National Stadium.

The profit and loss account is set out on page 6 and shows turnover for the year of £33,268,611 (2011 - £32,385,675) and profit for the year after taxation of £608,155 (2011 - Profit £143,308) which has been transferred to reserves.

Group turnover has increased by 3% due to funding received to support the Scottish FA's Strategic Objectives agreed during 2011.

Employee numbers have increased in line with the Scottish FA's Strategic Objectives, particularly those to improve performance and grow the game. A number of these posts are funded by outside partners.

Group Cash at Bank balances have increased this year. A fee payment due under the broadcast contract on 1 January 2013 was paid in December 2012. The equivalent sum is included as Deferred Income in Creditors, with the result that there is no significant effect on Net Current Assets.

The Scottish FA looks forward to welcoming the Commonwealth Games to Glasgow in 2014. Hampden Park will be the athletics venue for the 2014 Commonwealth Games and also the venue for the closing ceremony. Permanent improvements will be made to the North Stand Concourse for the games which will remain as legacy for the Stadium after 2014. These improvements will be funded by Glasgow 2014 Limited. Works on these improvements started in November 2012 and are due to finish in May 2013.

In order to accommodate a temporary athletics track there will be modifications required to the arena. Contractual negotiations with Glasgow 2014 Limited regarding the North Stand improvements and the athletics track overlay have been completed. Works on the athletics track are due to commence in November 2013.

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

The Board considers that the principal risks and uncertainties affecting the business include fluctuations in income from football matches, qualification for European Championship and World Cup Finals, and revenue streams from commercial and broadcasting contracts.

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 appropriate durations.

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

The Association is seeking to enhance the future performance of the National Teams by developing its Performance Strategy.

The company monitors cash flow as part of its day to day control procedures. In addition the Board considers cash flow projections on a regular basis.

The Scottish Football Association Limited

Report of the directors for the year ended 31 December 2012 (continued)

Audit and Risk committee

During 2012, an Audit and Risk Committee was formed. The Committee consists of Mr B M Jackson (Chairman), Mr R C Ogilvie and Mr R M Petrie.

The external auditor and members of the Finance Department attend routinely. Business is also conducted without the presence of the external auditor and members of the Finance Department when appropriate.

The main responsibilities of the Committee are to:

- Review the annual report and financial statements, and the significant financial reporting judgements and accounting policies;
- Review the internal financial control systems and risk management systems;
- Recommend to the Board the appointment, remuneration and terms of engagement of the external auditor and agree the nature and scope of the audit with the external auditor;
- Review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process.

The role of the Committee is decided by the Board and the results of its work are reported to the Board.

Directors

The directors of the company during the year were:

R C Ogilvie (President)
A McRae (1st Vice President)
R M Petrie (2nd Vice President)
S M Regan (Chief Executive)
T A Johnston (resigned 7 June 2012 and reappointed 16 July 2012)
R J Topping (resigned 7 June 2012 and reappointed 16 July 2012)
B M Jackson

Qualifying third party indemnity provisions

The company has arranged qualifying third party indemnity for all its directors.

The Scottish Football Association Limited

Report of the directors for the year ended 31 December 2012 (continued)

Directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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.

The auditors, BDO LLP, are deemed to be re-appointed in accordance with section 487 of the Companies Act 2006.

By order of the board



H A Barton

Secretary

4 April 2013

The Scottish Football Association Limited

Independent auditor's report

To the members of The Scottish Football Association Limited

We have audited the financial statements of The Scottish Football Association Limited for the year ended 31 December 2012 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 and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

The Scottish Football Association Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Andrew McNamara (*senior statutory auditor*)
For and on behalf of BDO LLP, *statutory auditor*
Glasgow
United Kingdom

4 April 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Scottish Football Association Limited

Consolidated profit and loss account for the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	33,268,611	32,385,675
Cost of sales		17,772,033	17,234,134
Gross profit		15,496,578	15,151,541
Grant to The Scottish Football Partnership		500,000	3,000,000
Administrative expenses		14,782,252	12,520,335
Less exceptional rent credit		-	(214,488)
Administrative expenses including exceptional rent credit		14,782,252	12,305,847
Group operating profit/(loss)	3	214,326	(154,306)
Release of fixed asset impairment provision		142,959	12,230
Income from other fixed asset investments		182,292	157,982
Interest receivable		54,360	83,938
Gain on realisation of fixed asset investments		31,677	1,159
Other finance income	6	73,000	177,000
Profit on ordinary activities before taxation		698,614	278,003
Taxation on profit on ordinary activities	7	90,459	134,695
Profit on ordinary activities after taxation		608,155	143,308

All amounts relate to continuing activities.

