

Registered number: SC005453

**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**



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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	A McRae (President) (resigned 12 June 2019) R M Petrie (President, elected 12 June 2019) M Mulraney (Vice President, elected 12 June 2019) T McKeown A C Stewart N Doncaster I G Maxwell (Chief Executive) D G Fraser (appointed 1 August 2019) M A K Kpedekpo (appointed 18 April 2019)
<b>Company secretary</b>	H A Barton
<b>Registered number</b>	SC005453
<b>Registered office</b>	Hampden Park Glasgow G42 9AY
<b>Independent auditor</b>	Grant Thornton UK LLP Statutory Auditor 110 Queen Street Glasgow G1 3BX
<b>Solicitors</b>	Burness Paull LLP 120 Bothwell Street Glasgow G2 7JL

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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## THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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#### Introduction

The Directors present their report together with the audited financial statements for the year ended 31 December 2019.

#### Business review

The principal activity of the Association is the promotion, development and regulation of the game of association football in Scotland. That objective has been severely challenged since the year end because of the global Coronavirus pandemic. This led to the unprecedented step of the Association suspending all football in Scotland on 13 March 2020. Euro 2020 was subsequently re-scheduled by UEFA until 2021. The first step on the journey to a return to football was taken on 1 June 2020 when the restriction on training and playing was relaxed for the SPFL Premiership division in consultation with the Scottish Government. The potential impact of the Coronavirus pandemic is addressed elsewhere in these accounts. No financial provision has been made in the accounts for this post year end event.

These accounts relate to calendar year 2019 and the Group figures include the operations of Hampden Park Limited, a wholly owned subsidiary which operates the national stadium. In order to improve the efficiency and effectiveness of operations and deliver cost savings going forward, staff involved in ticketing, administration, finance and IT functions in Hampden Park Limited were TUPE transferred to the Scottish Football Association. The transfers of staff were completed during December 2019 and all costs associated with the restructure process have been recognised in the financial year.

In June 2019, agreement was reached with Queen's Park Football Club for the purchase of Hampden Park Stadium with a Date of Entry of 1 August 2020. The total consideration is £5m, payable by instalments, together with the acquisition of the entire share capital of The National Stadium PLC which includes the assumption of its liabilities to Hampden debenture holders.

The impact of the transaction will be seen in the Group financial statements for year ended 31 December 2020. The Board is grateful to all parties who pledged financial and non-financial support to enable the agreement for the purchase of Hampden Park to be concluded.

#### Football

Steve Clarke was appointed Head Coach of the National Team in March 2019 after a disappointing start to the Euro 2020 Qualifiers. Results improved over the course of the campaign but ultimately qualification now rests with the UEFA Nations League play offs, a possibility which was secured under Alex McLeish in the inaugural Nations League competition.

The nation understands why UEFA took the decision to postpone Euro 2020 into 2021 and why the play off semi-final and final ties have also been postponed. The sell-out of the semi-final tie against Israel at Hampden shows that the country will unite behind Steve Clarke, the players and backroom staff in the quest to qualify for "Euro 2020" with Hampden Park selected as one of twelve stadiums across Europe to host UEFA's 60th anniversary event.

There have been other notable football achievements during the year:

- The Scotland Women's National Team participated in the FIFA World Cup finals for the first time – the finals in France in July 2019 was an experience that will stand players and coaching staff alike in good stead. The Scotland Women's National Team has made a strong start to their UEFA Euro 2021 qualifying campaign.
- Both men's and women's U17 and U19 teams progressed to the elite rounds of their UEFA competitions.
- The men's U16 team shared success in the Victory Shield competition with Wales.
- We have continued to see progression of performance school players into first team action within the professional game.

