

The Scottish Football Association Limited

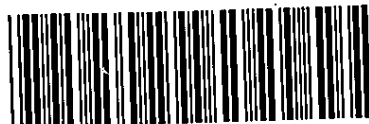
Report and Financial Statements

Year Ended

31 December 2010

Company Number SC005453

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The Scottish Football Association Limited

Report and financial statements for the year ended 31 December 2010

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Directors

G W Peat (President)
R C Ogilvie (1st Vice President)
A McRae (2nd Vice President)
J Ballantyne
J Gold
T Johnston
R Petrie
R W Shaw
A Stables
R Topping
S M Regan

Secretary and registered office

S M Regan, Hampden Park, Glasgow, G42 9AY

Company number

SC005453

Auditors

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

Legal advisors

Burness , 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 2010

The directors present their report together with the audited financial statements for the year ended 31 December 2010.

Principal activities and business review

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.

The profit and loss account is set out on page 5 and shows turnover for the year of £27,923,318 (2009 - £28,688,874) and profit for the year after taxation of £311,203 (2009 - Profit £574,006) which has been transferred to reserves.

Group turnover has decreased by 3% due to a reduced programme of events at Hampden Park from the previous year.

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 durations of several years.

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

The Association is seeking to enhance the future performance of the National Teams by initiating a Performance Strategy, including the appointment of a Performance Director, in 2011.

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 2010 (*continued*)

Directors

The directors of the company during the year were:

G W Peat (President)
R C Ogilvie (1st Vice President)
A McRae (2nd Vice President)
J Ballantyne
J Gold
T Johnston
R Petrie
R W Shaw
A Stables
R Topping
S M Regan (appointed 5 October 2010)
G Smith (resigned 19 April 2010)

The positions of President, 1st Vice President and 2nd Vice President are elected every 2 years at the Annual General Meeting and are due for re-election in 2011. Mr R Topping and Mr J Ballantyne 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

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.

The Scottish Football Association Limited

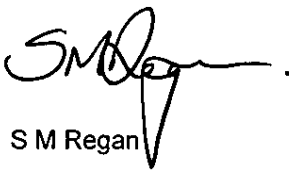
Report of the directors for the year ended 31 December 2010 (*continued*)

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 LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



S M Regan

Secretary

7 April 2011

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 2010 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 2010 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.



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

7 April 2011

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 2010

| | Note | 2010 £ | 2009 £ |
|--|------|-------------------|------------|
| Turnover | 2 | 27,923,318 | 28,688,874 |
| Cost of sales | | 14,403,696 | 14,780,094 |
| Gross profit | | 13,519,622 | 13,908,780 |
| Grant to The Scottish Football Partnership | | 2,250,000 | 700,000 |
| Provision for bad debts | | - | 567,334 |
| | | 2,250,000 | 1,267,334 |
| Administrative expenses - excluding exceptional item | | 11,841,928 | 12,246,957 |
| Exceptional rent credit | 5 | (693,220) | - |
| Administrative expenses | | 11,148,708 | 12,246,957 |
| Group operating profit | 5 | 120,914 | 394,489 |
| Release of fixed asset impairment provision | | 40,609 | - |
| Income from other fixed asset investments | | 161,445 | 160,275 |
| Interest receivable | | 61,315 | 98,377 |
| Gain on realisation of fixed asset investments | | 80,123 | 92,740 |
| Other finance income | 6 | 40,000 | 41,000 |
| Profit on ordinary activities before taxation | | 504,406 | 786,881 |
| Taxation on profit on ordinary activities | 7 | 193,203 | 212,875 |
| Profit on ordinary activities after taxation | | 311,203 | 574,006 |

All amounts relate to continuing activities.

The notes on pages 13 to 29 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 2010

| | Note | 2010 £ | 2009 £ |
|--|------|------------------|-------------|
| Consolidated statement of total recognised gains and losses | | | |
| Profit for the financial year | | 311,203 | 574,006 |
| Unrealised deficit on revaluation of investment properties | 16 | (32,500) | - |
| Unrealised actuarial gain / (loss) in the pension scheme | | 814,000 | (1,147,000) |
| Deferred tax thereon | | (220,000) | 321,000 |
| | | <hr/> | <hr/> |
| Total recognised gains and losses for the financial year | | 872,703 | (251,994) |
| | | <hr/> <hr/> | <hr/> <hr/> |

The notes on pages 13 to 29 form part of these financial statements.