The notes on pages 13 to 32 form part of these financial statements.

The Scottish Football Association Limited

Consolidated statement of total recognised gains and losses for the year ended 31 December 2012

	Note	2012 £	2011 £
Consolidated statement of total recognised gains and losses			
Profit on ordinary activities after taxation		608,155	143,308
Unrealised surplus/(deficit) on revaluation of investment properties	17	13,750	(85,000)
Unrealised actuarial gain / (loss) in the pension scheme	16	36,000	(663,000)
Deferred tax thereon at 23% (2011: 25%)		(8,000)	166,000
		<hr/>	<hr/>
Total recognised gains and losses for the financial year		649,905	(438,692)
		<hr/>	<hr/>

The notes on pages 13 to 32 form part of these financial statements.

The Scottish Football Association Limited

Consolidated balance sheet at 31 December 2012

Company number SC005453	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	9		4,108,384		3,580,290
Fixed asset investments	10		2,307,371		2,137,043
			<hr/>		<hr/>
			6,415,755		5,717,333
Current assets					
Debtors	11	7,483,496		7,714,510	
Cash at bank and in hand		13,662,420		9,814,720	
		<hr/>		<hr/>	
		21,145,916		17,529,230	
Creditors: amounts falling due within one year	12	19,158,208		15,902,352	
		<hr/>		<hr/>	
Net current assets			1,987,708		1,626,878
			<hr/>		<hr/>
Total assets less current liabilities			8,403,463		7,344,211
Creditors: amounts falling due after more than one year	13	-		13,317	
Provisions for liabilities	14	100,448		126,344	
Deferred capital grants	15	1,961,167		1,229,607	
		<hr/>		<hr/>	
			2,061,615		1,369,268
			<hr/>		<hr/>
Net assets excluding pension scheme liabilities			6,341,848		5,974,943
Pension scheme liabilities	16		(378,000)		(661,000)
			<hr/>		<hr/>
Net assets including pension scheme liabilities			5,963,848		5,313,943
			<hr/>		<hr/>

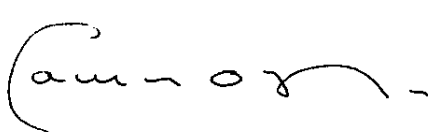
The notes on pages 13 to 32 form part of these financial statements.

The Scottish Football Association Limited

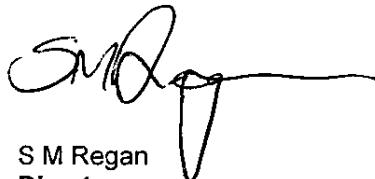
Consolidated balance sheet at 31 December 2012 (continued)

	Note	2012 £	2012 £	2011 £	2011 £
Capital and reserves					
General reserve	17		1,500,000		1,500,000
Investment property revaluation reserve	17		247,144		233,394
Other reserves	17		1,799,673		1,799,673
Profit and loss account	17		2,417,031		1,780,876
Shareholders' funds	18		5,963,848		5,313,943

The financial statements were approved by the board of directors and authorised for issue on 4 April 2013.



R C Ogilvie
Director



S M Regan
Director

The notes on pages 13 to 32 form part of these financial statements.

The Scottish Football Association Limited

Company balance sheet at 31 December 2012

<i>Company number SC005453</i>	<i>Note</i>	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	9		2,389,765		2,490,019
Fixed asset investments	10		2,307,373		2,137,045
			<hr/>		<hr/>
			4,697,138		4,627,064
Current assets					
Debtors	11	4,449,618		4,626,768	
Cash at bank and in hand		12,903,491		9,745,280	
		<hr/>		<hr/>	
		17,353,109		14,372,048	
Creditors: amounts falling due within one year	12	17,173,121		14,316,996	
		<hr/>		<hr/>	
Net current assets			179,988		55,052
			<hr/>		<hr/>
Total assets less current liabilities			4,877,126		4,682,116
Deferred capital grants	15		936,096		1,069,430
			<hr/>		<hr/>
Net assets excluding pension scheme liabilities			3,941,030		3,612,686
Pension scheme liabilities	16		(378,000)		(661,000)
			<hr/>		<hr/>
Net assets including pension scheme liabilities			3,563,030		2,951,686
			<hr/>		<hr/>

The notes on pages 13 to 32 form part of these financial statements.