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Directors consider the key financial performance indicators to be:

	2019	2018	Movement
	£'000	£'000	%
Group Turnover	37,963	37,520	1.2
Group Gross Profit	16,608	17,887	(7.2)
Group Loss For the Year	(324)	(456)	28.9
Group Reserves	8,802	8,210	7.2
Group Cash at bank and hand	12,842	14,491	(11.4)

The growth in year on year Group turnover was 1.2% and reflects income received for our hosting of the UEFA Women's U19 finals, for our participation in the FIFA Women's World Cup and for our planned hosting of Euro 2020 at Hampden Stadium. The impact of these additional revenues was offset by disappointing attendances at the home Men's A international matches in the Euro Qualifiers, which also led to a reduction in our year on year gross profit.

Administrative expenses were approximately £0.5m lower than in 2018, reflecting the continuing efforts by the Association to improve the cost efficiency of its operations.

The Board decided to maintain the level of enhanced club licensing payments established in the previous two years. The Board is acutely aware of the benefit to members from these payments and of the need for consistency and visibility in financial distributions. The total cost of the enhanced year end payments was approximately £1.4m and this contributed to the reported overall loss of (£323,809) (2018: loss of £445,667).

Profits for the year were insufficient to fully fund these payments and they were therefore partly funded from Group reserves. The Association wrote to members at the time of the distribution in December 2019, noting the exceptional nature of these payments and that members are encouraged not to expect this level of enhanced payments in their planning for the 2020/21 season.

The Group cash position decreased by £1.6m during 2019, in line with expectations. The £12.8m of cash held at year end reflects advance receipts of broadcast rights fees and sponsorship income. As such, these advance receipts relate to the operation of the business after the year-end. During 2019, the Association entered into an agreement with UEFA for broadcast rights for international matches for the period from 2022 to 2028. This agreement provides medium term security of our most significant income stream.

The cash position at the balance sheet date and post year end remains strong. In considering a range of financial sensitivities as a result of COVID-19, the Directors concluded that increasing liquidity by accessing loan facilities would be a prudent step towards protecting the Association and enhancing its ability to support its members. The Association is in the final stages of agreeing a medium-term loan facility which the Directors consider will provide important but not essential liquidity in the medium term.

The Defined Benefit Pension Scheme assets and liabilities showed a net surplus of £2,881,000 at 31 December 2019 compared to a surplus of £1,510,000 in the prior year. This increase in surplus was the result of a strong return on scheme assets during the year. The impact of this movement can be seen through the Consolidated Statement of Comprehensive Income on page 12. The Directors continue to work closely with the scheme Trustee to manage the assets and liabilities of the scheme, which has been closed to new members for several years.

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## THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### **Global Coronavirus Pandemic**

In considering the future prospects for the Group, it is impossible to ignore the potential effects of the global Coronavirus pandemic. It is difficult to assess the full extent of the potential impact on the country, on Group operations and those of member clubs. COVID-19 led to the postponement of the UEFA Euro 2020 finals and international match programmes. The William Hill Scottish Cup semi-final and final ties have also been postponed. However, the Association remains committed to completing its flagship cup competition at an appropriate time at Hampden Park in front of spectators.

As noted above, the Board have considered a range of COVID-19 scenarios which will impact on the financial position of the Association and have put in place plans which include management of the Group's cost base and increasing liquidity. As a result of these actions and the fact that the Group's broadcast income has been contracted until 2028, the Board is confident about the ability of the Group to continue to trade through the current crisis facing the nation and return to profitability.

The Scottish FA established a Joint Response Group in conjunction with the SPFL to ensure a co-ordinated response to the onset of the Coronavirus pandemic. The Joint Response Group, with input from club personnel at all levels, prepared a three-step plan to Return to Train, Return to Play and Return to Support. It continues to liaise with the Scottish Government on the implementation of the plan and to advise and support member clubs at all levels on the actions they need to take to protect players, coaches, staff and supporters on the phased return to football when restrictions allow.

Guidance and support also extends to the referee community and to the non-professional game. The Joint Response Group is working with all stakeholders in the game to follow the guidance issued by the UK and Scottish Governments. The Scottish FA is committed to working with all its members to mitigate the potential consequences of the Coronavirus pandemic for football.