The Scottish Football Association Limited

Consolidated balance sheet at 31 December 2010

| <i>Company number SC005453</i> | <i>Note</i> | 2010 £ | 2010 £ | 2009 £ | 2009 £ |
|--|-------------|-------------------|-------------------|-------------------|-------------------|
| Fixed assets | | | | | |
| Tangible assets | 9 | | 3,887,264 | | 4,232,537 |
| Fixed asset investments | 10 | | 2,131,539 | | 2,019,503 |
| | | | <hr/> | | <hr/> |
| | | | 6,018,803 | | 6,252,040 |
| Current assets | | | | | |
| Debtors | 11 | 8,644,369 | | 10,280,319 | |
| Cash at bank and in hand | | 11,818,662 | | 8,907,220 | |
| | | <hr/> | | <hr/> | |
| | | | 20,463,031 | | 19,187,539 |
| Creditors: amounts falling due within one year | 12 | 18,699,943 | | 17,402,062 | |
| | | <hr/> | | <hr/> | |
| Net current assets | | | 1,763,088 | | 1,785,477 |
| | | | <hr/> | | <hr/> |
| Total assets less current liabilities | | | 7,781,891 | | 8,037,517 |
| Creditors: amounts falling due after more than one year | 13 | 60,577 | | 130,577 | |
| Provisions for liabilities | 14 | 113,182 | | 87,621 | |
| Deferred capital grants | 15 | 1,383,497 | | 1,537,387 | |
| | | <hr/> | | <hr/> | |
| | | | 1,557,256 | | 1,755,585 |
| | | | <hr/> | | <hr/> |
| Net assets excluding pension scheme liabilities | | | 6,224,635 | | 6,281,932 |
| Pension scheme liabilities | 19 | | (472,000) | | (1,402,000) |
| | | | <hr/> | | <hr/> |
| Net assets including pension scheme liabilities | | | 5,752,635 | | 4,879,932 |
| | | | <hr/> | | <hr/> |

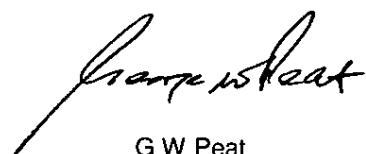
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The Scottish Football Association Limited

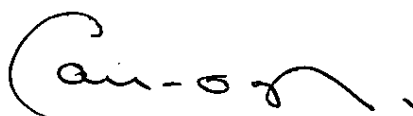
Consolidated balance sheet at 31 December 2010 (*continued*)

| | Note | 2010 £ | 2010 £ | 2009 £ | 2009 £ |
|--------------------------------|------|-----------|-----------|-----------|-----------|
| Capital and reserves | | | | | |
| General reserve | 16 | | 1,500,000 | | 1,500,000 |
| Investment revaluation reserve | 16 | | 318,394 | | 350,894 |
| Other reserves | 16 | | 1,799,673 | | 1,799,673 |
| Profit and loss account | 16 | | 2,134,568 | | 1,229,365 |
| | | | <hr/> | | <hr/> |
| | 17 | | 5,752,635 | | 4,879,932 |
| | | | <hr/> | | <hr/> |

The financial statements were approved by the board of directors and authorised for issue on 7 April 2011.



G W Peat
Director



R C Ogilvie
Director



A McRae
Director

The notes on pages 13 to 29 form part of these financial statements.

The Scottish Football Association Limited

Company balance sheet at 31 December 2010

| Company number SC005453 | Note | 2010 £ | 2010 £ | 2009 £ | 2009 £ |
|--|-------------|-------------------|-------------------|-------------------|--------------------|
| Fixed assets | | | | | |
| Tangible assets | 9 | | 2,762,892 | | 3,029,423 |
| Fixed asset investments | 10 | | 2,131,541 | | 2,019,505 |
| | | | <hr/> | | <hr/> |
| | | | 4,894,433 | | 5,048,928 |
| Current assets | | | | | |
| Debtors | 11 | 6,169,926 | | 7,986,412 | |
| Cash at bank and in hand | | 10,945,286 | | 8,886,053 | |
| | | <hr/> | | <hr/> | |
| | | | 17,115,212 | 16,872,465 | |
| Creditors: amounts falling due within one year | 12 | 16,444,104 | | 15,757,204 | |
| | | <hr/> | | <hr/> | |
| Net current assets | | | 671,108 | | 1,115,261 |
| | | | <hr/> | | <hr/> |
| Total assets less current liabilities | | | 5,565,541 | | 6,164,189 |
| Deferred capital grants | 15 | | 1,202,764 | | 1,336,098 |
| | | | <hr/> | | <hr/> |
| Net assets excluding pension scheme liabilities | | | 4,362,777 | | 4,828,091 |
| Pension scheme liabilities | 19 | | (472,000) | | (1,402,000) |
| | | | <hr/> | | <hr/> |
| Net assets including pension scheme liabilities | | | 3,890,777 | | 3,426,091 |
| | | | <hr/> | | <hr/> |

The notes on pages 13 to 29 form part of these financial statements.