The Scottish Football Association Limited

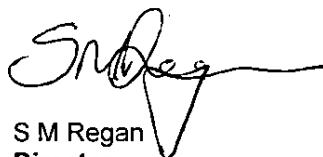
Company balance sheet at 31 December 2012 (*continued*)

	Note	2012 £	2012 £	2011 £	2011 £
Capital and reserves					
General reserve	17		1,500,000		1,500,000
Investment property revaluation reserve	17		247,144		233,394
Other reserves	17		1,799,673		1,799,673
Profit and loss account	17		16,213		(581,381)
			<hr/>		<hr/>
	18		3,563,030		2,951,686
			<hr/>		<hr/>

The financial statements were approved by the board of directors and authorised for issue on 4 April 2013.



R C Ogilvie
Director



S M Regan
Director

The notes on pages 13 to 32 form part of these financial statements.

The Scottish Football Association Limited

Consolidated cashflow statement for the year ended 31 December 2012

	Note	2012 £	2012 £	2011 £	2011 £
Net cash inflow/(outflow) from operating activities	23		3,757,376		(2,007,338)
Returns on investments and servicing of finance					
Interest received		54,360		83,938	
Income from investments		180,915		156,603	
Net cash inflow from returns on investments and servicing of finance			235,275		240,541
Taxation					
Taxation paid		-		(15,666)	
Taxation received		2,130		899	
Net cash inflow/(outflow) from taxation			2,130		(14,767)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(966,378)		(230,263)	
Payments to acquire fixed asset investments		(87,745)		(63,205)	
Proceeds on disposal of investments		92,054		71,090	
Receipt of capital grants		814,988		-	
Net cash outflow from capital expenditure and financial investment			(147,081)		(222,378)
Increase/(Decrease) in cash	24		3,847,700		(2,003,942)

The notes on pages 13 to 32 form part of these financial statements.

The Scottish Football Association Limited

Notes forming part of the financial statements for the year ended 31 December 2012

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements incorporate the results of The Scottish Football Association Limited and its subsidiary undertaking as at 31 December 2012.

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. In-kind transactions are quantified and included within turnover.

Revenue derived from sponsorship is recognised evenly over the period to which the sponsorship relates. Revenue from catering and hospitality is recognised in the period when the event takes place.

Depreciation

Depreciation is calculated at the following rates:

Leasehold improvements	- Straight line over period of lease and 10-20 years
Equipment and fittings	- 25% and 10% straight line
Assets under construction	- Not depreciated until complete

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 less any provisions for impairment, and are classified as fixed assets.

The Scottish Football Association Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (*continued*)

1 Accounting policies (*continued*)

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. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19. If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot be reasonably quantified because depreciation is one of many factors reflected in the annual valuations and the amount which might otherwise have been shown cannot be separately identified or quantified.

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.

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 Company.

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.

Operating leases

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

The Scottish Football Association Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

1 Accounting policies (continued)

Deferred Expenditure - Rental

The group entered into a lease for The National Stadium in the year 2000 with Queen's Park Football Club. The initial term of the lease is 20 years with the 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. 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 lease year 15 being the most appropriate estimate at this time. The expenditure deferred is included within Debtors in the balance sheet.