#### **Principal risks and uncertainties**

There are a number of other potential risks and uncertainties which could have a significant impact on the Group's long-term performance. There is an established risk management process in place which considers the risks to achieving strategic priorities and financial returns. The Group's senior management team and the Board review existing risks and identify potential new risks on a regular basis. Suitable controls are implemented and actions are established to mitigate these risks. The controls and plans are monitored by the Audit & Risk Committee.

The Board considers the principal risks and uncertainties to be as follows:

##### *The Global Coronavirus Pandemic*

There is a significant risk to revenue streams as a result of the Coronavirus pandemic. The significant impacts to date and the assessment of the future effects are commented on above.

##### *The difficult overall financial position in the Scottish Football industry*

There is a risk, exacerbated by COVID-19, that it will become more difficult to secure sponsorship of the Group's key commercial inventory including the Scottish FA Cup, the Scottish senior teams and Hampden Park. The Group is focused on securing long term contracts with multiple commercial partners across the Group's main commercial assets.

##### *Qualification for European and World Cup Finals*

The failure of the Men's A team to qualify for major finals in the recent past represents a significant missed opportunity for the Group. The Association continues to invest in its performance strategy in order to improve development squads at all ages and enhance the prospects of our best young talented players representing Scotland at a senior level.

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## THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

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### GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

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#### *Revenue Streams from Commercial and Broadcasting Partners*

The value of future revenue streams from commercial and broadcast partners could represent a significant financial risk and uncertainty for the Group. The Directors seek to enter into commercial contracts with suitable commercial partners for appropriate durations. For example, the Association's media rights for international matches are included in UEFA's centralised marketing of broadcast rights for all its member associations and contracts are in place through to 2028.

#### **Strategic plan**

The current strategic plan "Scotland United – A 2020 Vision" covered the period to 2020. The Chief Executive, Ian Maxwell, is leading the review which will refresh and extend the plan. The new strategic plan will reflect the structure and objectives of the Group following the Coronavirus pandemic.

The Directors continue to review progress against the key elements of the current strategic plan, including Elite Performance; Grassroots football; Football Governance; Commercial arrangements; and Financial management.

#### **Audit and Risk Committee**

The Audit and Risk Committee consists of Mr M Mulraney (Chair), Mr R Petrie, Mr N Doncaster and Mr M Kpedekpo.

The external auditor and members of the finance department attend routinely. Business is also conducted without the presence of the external auditor and/or members of the finance department when appropriate.

The main responsibilities of the Committee are:

- Review the internal financial control systems and the risk management process
- Review of the annual report and financial statements, the significant financial reporting judgements and accounting policies adopted;
- Recommend to the Board the appointment, remuneration and terms of the engagement of 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 approved by the Board and the results of its work are reported to the Board.

#### **Brexit**

The United Kingdom left the EU on 31 January 2020 with transition arrangements in place until the end of 2020. Brexit is unlikely to have a significant impact on the operation of the national team at all levels. The Scottish FA continues to engage with key stakeholders including the SPFL and the other home nation football associations to ensure that the impact of Brexit on member clubs is limited. The Scottish FA and SPFL are liaising with the UK Government over the future of the Governing Body Endorsement scheme for overseas players moving to the UK.

#### **New Members**

Immediately following the 2019 AGM, six clubs were admitted as new members of the Association. Further applications are being progressed. This demonstrates the attractiveness of the Scottish football pyramid to which all existing and new members are committed.

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Board**

The Board wishes to thank Alan McRae who stood down as President at the Annual General Meeting in June 2019. Rod Petrie was elected President and Mike Mulraney was elected Vice President. Mr Malcolm Kpedekpo was appointed an Independent Non-Executive Director in April 2019.

**Staff**

On behalf of Scottish football, the Board would like to thank all members of staff, whether full time or part time, furloughed or working from home. The Coronavirus pandemic followed closely after the integration of Group staff into one operating structure. A number of employees were made redundant through that process and left with thanks and everyone's best wishes. Salary reductions for both furloughed and working staff were readily recognised by everyone as essential for the business, both in its own right and in the leadership it provided to our industry at the onset of the pandemic. The sacrifices made by everyone are sincerely acknowledged.