The Scottish Football Association Limited

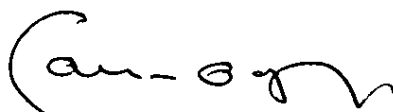
Company balance sheet at 31 December 2010 (*continued*)

| | Note | 2010 £ | 2010 £ | 2009 £ | 2009 £ |
|--------------------------------|------|-----------|-----------|-----------|-----------|
| Capital and reserves | | | | | |
| General reserve | 16 | | 1,500,000 | | 1,500,000 |
| Investment revaluation reserve | 16 | | 318,394 | | 350,894 |
| Other reserves | 16 | | 1,799,673 | | 1,799,673 |
| Profit and loss account | 16 | | 272,710 | | (224,476) |
| | | | <hr/> | | <hr/> |
| | 17 | | 3,890,777 | | 3,426,091 |
| | | | <hr/> | | <hr/> |

The financial statements were approved by the board of directors and authorised for issue on 7 April 2011.



G W Peat
Director



R C Ogilvie
Director



A McRae
Director

The notes on pages 13 to 29 form part of these financial statements.

The Scottish Football Association Limited

Consolidated cashflow statement for the year ended 31 December 2010

| | Note | 2010 £ | 2010 £ | 2009 £ | 2009 £ |
|---|------|-----------|------------------|-----------|------------------|
| Net cash inflow from operating activities | 21 | | 2,848,065 | | 773,064 |
| Returns on investments and servicing of finance | | | | | |
| Interest received | | 61,315 | | 98,377 | |
| Income from investments | | 161,445 | | 160,275 | |
| Other finance income | | 40,000 | | 41,000 | |
| | | | | | |
| Net cash inflow from returns on investments and servicing of finance | | | 262,760 | | 299,652 |
| Taxation | | | | | |
| Taxation paid | | (38,465) | | (15,667) | |
| Taxation received | | 2,828 | | 12,014 | |
| | | | | | |
| Net cash outflow from taxation | | | (35,637) | | (3,653) |
| Capital expenditure and financial investment | | | | | |
| Payments to acquire tangible fixed assets | | (172,442) | | (265,381) | |
| Payments to acquire fixed asset investments | | (337,288) | | (199,039) | |
| Proceeds on disposal of investments | | 345,984 | | 205,878 | |
| Receipt of capital grant | | - | | 42,741 | |
| | | | | | |
| Net cash outflow from capital expenditure and financial investment | | | (163,746) | | (215,801) |
| Increase in cash | 22 | | 2,911,442 | | 853,262 |

The notes on pages 13 to 29 form part of these financial statements.

The Scottish Football Association Limited

Notes forming part of the financial statements for the year ended 31 December 2010

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 2010.

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 |
| Equipment and fittings | - 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 less any provisions for impairment, 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.

Pension costs

The Company operates a defined benefit pension scheme. The assets of the scheme are administered by

The Scottish Football Association Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (*continued*)

1 Accounting policies (*continued*)

Pension costs (continued)

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.

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 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 year 16 being the most appropriate estimate at this time. The expenditure deferred is included within prepayments and accrued income in the balance sheet.

2 Turnover

| | 2010 £ | 2009 £ |
|----------------------------------|------------|------------|
| Turnover is analysed as follows: | | |
| Promotion of Football | 24,666,339 | 22,642,410 |
| Stadium Management | 3,256,979 | 6,046,464 |
| | <hr/> | <hr/> |
| | 27,923,318 | 28,688,874 |
| | <hr/> | <hr/> |

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (continued)

2 Turnover (continued)

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.

3 Employees

Staff costs (including directors) consist of:

| | Group 2010 £ | Group 2009 £ |
|-----------------------|--------------------|--------------------|
| Wages and salaries | 4,694,433 | 4,857,467 |
| Social security costs | 511,435 | 553,631 |
| Other pension costs | 683,760 | 435,593 |
| | <u>5,889,628</u> | <u>5,846,691</u> |

The average number of employees (including directors) during the year was 141 (2009 - 138).