2 Turnover

	2012 £	2011 £
Turnover is analysed as follows:		
Promotion of Football	29,617,710	27,208,295
Stadium Management	3,650,901	5,177,380
	<u>33,268,611</u>	<u>32,385,675</u>

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 Scottish Football Association Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

3 Operating profit/(loss)

	2012 £	2011 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	452,034	452,237
Fees payable to the group auditor for the auditing of the group annual accounts (Company £16,700; 2011- £16,000)	23,000	22,000
Fees payable to the group auditor for taxation compliance services	3,500	3,500
Defined benefit pension cost (see below)	(201,000)	(251,000)
Exceptional rent credit	-	(214,488)
Capital grant release	(153,890)	(153,890)
Operating lease - Land and buildings	719,422	726,418
Operating lease - Other assets	20,044	20,044

During the prior year year additional information relating to the rental lease of the stadium became available. To recognise the overall costs of the rental over the duration of the contract in accordance with the company's accounting policy, the rental charge and the prepayment were adjusted accordingly. This resulted in a reduction in the rental charge for the year ended 31 December 2011 as shown above as an exceptional rent credit.

Defined benefit pension costs charged in arriving at the operating profit comprise the following:

Current service cost	(201,000)	(251,000)
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4 Employees

Staff costs (including directors) consist of:

	Group 2012 £	Group 2011 £
Wages and salaries	6,105,259	5,184,813
Social security costs	688,970	575,573
Other pension costs	559,303	483,270
	7,353,532	6,243,656

The average number of employees (including directors) during the year was 178 (2011 - 148).

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

5 Directors' remuneration

	2012 £	2011 £
Directors' emoluments	312,925	281,325
Company contributions to money purchase pension schemes	21,833	18,500
	<u>334,758</u>	<u>299,825</u>

The total amount payable to the highest paid director in respect of emoluments was £280,425 (2011 - £247,158). Company pension contributions of £21,833 (2011 - £18,500) were made to a money purchase scheme on the highest paid director's behalf.

6 Other finance income

	2012 £	2011 £
Expected return on pension scheme assets	933,000	1,118,000
Interest on pension scheme liabilities	(860,000)	(941,000)
	<u>73,000</u>	<u>177,000</u>

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

7 Taxation on profit on ordinary activities

	2012 £	2011 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	17,355	-
Adjustment in respect of previous periods	-	533
	<hr/>	<hr/>
Total current tax	17,355	533
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	98,216	134,202
Adjustment in respect of previous periods	-	(40)
Change in tax rate	(25,112)	-
	<hr/>	<hr/>
Movement in deferred tax provision	73,104	134,162
	<hr/>	<hr/>
Taxation on profit on ordinary activities	90,459	134,695
	<hr/>	<hr/>

Of the total taxation charge of £90,459 (2011 - £134,695), £(25,896) (2011 - £13,162) relates to the movement in deferred tax provision and £99,000 (2011 - £121,000) relates to the movement in deferred tax on pension scheme assets/liabilities.

The tax assessed for the year is lower than the relevant corporation tax in the UK applied to profit before tax. The differences are explained below:

	2012 £	2011 £
Profit on ordinary activities before tax	698,614	278,003
	<hr/>	<hr/>
Profit on ordinary activities at the relevant rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	171,160	73,671
Effect of:		
Expenses not deductible for tax purposes	25,302	74,952
Depreciation for period in excess/(deficit) of capital allowances	7,314	(71,442)
Non qualifying depreciation	52,165	54,822
Other timing differences	(73,837)	(39,557)
Franked Investment Income	(26,323)	(25,659)
FRS 17 adjustment	(86,730)	(113,685)
Adjustment to tax charge in respect of previous periods	-	533
Utilisation of tax losses	(47,791)	-
Unrelieved tax losses	-	46,898
Impact of rate differences	(3,905)	-
	<hr/>	<hr/>
Current tax charge for the year	17,355	533
	<hr/>	<hr/>

The Scottish Football Association Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

8 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of £569,594 (2011 - £357,091 loss) which is dealt with in the financial statements of that company.