This report was approved by the Board on 19 June 2020 and signed on its behalf.

*Rod Petrie*

**R M Petrie (President)  
Director**



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## THE SCOTTISH FOOTBALL ASSOCIATION LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

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The directors present their report and the financial statements for the year ended 31 December 2019.

#### Results and dividends

The loss for the year, after taxation, amounted to £323,809 (2018: loss £455,667).

#### Directors

The directors who served during the year were:

A McRae (President) (resigned 12 June 2019)  
R M Petrie (President, elected 12 June 2019)  
M Mulraney (Vice President, elected 12 June 2019)  
T McKeown  
A C Stewart  
N Doncaster  
I G Maxwell (Chief Executive)  
D G Fraser (appointed 1 August 2019)  
M A K Kpedekpo (appointed 18 April 2019)

#### Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### Qualifying third party indemnity provisions

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

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Post balance sheet events**

The outbreak of Coronavirus in early 2020 has had an unprecedented impact on the activities of the Group. Senior management and the Board have considered the potential impact on the future operations of the entity within the going concern assessment.

**Disclosure of information to auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company and the Group has not made available to the auditor, and
- the directors have taken all the steps that they ought reasonably to have taken as directors in order to make themselves aware of any relevant audit information and to establish that all such information has been made available to the auditor.

**Auditor**

A resolution to reappoint an auditor will be placed before before a General Meeting in due course.

This report was approved by the Board on 19 June 2020 and signed on its behalf.

*Heather A. Barton*

**H A Barton**  
Secretary



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SCOTTISH FOOTBALL  
ASSOCIATION LIMITED**

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**Opinion**

We have audited the financial statements of The Scottish Football Association Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2019, which comprise the Consolidated Statement of Comprehensive income, the Consolidated and Parent Company Balance Sheets, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2019 and of the Group's loss 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

**The impact of uncertainties arising from the UK exiting the European Union on our audit**

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's or the parent Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Group's or the parent Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Group and the parent Company associated with a course of action such as Brexit.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SCOTTISH FOOTBALL  
ASSOCIATION LIMITED (CONTINUED)**

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**Material uncertainty related to going concern**

We draw attention to note 1.2 in the financial statements, where the Directors acknowledge that the coronavirus pandemic represents a material uncertainty that may cast doubt on the Group's ability to realise assets in full and discharge all of its liabilities in the ordinary course of business. As stated in note 1.2 these events or conditions, along with other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in this respect.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Group Strategic Report and Directors' Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SCOTTISH FOOTBALL  
ASSOCIATION LIMITED (CONTINUED)**

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**Matter on which we are required to report by the Companies Act 2006**

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which 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.

**Responsibilities of directors for the financial statements**

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SCOTTISH FOOTBALL  
ASSOCIATION LIMITED (CONTINUED)**

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**Use of our report**

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.

*Grant Thornton UK LLP*

Lorraine Macphail  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor,  
Glasgow

19 June 2020

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	Note	2019 £	2018 £
Turnover	3	37,963,315	37,519,530
Cost of sales		(21,355,230)	(19,632,896)
<b>Gross profit</b>		<b>16,608,085</b>	<b>17,886,634</b>
Administrative expenses		(17,877,151)	(18,404,829)
<b>Operating loss</b>	4	<b>(1,269,066)</b>	<b>(518,195)</b>
Income from fixed assets investments		118,235	129,196
Gain on sale of fixed asset investments		182,428	68,041
Revaluation of investment properties	10	-	(70,000)
Interest receivable and similar income		171,891	152,394
Fair value movement of fixed asset investments	11	393,016	(343,686)
Pension scheme - notional finance income	8	43,000	51,000
<b>Loss before taxation</b>		<b>(360,496)</b>	<b>(531,250)</b>
Tax on loss	9	36,687	75,583
<b>Loss for the year</b>		<b>(323,809)</b>	<b>(455,667)</b>
Actuarial gains/(losses) on defined benefit pension scheme		1,137,000	(577,000)
Movement of deferred tax relating to pension surplus		(221,170)	87,700
<b>Other comprehensive income/(loss) for the year</b>		<b>915,830</b>	<b>(489,300)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>592,021</b>	<b>(944,967)</b>

The notes on pages 20 to 41 form part of these financial statements.