4 Directors' remuneration

| | 2010 £ | 2009 £ |
|-----------------------|----------------|----------------|
| Directors' emoluments | <u>202,018</u> | <u>206,069</u> |

The total amount payable to the highest paid director in respect of emoluments was £83,467 (2009 - £176,069).

5 Operating profit

| | 2010 £ | 2009 £ |
|--|-----------|-----------|
| This is arrived at after charging/(crediting): | | |
| Depreciation of tangible fixed assets | 485,215 | 477,986 |
| Operating leases - land and buildings | 76,884 | 759,523 |
| Operating leases - other | 22,735 | 45,424 |
| Auditors' remuneration | 22,000 | 21,000 |
| Non-audit services | 3,500 | 3,500 |
| Capital grant release | (153,890) | (153,890) |
| Exceptional rent credit | (693,220) | - |
| | <u></u> | <u></u> |

The Scottish Football Association Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (*continued*)

5 Operating profit (*continued*)

During the 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 as shown above as an exceptional rent credit.

6 Other finance income

| | 2010 £ | 2009 £ |
|--|---------------|---------------|
| Expected return on pension scheme assets | 990,000 | 900,000 |
| Interest on pension scheme liabilities | (950,000) | (859,000) |
| | <u>40,000</u> | <u>41,000</u> |

7 Taxation on profit on ordinary activities

| | 2010 £ | 2009 £ |
|--|----------------|----------------|
| <i>UK Corporation tax</i> | | |
| Current tax on profits of the year | 15,133 | 54,198 |
| Adjustment in respect of previous periods | 2,509 | (19,773) |
| | <u>17,642</u> | <u>34,425</u> |
| Total current tax | | |
| | 17,642 | 34,425 |
| <i>Deferred tax</i> | | |
| Origination and reversal of timing differences | 175,561 | 178,450 |
| | <u>175,561</u> | <u>178,450</u> |
| Taxation on profit on ordinary activities | <u>193,203</u> | <u>212,875</u> |

Of the total taxation charge of £193,203 (2009 - £212,875), £25,561 (2009 - £14,450) relates to the movement in deferred tax provision and £150,000 (2009 - £164,000) relates to the movement in deferred tax on pension scheme assets/liabilities.

The Scottish Football Association Limited

Notes forming part of the financial statements for the year ended 31 December 2010 (continued)

7 Taxation on profit on ordinary activities (continued)

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

| | 2010 £ | 2009 £ |
|---|-----------|-----------|
| Profit on ordinary activities before tax | 504,406 | 786,881 |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 28% (2009 - 28%) | 141,234 | 220,327 |
| Effect of: | | |
| Expenses not deductible for tax purposes | 19,877 | 25,273 |
| Depreciation for period in excess of capital allowances | 45,244 | 41,502 |
| Other timing differences | 5,480 | (10,153) |
| Gain on sale of investments | (33,805) | (25,967) |
| Franked investment income | (21,772) | (23,819) |
| FRS 17 adjustment | (136,080) | (163,800) |
| Adjustment re prior year | 2,509 | (19,773) |
| Impact of lower rate in subsidiary | (5,045) | (9,165) |
| Current tax charge for the year | 17,642 | 34,425 |

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 loss for the year includes a loss after tax of £96,814 (2009 - £628,100 profit) which is dealt with in the financial statements of the parent company.

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

9 Tangible fixed assets Group

| | Investment Properties £ | Leasehold Improvements £ | Equipment and fittings £ | Total £ |
|--------------------------|-------------------------------|--------------------------------|--------------------------------|------------------|
| <i>Cost or valuation</i> | | | | |
| At 1 January 2010 | 947,500 | 5,230,950 | 1,850,288 | 8,028,738 |
| Additions | - | 26,121 | 146,321 | 172,442 |
| Revaluations | (32,500) | - | - | (32,500) |
| | <u>915,000</u> | <u>5,257,071</u> | <u>1,996,609</u> | <u>8,168,680</u> |
| <i>Depreciation</i> | | | | |
| At 1 January 2010 | - | 2,340,857 | 1,455,344 | 3,796,201 |
| Provided for the year | - | 320,913 | 164,302 | 485,215 |
| | <u>-</u> | <u>2,661,770</u> | <u>1,619,646</u> | <u>4,281,416</u> |
| <i>Net book value</i> | | | | |
| At 31 December 2010 | <u>915,000</u> | <u>2,595,301</u> | <u>376,963</u> | <u>3,887,264</u> |
| At 31 December 2009 | <u>947,500</u> | <u>2,890,093</u> | <u>394,944</u> | <u>4,232,537</u> |