9 Tangible fixed assets

Group

	Investment Properties £	Leasehold Improvements £	Equipment and Fittings £	Assets under construction £	Total £
<i>Cost or valuation</i>					
At 1 January 2012	830,000	5,309,004	2,174,939	-	8,313,943
Additions	-	71,718	154,661	739,999	966,378
Disposals	-	-	(677,224)	-	(677,224)
Revaluations	13,750	-	-	-	13,750
	<u>843,750</u>	<u>5,380,722</u>	<u>1,652,376</u>	<u>739,999</u>	<u>8,616,847</u>
At 31 December 2012					
<i>Depreciation</i>					
At 1 January 2012	-	2,959,990	1,773,663	-	4,733,653
Provided for the year	-	299,194	152,840	-	452,034
Disposals	-	-	(677,224)	-	(677,224)
	<u>-</u>	<u>3,259,184</u>	<u>1,249,279</u>	<u>-</u>	<u>4,508,463</u>
At 31 December 2012					
<i>Net book value</i>					
At 31 December 2012	<u>843,750</u>	<u>2,121,538</u>	<u>403,097</u>	<u>739,999</u>	<u>4,108,384</u>
At 31 December 2011	830,000	2,349,014	401,276	-	3,580,290

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

9 Tangible fixed assets (*continued*)

Company

	Investment Properties £	Leasehold Improvements £	Equipment and fittings £	Total £
<i>Cost or valuation</i>				
At 1 January 2012	830,000	3,618,136	1,625,039	6,073,175
Additions	-	55,899	131,665	187,564
Disposals	-	-	(677,224)	(677,224)
Revaluations	13,750	-	-	13,750
	<u>843,750</u>	<u>3,674,035</u>	<u>1,079,480</u>	<u>5,597,265</u>
<i>Depreciation</i>				
At 1 January 2012	-	2,153,798	1,429,358	3,583,156
Provided for the year	-	190,014	111,554	301,568
Disposals	-	-	(677,224)	(677,224)
	<u>-</u>	<u>2,343,812</u>	<u>863,688</u>	<u>3,207,500</u>
<i>Net book value</i>				
At 31 December 2012	<u>843,750</u>	<u>1,330,223</u>	<u>215,792</u>	<u>2,389,765</u>
At 31 December 2011	<u>830,000</u>	<u>1,464,338</u>	<u>195,681</u>	<u>2,490,019</u>

The Group and the Company

Investment properties were revalued on 31 December 2012 by Messrs Griffin Webster, Chartered Surveyors, at their open market values.

If the investment properties had not been revalued, they would have been included on the historical cost basis at a cost of £596,606 (2011: £596,606).

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

10 Fixed asset investments

Group

	Listed investments £
<i>Cost restricted for impairment</i>	
At 1 January 2012	2,137,043
Additions	87,745
Disposals	(60,376)
Release of impairment provision	142,959
	<hr/>
At 31 December 2012	2,307,371
	<hr/>

Company

	Listed investments £	Investment in subsidiary undertakings £	Total £
<i>Cost restricted for impairment</i>			
At 1 January 2012	2,137,043	2	2,137,045
Additions	87,745	-	87,745
Disposals	(60,376)	-	(60,376)
Release of impairment provision	142,959	-	142,959
	<hr/>	<hr/>	<hr/>
At 31 December 2012	2,307,371	2	2,307,373
	<hr/>	<hr/>	<hr/>

	Group and company 2012 £	Group and company 2011 £
Listed investments:		
Market value	3,329,316	3,062,804
	<hr/>	<hr/>

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business
<i>Subsidiary undertakings</i>				
Hampden Park Limited	Scotland	Ordinary	100%	Stadium Management

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

11 Debtors

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Amounts receivable within one year				
Trade debtors	1,841,740	2,295,363	1,567,341	1,512,690
Amounts owed by group undertakings	-	-	-	224,319
Corporation tax recoverable	2,750	3,503	2,750	3,503
Other debtors	964,593	2,404,876	915,866	2,373,500
Prepayments and accrued income	2,577,549	1,078,364	1,963,661	512,756
	<u>5,386,632</u>	<u>5,782,106</u>	<u>4,449,618</u>	<u>4,626,768</u>
Amounts receivable after more than one year				
Deferred rental	2,096,864	1,932,404	-	-
	<u>2,096,864</u>	<u>1,932,404</u>	<u>-</u>	<u>-</u>
Total debtors	<u>7,483,496</u>	<u>7,714,510</u>	<u>4,449,618</u>	<u>4,626,768</u>

The deferred rental will be released in accordance with the accounting policy as disclosed on page 15 and is not recoverable within one year.