**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**  
**REGISTERED NUMBER: SC005453**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Tangible assets	10		2,237,826		3,214,164
Investments	11		4,572,891		3,903,977
			<u>6,810,717</u>		<u>7,118,141</u>
<b>Current assets</b>					
Stocks		25,263		28,685	
Debtors: amounts falling due after more than one year	12	-		237,384	
Debtors: amounts falling due within 1 year	12	6,645,207		5,698,009	
Cash at bank and in hand	13	12,841,784		14,491,055	
		<u>19,512,254</u>		<u>20,455,133</u>	
Creditors: amounts falling due within 1 year	14	(18,712,749)		(18,572,713)	
<b>Net current assets</b>			<u>799,505</u>		<u>1,882,420</u>
<b>Total assets less current liabilities</b>			<u>7,610,222</u>		<u>9,000,561</u>
<b>Provisions for liabilities</b>					
Deferred taxation	16		(636,150)		(451,657)
Deferred capital grants	17		(983,218)		(1,849,071)
<b>Net assets excluding pension asset</b>			<u>5,990,854</u>		<u>6,699,833</u>
Pension asset	22		2,811,000		1,510,000
<b>Net assets</b>			<u><u>8,801,854</u></u>		<u><u>8,209,833</u></u>
<b>Capital and reserves</b>					
General reserve	18		1,500,000		1,500,000
Other reserve	18		1,799,673		1,799,673
Profit and loss account	18		5,502,181		4,910,160
			<u><u>8,801,854</u></u>		<u><u>8,209,833</u></u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 19 June 2020.

*Rod Petrie*

**R M Petrie (President)**  
 Director

*Ian Maxwell*

**I G Maxwell (Chief Executive)**  
 Director

The notes on pages 20 to 41 form part of these financial statements.



**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**  
**REGISTERED NUMBER: SC005453**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2019 £	2018 £	2018 £
<b>Fixed assets</b>					
Tangible assets	10		687,310		1,001,688
Investments	11		4,572,894		3,903,979
			<u>5,260,204</u>		<u>4,905,667</u>
<b>Current assets</b>					
Stocks		25,263		28,685	
Debtors: amounts falling due within 1 year	12	5,173,474		4,203,933	
Cash at bank and in hand	13	12,067,294		13,586,251	
		<u>17,266,031</u>		<u>17,818,869</u>	
Creditors: amounts falling due within 1 year	14	(18,276,490)		(18,068,042)	
<b>Net current liabilities</b>			<u>(1,010,459)</u>		<u>(249,173)</u>
<b>Total assets less current liabilities</b>			<u>4,249,745</u>		<u>4,656,494</u>
<b>Provisions for liabilities</b>					
Deferred taxation	16		(602,465)		(417,128)
Deferred capital grants	17		-		(136,126)
<b>Net assets excluding pension asset</b>			<u>3,647,280</u>		<u>4,103,240</u>
Pension asset	22		2,811,000		1,510,000
<b>Net assets</b>			<u><u>6,458,280</u></u>		<u><u>5,613,240</u></u>
<b>Capital and reserves</b>					
General reserve	18		1,500,000		1,500,000
Other reserve	18		1,799,673		1,799,673
Profit and loss account	18		3,158,607		2,313,567
			<u><u>6,458,280</u></u>		<u><u>5,613,240</u></u>

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**  
**REGISTERED NUMBER: SC005453**

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**COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2019**

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The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 19 June 2020.

*Rod Petrie*

*Ian Maxwell*

**R M Petrie (President)**  
Director

**I G Maxwell (Chief Executive)**  
Director

The notes on pages 20 to 41 form part of these financial statements.

The loss after tax of the parent company for the year was £70,790 (2018: loss of £526,891).