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

9 Tangible fixed assets (*continued*) Company

| | Investment Properties £ | Leasehold Improvements £ | Equipment and fittings £ | Total £ |
|--------------------------|-------------------------------|--------------------------------|--------------------------------|------------------|
| <i>Cost or valuation</i> | | | | |
| At 1 January 2010 | 947,500 | 3,591,411 | 1,427,724 | 5,966,635 |
| Additions | - | 18,319 | 91,032 | 109,351 |
| Revaluations | (32,500) | - | - | (32,500) |
| | <u>915,000</u> | <u>3,609,730</u> | <u>1,518,756</u> | <u>6,043,486</u> |
| At 31 December 2010 | | | | |
| <i>Depreciation</i> | | | | |
| At 1 January 2010 | - | 1,744,723 | 1,192,489 | 2,937,212 |
| Provided for the year | - | 218,117 | 125,265 | 343,382 |
| | <u>-</u> | <u>1,962,840</u> | <u>1,317,754</u> | <u>3,280,594</u> |
| At 31 December 2010 | | | | |
| <i>Net book value</i> | | | | |
| At 31 December 2010 | <u>915,000</u> | <u>1,646,890</u> | <u>201,002</u> | <u>2,762,892</u> |
| At 31 December 2009 | <u>947,500</u> | <u>1,846,688</u> | <u>235,235</u> | <u>3,029,423</u> |

The Group and the Company

Investment properties were revalued on 31 December 2010 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.

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (continued)

10 Fixed asset investments

Group

| | Listed investments £ |
|---------------------------------------|----------------------------|
| <i>Cost restricted for impairment</i> | |
| At 1 January 2010 | 2,019,503 |
| Additions | 337,288 |
| Disposals | (265,861) |
| Reversal of impairment provision | 40,609 |
| | <hr/> |
| At 31 December 2010 | 2,131,539 |
| | <hr/> |

Company

| | Listed investments £ | Investment in subsidiary undertakings £ | Total £ |
|---------------------------------------|----------------------------|--|------------------|
| <i>Cost restricted for impairment</i> | | | |
| At 1 January 2010 | 2,019,503 | 2 | 2,019,505 |
| Additions | 337,288 | - | 337,288 |
| Disposals | (265,861) | - | (265,861) |
| Reversal of impairment provision | 40,609 | - | 40,609 |
| | <hr/> | <hr/> | <hr/> |
| At 31 December 2010 | 2,131,539 | 2 | 2,131,541 |
| | <hr/> | <hr/> | <hr/> |

| | Group and company 2010 £ | Group and company 2009 £ |
|---------------------|-----------------------------------|-----------------------------------|
| Listed investments: | | |
| Market value | 3,194,151 | 2,845,169 |
| | <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 2010 (continued)

11 Debtors

| | Group 2010 £ | Group 2009 £ | Company 2010 £ | Company 2009 £ |
|---|--------------------|--------------------|----------------------|----------------------|
| Amounts receivable within one year | | | | |
| Trade debtors | 5,055,543 | 7,240,787 | 4,617,759 | 6,374,249 |
| Amounts owed by group undertakings | - | - | 28,203 | - |
| Corporation tax recoverable | 3,024 | 4,767 | 3,024 | 4,767 |
| Other debtors | 977,358 | 1,132,997 | 946,739 | 1,124,589 |
| Prepayments and accrued income | 1,036,734 | 1,104,998 | 574,201 | 482,807 |
| | 7,072,659 | 9,483,549 | 6,169,926 | 7,986,412 |
| Amounts receivable after more than one year | | | | |
| Deferred rental | 1,571,710 | 796,770 | - | - |
| Total debtors | 8,644,369 | 10,280,319 | 6,169,926 | 7,986,412 |

The deferred rental will be released in accordance with the accounting policy as disclosed on page 13 and is not recoverable within one year.