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

12 Creditors: amounts falling due within one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Amounts owed to group undertakings	-	-	61,867	-
Corporation tax	17,355	-	-	-
Other taxation and social security	680,676	697,777	565,472	642,399
Accruals and deferred income	18,460,177	15,204,575	16,545,782	13,674,597
	<u>19,158,208</u>	<u>15,902,352</u>	<u>17,173,121</u>	<u>14,316,996</u>

13 Creditors: amounts falling due after more than one year

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Accruals and deferred income	-	13,317	-	-
	<u>-</u>	<u>13,317</u>	<u>-</u>	<u>-</u>

14 Provisions for liabilities

Group

	Deferred taxation £
At 1 January 2012	126,344
Credited to profit and loss account	(25,896)
	<u>100,448</u>
At 31 December 2012	<u>100,448</u>

Deferred taxation

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Accelerated capital allowances	117,523	150,746	-	-
Sundry timing differences	(17,075)	(24,402)	-	-
	<u>100,448</u>	<u>126,344</u>	<u>-</u>	<u>-</u>

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

15 Deferred capital grants

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Deferred capital grants				
Balance at 1 January 2012	1,229,607	1,383,497	1,069,430	1,202,764
Grants received in the year	814,988	-	-	-
Transfer from creditors due within one year	70,462	-	-	-
Amortisation for year	(153,890)	(153,890)	(133,334)	(133,334)
	<u>1,961,167</u>	<u>1,229,607</u>	<u>936,096</u>	<u>1,069,430</u>
Balance at 31 December 2012	1,961,167	1,229,607	936,096	1,069,430

16 Pensions

The company 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 company. The scheme is closed to new entrants.

	2012 £	2011 £
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	(17,831,000)	(17,383,000)
Current service cost	(251,000)	(310,000)
Interest cost	(860,000)	(941,000)
Experience gain on liabilities	-	186,000
Loss on changes in assumptions	(1,061,000)	(62,000)
Benefits paid	219,000	329,000
Change in secured pensioners value due to scheme experience	9,000	350,000
	<u>(19,775,000)</u>	<u>(17,831,000)</u>
At the end of the year	(19,775,000)	(17,831,000)
	<u>2012 £</u>	<u>2011 £</u>
<i>Composition of plan liabilities</i>		
Schemes wholly or partly funded	(19,775,000)	(17,831,000)

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (continued)

16 Pensions (continued)

	2012 £	2011 £
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	16,950,000	16,736,000
Expected rate of return on plan assets	933,000	1,118,000
Actuarial gains/(losses)	1,097,000	(787,000)
Contributions by group	482,000	503,000
Contributions by participants	50,000	59,000
Benefits paid	(219,000)	(329,000)
Change in secured pensioners value due to scheme experience	(9,000)	(350,000)
	<hr/>	<hr/>
At the end of the year	19,284,000	16,950,000
	<hr/>	<hr/>
	2012 £	2011 £
<i>Reconciliation to balance sheet</i>		
Present value of funded obligations	(19,775,000)	(17,831,000)
Fair value of plan assets	19,284,000	16,950,000
	<hr/>	<hr/>
Plan deficit	(491,000)	(881,000)
Related deferred tax asset	113,000	220,000
	<hr/>	<hr/>
Net liability	(378,000)	(661,000)
	<hr/>	<hr/>
	2012 £	2011 £
<i>The amounts recognised in profit and loss are as follows:</i>		
<i>Included in administrative expenses:</i>		
Current service cost	(201,000)	(251,000)
<i>Included in other finance (income)/expense:</i>		
Interest cost	(860,000)	(941,000)
Expected return of plan assets	933,000	1,118,000
	<hr/>	<hr/>
	(128,000)	(74,000)
	<hr/>	<hr/>

The Scottish Football Association Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