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	General reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2019	1,500,000	1,799,673	4,910,160	8,209,833
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(323,809)	(323,809)
Actuarial gain on pension scheme net of deferred tax	-	-	915,830	915,830
<b>Total comprehensive loss for the year</b>	-	-	592,021	592,021
<b>At 31 December 2019</b>	<b>1,500,000</b>	<b>1,799,673</b>	<b>5,502,181</b>	<b>8,801,854</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	General reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2018	1,500,000	1,799,673	5,855,127	9,154,800
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(455,667)	(455,667)
Actuarial losses on pension scheme net of deferred tax	-	-	(489,300)	(489,300)
<b>Total comprehensive income for the year</b>	-	-	(944,967)	(944,967)
<b>At 31 December 2018</b>	<b>1,500,000</b>	<b>1,799,673</b>	<b>4,910,160</b>	<b>8,209,833</b>

The notes on pages 20 to 41 form part of these financial statements.

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	General reserve £	Other reserve £	Profit and loss account £	Total equity £
At 1 January 2019	1,500,000	1,799,673	2,313,567	5,613,240
<b>Comprehensive loss for the year</b>				
Loss for the year	-	-	(70,790)	(70,790)
Actuarial gains on pension scheme net of deferred tax	-	-	915,830	915,830
	-	-	845,040	845,040
<b>Total comprehensive loss for the year</b>				
	-	-	845,040	845,040
<b>At 31 December 2019</b>	<b>1,500,000</b>	<b>1,799,673</b>	<b>3,158,607</b>	<b>6,458,280</b>

**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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	General reserve £	Other reserve £	Profit and loss account £	Total equity £
At 1 January 2018	1,500,000	1,799,673	3,329,758	6,629,431
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(526,891)	(526,891)
Actuarial losses on pension scheme net of deferred tax	-	-	(489,300)	(489,300)
	-	-	(1,016,191)	(1,016,191)
<b>Total comprehensive income for the year</b>				
	-	-	(1,016,191)	(1,016,191)
<b>At 31 December 2018</b>	<b>1,500,000</b>	<b>1,799,673</b>	<b>2,313,567</b>	<b>5,613,240</b>

The notes on pages 20 to 41 form part of these financial statements.

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(323,809)	(455,667)
<b>Adjustments for:</b>		
Income from investments	(118,235)	(129,196)
Interest received	(171,891)	(152,394)
Gain on sale of investments	(182,428)	(68,041)
Depreciation of tangible assets	1,808,392	1,693,030
Amortisation of deferred capital grants	(1,373,091)	(1,333,116)
Taxation charge	(36,687)	(75,583)
(Increase)/decrease in debtors	(709,807)	1,865
Increase/(decrease) in creditors	140,036	(2,650,570)
Revaluation of fixed asset investments	(393,016)	343,686
Revaluation of investment property	-	70,000
Decrease/(increase) in stocks	3,422	(300)
Pension scheme notional finance income	(43,000)	(51,000)
Pension scheme payments	(121,000)	(10,000)
<b>Net cash generated from operating activities</b>	<b>(1,521,114)</b>	<b>(2,817,286)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(1,087,054)	(339,443)
Sale of tangible fixed assets	255,000	141,000
Interest received	171,891	152,394
Income from investments	118,235	129,196
Purchase of fixed asset investments	(827,444)	(437,123)
Sale of fixed asset investments	733,977	445,782
<b>Net cash from investing activities</b>	<b>(635,395)</b>	<b>91,806</b>

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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	2019 £	2018 £
Government grants received	507,238	-
<b>Net cash used in financing activities</b>	<b>507,238</b>	<b>-</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(1,649,271)</b>	<b>(2,725,480)</b>
Cash and cash equivalents at beginning of year	14,491,055	17,216,535
<b>Cash and cash equivalents at the end of year</b>	<b>12,841,784</b>	<b>14,491,055</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	12,841,784	14,491,055

The group has no net debt and as such all movements in cash and cash equivalents are shown in the cash flow statement.