12 Creditors: amounts falling due within one year

| | Group 2010 £ | Group 2009 £ | Company 2010 £ | Company 2009 £ |
|------------------------------------|--------------------|--------------------|----------------------|----------------------|
| Amounts owed to group undertakings | - | - | - | 48,363 |
| Corporation tax | 15,133 | 34,871 | - | - |
| Other taxation and social security | 872,215 | 522,245 | 695,183 | 433,684 |
| Accruals and deferred income | 17,812,501 | 16,826,249 | 15,748,921 | 15,275,157 |
| Other creditors | 94 | 18,697 | - | - |
| | 18,699,943 | 17,402,062 | 16,444,104 | 15,757,204 |

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

13 Creditors: amounts falling due after more than one year

| | Group 2010 £ | Group 2009 £ | Company 2010 £ | Company 2009 £ |
|------------------------------|--------------------|--------------------|----------------------|----------------------|
| Accruals and deferred income | <u>60,577</u> | <u>130,577</u> | <u>-</u> | <u>-</u> |

14 Provisions for liabilities

Group

| | Deferred taxation £ |
|------------------------------------|---------------------------|
| At 1 January 2010 | 87,621 |
| Charged to profit and loss account | <u>25,561</u> |
| At 31 December 2010 | <u>113,182</u> |

Deferred taxation

| | Group 2010 £ | Group 2009 £ | Company 2010 £ | Company 2009 £ |
|--------------------------------|--------------------|--------------------|----------------------|----------------------|
| Accelerated capital allowances | 143,840 | 132,555 | - | - |
| Sundry timing differences | <u>(30,658)</u> | <u>(44,934)</u> | <u>-</u> | <u>-</u> |
| | <u>113,182</u> | <u>87,621</u> | <u>-</u> | <u>-</u> |

15 Deferred capital grants

| | Group 2010 £ | Group 2009 £ | Company 2010 £ | Company 2009 £ |
|--------------------------------|--------------------|--------------------|----------------------|----------------------|
| Deferred capital grants | | | | |
| Balance at 1 January 2010 | 1,537,387 | 1,691,277 | 1,336,098 | 1,469,432 |
| Amortisation for year | <u>(153,890)</u> | <u>(153,890)</u> | <u>(133,334)</u> | <u>(133,334)</u> |
| Balance at 31 December 2010 | <u>1,383,497</u> | <u>1,537,387</u> | <u>1,202,764</u> | <u>1,336,098</u> |

The deferred capital grants referred to above have conditions attaching to them. In the event of the conditions not being met, the grants are potentially repayable.

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (continued)

16 Reserves

Group

| | General reserve £ | Investment Property revaluation reserve £ | Other reserves £ | Profit and loss account £ |
|---|-------------------------|---|------------------------|---------------------------------|
| At 1 January 2010 | 1,500,000 | 350,894 | 1,799,673 | 1,229,365 |
| Profit for the year | - | - | - | 311,203 |
| Revaluation | - | (32,500) | - | - |
| Actuarial gain on pension scheme liabilities net of related taxation | - | - | - | 594,000 |
| At 31 December 2010 | <u>1,500,000</u> | <u>318,394</u> | <u>1,799,673</u> | <u>2,134,568</u> |

Company

| | General reserve £ | Investment Property revaluation reserve £ | Other reserves £ | Profit and loss account £ |
|---|-------------------------|---|------------------------|---------------------------------|
| At 1 January 2010 | 1,500,000 | 350,894 | 1,799,673 | (224,476) |
| Loss for the year | - | - | - | (96,814) |
| Revaluation | - | (32,500) | - | - |
| Actuarial gain on pension scheme liabilities net of related taxation | - | - | - | 594,000 |
| At 31 December 2010 | <u>1,500,000</u> | <u>318,394</u> | <u>1,799,673</u> | <u>272,710</u> |

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

17 Reconciliation of movements in funds

| | Group 2010 £ | Group 2009 £ | Company 2010 £ | Company 2009 £ |
|---|--------------------|--------------------|----------------------|----------------------|
| Profit/(loss) for the year | 311,203 | 574,006 | (96,814) | 628,100 |
| Actuarial movement in pension scheme (net of deferred tax) | 594,000 | (826,000) | 594,000 | (826,000) |
| Revaluation of investment properties | (32,500) | - | (32,500) | - |
| Net additions to/(deductions from) funds | 872,703 | (251,994) | 464,686 | (197,900) |
| Opening funds | 4,879,932 | 5,131,926 | 3,426,091 | 3,623,991 |
| Closing funds | 5,752,635 | 4,879,932 | 3,890,777 | 3,426,091 |

18 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.