16 Pensions (continued)

	2012 £	2011 £
<i>Analysis of amount recognised in statement of total recognised gains and losses</i>		
Actual return less expected return on pension plan assets	1,097,000	(787,000)
Experience gains and losses arising on the scheme liabilities	-	186,000
Changes in assumptions underlying the present value of the scheme liabilities	(1,061,000)	(62,000)
	<u>36,000</u>	<u>(663,000)</u>
Actuarial gains/(losses) recognised in the statement of total recognised gains and losses		
	36,000	(663,000)
	<u>36,000</u>	<u>(663,000)</u>
	2012 £	2011 £
<i>Cumulative amount of gains/(losses) recognised in the statement of total recognised gains and losses</i>		
	(2,826,000)	(2,854,000)
	<u>(2,826,000)</u>	<u>(2,854,000)</u>
	2012 £	2011 £
<i>Composition of plan assets</i>		
Equities	11,620,000	10,033,000
Bonds	4,963,000	4,327,000
Cash	-	1,000
Secured pensioners	2,701,000	2,589,000
	<u>19,284,000</u>	<u>16,950,000</u>
Total plan assets		
	19,284,000	16,950,000
	<u>19,284,000</u>	<u>16,950,000</u>

Narrative description of the basis used to determine the overall expected rate of return of assets

Overall expected return on net assets is based upon expectations of future long term returns by asset class.

	2012 £	2011 £
<i>Actual return on plan assets</i>	2,030,000	331,000
	<u>2,030,000</u>	<u>331,000</u>

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (continued)

16 Pensions (continued)

	2012 %	2011 %
<i>Principal actuarial assumptions used at the balance sheet date</i>		
Discount rates	4.30	4.60
Expected rates of return on plan assets		
Equities	6.90	6.50
Bonds	4.00	3.50
Secured pensioners	4.30	4.60
Cash	0.50	0.50
Future salary increases	3.60	4.50
Future pension increases	2.10	5.00
Inflation assumption	3.30	3.00

	2012 £	2011 £	2010 £	2009 £	2008 £
<i>Five year history</i>					
Present value of the plan liabilities	(19,775,000)	(17,831,000)	(17,383,000)	(16,741,000)	(13,190,000)
Fair value of the plan assets	19,284,000	16,950,000	16,736,000	14,794,000	11,805,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deficit on the pension plans	(491,000)	(881,000)	(647,000)	(1,947,000)	(1,385,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Experience adjustments arising on:</i>					
Plan liabilities	-	186,000	555,000	106,000	60,000
Plan assets	1,097,000	(787,000)	680,000	1,491,000	(3,932,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The group's best estimate of the contributions expected to be paid in the year beginning on the 1 January 2013 is £490,000.

The group also contributes to defined contribution schemes. Contributions to these schemes for the year amounted to £271,765 (2011 - £194,534)

In July 2010 the UK Government announced that the statutory minimum level of revaluation and increases on pensions in payment would in the future be calculated using the Consumer Prices Index ('CPI') rather than the Retail Price index ('RPI'). In the scheme, revaluations in deferment and increases in payment on benefits earned on or after 2 May 2003 are in line with the statutory minimum and therefore we have made an assumption about future rates of CPI in order to value the scheme's benefits. Our assumption regarding future CPI rates is lower than the RPI rates and we estimate that the impact of this change is to reduce pension liabilities by £835,000. This amount has been recognised as a change in the assumptions in the Statement of Recognised Gains and Losses as at 31 December 2012

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

17 Reserves

Group

	General reserve £	Investment property revaluation reserve £	Other reserves £	Profit and loss account £
At 1 January 2012	1,500,000	233,394	1,799,673	1,780,876
Profit for the year	-	-	-	608,155
Revaluation	-	13,750	-	-
Actuarial gain on pension scheme liabilities net of related taxation	-	-	-	28,000
	<u>1,500,000</u>	<u>247,144</u>	<u>1,799,673</u>	<u>2,417,031</u>
At 31 December 2012	<u>1,500,000</u>	<u>247,144</u>	<u>1,799,673</u>	<u>2,417,031</u>

Company

	General reserve £	Investment property revaluation reserve £	Other reserves £	Profit and loss account £
At 1 January 2012	1,500,000	233,394	1,799,673	(581,381)
Profit for the year	-	-	-	569,594
Revaluation	-	13,750	-	-
Actuarial gain on pension scheme liabilities net of related taxation	-	-	-	28,000
	<u>1,500,000</u>	<u>247,144</u>	<u>1,799,673</u>	<u>16,213</u>
At 31 December 2012	<u>1,500,000</u>	<u>247,144</u>	<u>1,799,673</u>	<u>16,213</u>