The notes on 20 to 41 form part of these financial statements.

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The company is incorporated in Scotland. It is limited by guarantee, not having a share capital. Its registered office is Hampden Park, Glasgow, G42 9BA. The directors are of the view that there is no ultimate controlling party.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in Sterling (£).

The consolidated financial statements consolidate the financial statements of The Scottish Football Association Limited and its subsidiary drawn up to 31 December each year.

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the Group's accounting policies (see note 2).

**1.2 Going concern**

The Directors have set out details of how the global Coronavirus pandemic has affected the Group in their Strategic Report on page 3 of the financial statements. The Directors acknowledge that the Coronavirus pandemic represents a material uncertainty that might cast doubt upon the Group's ability to realise its assets in full and discharge all of its liabilities in the ordinary course of business. They have, therefore, considered a range of financial sensitivities in conjunction with senior management to reflect the potential impact of the current crisis.

In response to this assessment, the Group has taken actions to address its cost base and access Government relief schemes, primarily through the Coronavirus Job Retention Scheme and rates relief. The Directors note that the Group's principal broadcast income is contracted until 2028.

The Group holds significant cash balances as advance receipts of future income. In addition, the Group owns an investment portfolio of readily accessible equities. Whilst the value of equities is subject to market volatility, the portfolio is still considered to be an important source of potential liquidity for the Group. The Directors have taken steps to further increase the Group's liquidity and are at an advanced stage of agreeing access to new loan facilities to add to the Group's significant cash resources.

Taking all these factors into account, the Directors believe that the Group has adequate resources to continue to trade on a normal basis for the foreseeable future. Accordingly, the annual report and financial statements continue to be prepared on the going concern basis.

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting policies (continued)**

**1.3 Revenue**

Turnover is the amount receivable by the Group from its various activities during the accounting period.

Revenue derived from centralised media rights is recognised on a straight line basis over the term of the agreement. Revenue from other media rights is recognised in the period in which the event takes place.

Revenue derived from sponsorship is recognised evenly over the period to which the sponsorship relates. In-kind transactions are quantified and included within turnover.

Revenue from ticketing is recognised in the period when the event takes place.

Revenue from catering and hospitality is recognised in the period when the event takes place.

Rental income is recognised as it is earned.

**1.4 Investment in subsidiary**

Investments in subsidiaries are accounted for at cost less impairment in the parent company's individual financial statements.

**1.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Assets under construction	- No depreciation charged
Leasehold improvements	- Straight line over period of lease and 10-20 years
Equipment and fittings	- 25% and 10% straight line

**1.6 Investment properties**

Investment properties are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.



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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting policies (continued)**

**1.7 Valuation of investments**

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

**1.8 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the actual cost of purchase.

**1.9 Debtors**

Long and short term debtors are measured at transaction price, less any impairment.

**1.10 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**1.11 Creditors**

Short term creditors are measured at the transaction price.

**1.12 Grants**

Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on these assets to which the grant relates. The deferred element of grants is included in creditors as deferred income. Grants of a revenue nature are recognised as income in the period in which the related expenditure is incurred.

**1.13 Deferred expenditure - rental**

The company entered into a lease for Hampden Park Stadium in April 2000 with Queen's Park Football Club. This lease was assigned to Hampden Park Limited in May 2008. The initial term of the lease was 20 years and Hampden Park Limited had the option to extend for a further 20 years. The lease had been extended to 31 July 2020 in order to accommodate the Association hosting matches in UEFA's Euro 2020 Tournament. The Scottish FA has since entered into legally binding missives to acquire Hampden Park Stadium on 1 August 2020.

The initial rental payments were set at a level to allow mandated payments to be made to the Royal Bank of Scotland to settle a loan that was taken out by Queen's Park Football Club to fund stadium redevelopment works. This loan was repaid in full in August 2014, and rental payments from that point have been reduced to reflect this. The annual charge to profit or loss has been adjusted over the 20 years of the lease. The deferred expenditure is included within debtors on the Balance sheet and will be released over the remainder of the lease.