19 Pensions

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.

| | 2010 £ | 2009 £ |
|---|--------------|--------------|
| <i>Reconciliation of present value of plan liabilities</i> | | |
| At the beginning of the year | (16,741,000) | (13,190,000) |
| Current service cost | (333,000) | (241,000) |
| Interest cost | (950,000) | (859,000) |
| Experience gain on liabilities | 555,000 | 106,000 |
| Loss on changes in assumptions | (421,000) | (2,744,000) |
| Benefits paid | 464,000 | 203,000 |
| Decrease / (increase) in secured pensioners value due to scheme experience | 43,000 | (16,000) |
| At the end of the year | (17,383,000) | (16,741,000) |

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

19 Pensions (*continued*)

| | 2010 £ | 2009 £ |
|--|---------------------|-------------------|
| <i>Composition of plan liabilities</i> | | |
| Schemes wholly or partly funded | 17,383,000 | 16,741,000 |
| | 2010 £ | 2009 £ |
| <i>Reconciliation of fair value of plan assets</i> | | |
| At the beginning of the year | 14,794,000 | 11,805,000 |
| Expected rate of return on plan assets | 990,000 | 900,000 |
| Gain on asset return | 680,000 | 1,491,000 |
| Contributions by group | 719,000 | 722,000 |
| Contributions by participants | 60,000 | 63,000 |
| Benefits paid | (464,000) | (203,000) |
| Change in secured pensioners value due to scheme experience | (43,000) | 16,000 |
| At the end of the year | 16,736,000 | 14,794,000 |
| | 2010 £ | 2009 £ |
| <i>Reconciliation to balance sheet</i> | | |
| Present value of funded obligations | (17,383,000) | (16,741,000) |
| Fair value of plan assets | 16,736,000 | 14,794,000 |
| Plan deficit | (647,000) | (1,947,000) |
| Related deferred tax asset | 175,000 | 545,000 |
| Net liability | (472,000) | (1,402,000) |
| | 2010 £ | 2009 £ |
| <i>The amounts recognised in profit and loss are as follows:</i> | | |
| <i>Included in administrative expenses:</i> | | |
| Current service cost | (273,000) | (178,000) |
| <i>Included in other finance (income)/expense:</i> | | |
| Interest cost | (950,000) | (859,000) |
| Expected return on plan assets | 990,000 | 900,000 |
| | (233,000) | (137,000) |

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 *(continued)*

19 Pensions *(continued)*

| | 2010 £ | 2009 £ |
|---|--------------------|--------------------|
| <i>Analysis of amount recognised in statement of total recognised gains and losses</i> | | |
| Actual return less expected return on pension plan assets | 680,000 | 1,491,000 |
| Experience gains and losses arising on the scheme liabilities | 555,000 | 106,000 |
| Changes in assumptions underlying the present value of the scheme liabilities | (421,000) | (2,744,000) |
| | <u>814,000</u> | <u>(1,147,000)</u> |
| Actuarial gains/(losses) recognised in the statement of total recognised gains and losses | 814,000 | (1,147,000) |
| | <u>814,000</u> | <u>(1,147,000)</u> |
| | 2010 £ | 2009 £ |
| <i>Cumulative amount of gains/(losses) recognised in the statement of total recognised gains and losses</i> | (2,357,000) | (2,951,000) |
| | <u>(2,357,000)</u> | <u>(2,951,000)</u> |
| | 2010 £ | 2009 £ |
| <i>Composition of plan assets</i> | | |
| Bonds | 4,054,000 | 3,397,000 |
| Equities | 9,986,000 | 8,188,000 |
| Cash and outstanding liabilities | (97,000) | 521,000 |
| Secured pensions | 2,793,000 | 2,688,000 |
| | <u>16,736,000</u> | <u>14,794,000</u> |
| Total plan assets | 16,736,000 | 14,794,000 |
| | <u>16,736,000</u> | <u>14,794,000</u> |

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (continued)

19 Pensions (continued)

| | 2010 % | 2009 % |
|---|-----------|-----------|
| <i>Principal actuarial assumptions used at the balance sheet date</i> | | |
| Discount rates | 5.40 | 5.70 |
| Expected rates of return on plan assets | | |
| Equities | 7.40 | 7.70 |
| Bonds | 5.40 | 5.70 |
| Annuities | 5.40 | 5.70 |
| Cash | 0.50 | 0.50 |
| Future salary increases | 4.90 | 5.30 |
| Increase in Pensions in Payment - accruing up to 1 May 2002 | 5.00 | 5.00 |
| Increase in Pensions in Payment - accruing after 1 May 2002 | 3.40 | 3.80 |
| Increase in Retail Price Index | 3.40 | 3.80 |

Life expectancy is based on the PCMA00 and PFCA00 tables with mortality improvements projected based on members' individual year of birth. Based on these assumptions, the average life expectancies at age 60 are as follows:

Current Pensioners - male 27.9 years, female 29.2 years

Future Pensioners - male 31.0 years, female 31.4 years

| | 2010 £ | 2009 £ | 2008 £ | 2007 £ | 2006 £ |
|--|--------------|--------------|--------------|--------------|--------------|
| <i>Five year history</i> | | | | | |
| Present value of the plan liabilities | (17,383,000) | (16,741,000) | (13,190,000) | (14,789,000) | (15,566,000) |
| Fair value of the plan assets | 16,736,000 | 14,794,000 | 11,805,000 | 15,139,000 | 13,691,000 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| (Deficit)/surplus on the pension plans | (647,000) | (1,947,000) | (1,385,000) | 350,000 | (1,875,000) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

The group also contributes to defined contribution schemes. Contributions to these schemes for the year amounted to £167,716 (2009 - £161,743)

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 *(continued)*

20 Commitments under operating leases

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

| | Land and buildings 2010 £ | Other 2010 £ | Land and buildings 2009 £ | Other 2009 £ |
|--------------------------------|------------------------------------|--------------------|------------------------------------|--------------------|
| Operating leases which expire: | | | | |
| Within one year | - | - | - | 9,929 |
| In two to five years | - | 20,044 | - | 5,710 |
| After five years | 870,119 | - | 852,925 | - |
| | <u>870,119</u> | <u>20,044</u> | <u>852,925</u> | <u>15,639</u> |

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

| | Land and buildings 2010 £ | Other 2010 £ | Land and buildings 2009 £ | Other 2009 £ |
|--------------------------------|------------------------------------|--------------------|------------------------------------|--------------------|
| Operating leases which expire: | | | | |
| In two to five years | - | 20,044 | - | 5,710 |
| After five years | 920,000 | - | 920,000 | - |
| | <u>920,000</u> | <u>20,044</u> | <u>920,000</u> | <u>5,710</u> |

21 Reconciliation of operating profit to net cash inflow from operating activities

| | 2010 £ | 2009 £ |
|---|------------------|----------------|
| Operating profit | 120,914 | 394,489 |
| Depreciation of tangible fixed assets | 485,215 | 477,986 |
| Release of deferred capital grant | (153,890) | (153,890) |
| Pension scheme payments | (486,000) | (585,000) |
| Decrease/(increase) in debtors | 1,634,207 | (4,345,716) |
| Increase in creditors | 1,247,619 | 4,985,195 |
| | <u>2,848,065</u> | <u>773,064</u> |
| Net cash inflow from operating activities | | |

The Scottish Football Association Limited

Notes forming part of the financial statements
for the year ended 31 December 2010 (*continued*)

22 Reconciliation of net cash flow to movement in net funds

| | 2010 £ | 2009 £ |
|-------------------|------------|-----------|
| Increase in cash | 2,911,442 | 853,262 |
| Opening net funds | 8,907,220 | 8,053,958 |
| Closing net funds | 11,818,662 | 8,907,220 |

23 Analysis of net funds

| | At 1 January 2010 £ | Cash flow £ | At 31 December 2010 £ |
|--------------------------|---------------------------|----------------|--------------------------------|
| Cash at bank and in hand | 8,907,220 | 2,911,442 | 11,818,662 |
| Total | 8,907,220 | 2,911,442 | 11,818,662 |

24 Other Matters

In the furtherance of the objectives of the Scottish Football Association, which are 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 development of football in Scotland. During the year the Association made a contribution of £2,250,000 (2009 - £700,000) to assist the Partnership in meeting its objectives.

The group made a donation to the Scottish Football Association Museum Trust of £290,000 (2009 - £215,000) in the year. The group charged the Scottish Football Museum Trust an amount of £191,750 (2009 - £200,000) in the year in respect of rent and common charges. Included within Debtors is an amount of £152,078 (2009 - £168,845) due from the Scottish Football Museum Trust. Included within Creditors is an amount of £70,000 (2009 - £11,978) due to the Scottish Football Museum Trust. The group has certain directors in common with the Scottish Football Association Museum Trust.

The group charged the National Stadium Sports Medicine Centre Limited an amount of £45,900 (2009 - £41,800) in the year in respect of rent and common charges. Included within Debtors is an amount of £85,510 (2009 - £13,039) due from the National Stadium Sports Medicine Centre Limited. The group has certain directors in common with the National Stadium Sports Medicine Centre Limited.

25 Big Lottery/Sportscotland

During the year a total of £1,459,671 has been credited to the profit and loss account from Big Lottery and Sportscotland (2009 £1,158,931).