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

18 Reconciliation of movements in funds

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Profit/(loss) for the year	608,155	143,308	569,594	(357,091)
Unrealised surplus/(deficit) on revaluation of properties	13,750	(85,000)	13,750	(85,000)
Unrealised actuarial gain / (loss) in the pension scheme	36,000	(663,000)	36,000	(663,000)
Deferred tax thereon at 23% (2011: 25%)	(8,000)	166,000	(8,000)	166,000
Net additions to/(deductions from) funds	649,905	(438,692)	611,344	(939,091)
Opening funds	5,313,943	5,752,635	2,951,686	3,890,777
Closing funds	5,963,848	5,313,943	3,563,030	2,951,686

19 Contingent liabilities

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 £1.2m. In the opinion of the directors, any risk of liability to the company is remote.

The company has provided a guarantee in respect of the Venue Use Agreement between Hampden Park Limited and Glasgow 2014 Limited. The company has guaranteed the performance of all obligations of Hampden Park Limited arising under or in connection with the Venue Use Agreement.

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

20 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2012 £	Other 2012 £	Land and buildings 2011 £	Other 2011 £
Operating leases which expire:				
In two to five years	891,924	20,044	881,493	20,044

The company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2012 £	Other 2012 £	Land and buildings 2011 £	Other 2011 £
Operating leases which expire:				
In two to five years	-	20,044	-	20,044
After five years	920,000	-	920,000	-

21 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with its wholly owned subsidiaries.

22 Capital commitments

	Group 2012 £	Group 2011 £	Company 2012 £	Company 2011 £
Contracted but not provided for	2,304,493	-	-	-

The group entered into a contract with ISG Construction Limited ("ISG") in November 2012 to build a permanent extension to the North Stand and to make improvements to the West and East Stands. These contracted works are being funded by Glasgow 2014 Limited.

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

23 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	2012 £	2011 £
Operating profit/(loss)	214,326	(154,306)
Depreciation of tangible fixed assets	452,034	452,237
Release of deferred capital grant	(153,890)	(153,890)
Pension scheme payments	(281,000)	(252,000)
Decrease in debtors	230,261	930,338
Increase/(decrease) in creditors	3,295,645	(2,829,717)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	3,757,376	(2,007,338)
	<hr/>	<hr/>

24 Reconciliation of net cash flow to movement in net funds

	2012 £	2011 £
Increase/(decrease) in cash	3,847,700	(2,003,942)
Opening net funds	9,814,720	11,818,662
	<hr/>	<hr/>
Closing net funds	13,662,420	9,814,720
	<hr/>	<hr/>

25 Analysis of net funds

	At 1 January 2012 £	Cash flow £	At 31 December 2012 £
Cash at bank and in hand	9,814,720	3,847,700	13,662,420
	<hr/>	<hr/>	<hr/>
Total	9,814,720	3,847,700	13,662,420
	<hr/>	<hr/>	<hr/>

The Scottish Football Association Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (*continued*)

26 Other Matters

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

The company received income during the year in respect of a sponsorship contract with William Hill Plc for the Scottish Cup. There were also amounts included within deferred income at 31 December 2011 and 2012. R J Topping is a director of William Hill Plc.

The company is a member of The Scottish Football Partnership, a company limited by guarantee and set up to disburse funds for development of football in Scotland. During the year the company made a contribution of £500,000 (2011 - £3,000,000) to assist the Partnership in meeting its objectives.

The group made a donation to the Scottish Football Association Museum Trust of £275,000 (2011 - £240,000) in the year. The group charged the Scottish Football Museum Trust an amount of £180,000 (2011 - £199,000) in the year in respect of rent and common charges. Included within Debtors is an amount of £252,954 (2011 - £188,722) due from the Scottish Football Museum Trust. Group companies have certain directors in common with the Scottish Football Association Museum Trust.

The group charged the National Stadium Sports Medicine Centre Limited an amount of £46,800 (2011 - £46,800) in the year in respect of rent and common charges. Included within Debtors is an amount of £304,013 (2011 - £168,258) due from the National Stadium Sports Medicine Centre Limited. Group companies have certain directors in common with the National Stadium Sports Medicine Centre Limited.

27 Big Lottery/Sportscotland

During the year a total of £1,202,130 has been credited to the profit and loss account from Big Lottery and Sportscotland (2011: £1,266,152).