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting policies (continued)**

**1.14 Leases**

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor.

**1.15 Foreign currency translation**

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at the average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

**1.16 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

**Defined benefit pension plan**

The Group operates a defined benefit plan. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. The assets of the scheme are administered by the Trustees in a fund independent from those of the company.

The surplus recognised on the Balance sheet in respect of the defined benefit plan is the fair value of plan assets at the Balance sheet date out of which the obligations are to be settled less the present value of the defined benefit obligation at the Balance sheet date. A net surplus is recognised only to the extent that it is recoverable by the company.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income.

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting policies (continued)**

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'notional finance income/ expense'.

**1.17 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance sheet date in the countries where the company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of *business combinations*, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- The deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting policies (continued)**

**1.18 Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. The Group continually reviews its obligations as a result of the stadium lease to assess such a charge arising.

**2. Judgements in applying accounting policies and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

**Judgements:**

**Income Recognition**

All income derived from UEFA Centralised Media Rights is recognised on a straight-line basis over the duration of the agreement as it is considered that the obligations of the Group are significant throughout the entire period.

**Staff Pension Scheme**

The directors have recognised the pension scheme asset on the basis that the Group can alter or reduce future contributions, and that any surplus on the scheme on wind-up would be repaid to the SFA.

**Estimates:**

**Staff Pension Scheme**

The surplus on the defined benefit pension scheme is included in the Balance sheet in line with Financial Reporting Standard 102. The surplus is arrived at by obtaining a valuation from the Scheme Actuary. More information is contained in note 22.

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**3. Turnover**

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Promotion of football	33,910,463	33,171,411
Stadium management	4,052,852	4,348,119
	<u>37,963,315</u>	<u>37,519,530</u>

All turnover arose within the United Kingdom.

**4. Operating loss**

The operating loss is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets (Note 10)	1,808,392	1,693,030
Defined benefit pension cost	201,000	307,000
Amortisation of grants (Note 17)	(1,373,091)	(1,333,116)
Operating lease rentals - land and buildings	943,314	855,082
	<u>943,314</u>	<u>855,082</u>

**5. Auditor's remuneration**

Fees payable to the group's auditor and its associates in respect of:

	2019 £	2018 £
The audit of the Scottish Football Association Limited	24,000	20,400
The audit of Hampden Park Limited	7,000	6,120
Taxation compliance services	4,800	4,900
All other non-audit services not included above	32,030	40,793
	<u>67,830</u>	<u>72,213</u>

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**6. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
Wages and salaries	<b>8,142,471</b>	7,685,238	<b>7,226,534</b>	6,829,911
Social security costs	<b>941,453</b>	811,703	<b>842,927</b>	719,722
Pension costs	<b>1,043,026</b>	1,050,762	<b>983,955</b>	1,002,025
	<b><u>10,126,950</u></b>	<u>9,547,703</u>	<b><u>9,053,416</u></b>	<u>8,551,658</u>

The average monthly number of employees for the Group (including the directors) during the year was 203 (2018: 196). During the year the parent company had 177 average monthly employees (2018: 167).

**7. Directors' remuneration**

	<b>2019 £</b>	<i>2018 £</i>
Directors' emoluments	<b>224,521</b>	510,692
Company contributions to defined contribution pension schemes	<b>10,573</b>	6,427
	<b><u>235,094</u></b>	<u>517,119</u>

During the year retirement benefits were accruing to 1 director (2018: 1) in respect of defined contribution pension schemes.

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,573 (2018: £Nil).

Director's remuneration included a settlement agreement payment of £Nil (2018: £350,000).

The highest paid director received remuneration of £171,752 (2018: £376,169).

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**8. Pension scheme - notional finance income**

	2019 £	2018 £
Expected return on pension scheme assets	721,000	696,000
Interest on pension scheme liabilities	(678,000)	(645,000)
	<u>43,000</u>	<u>51,000</u>

**9. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Adjustments in respect of previous periods	-	10,048
<b>Total current tax</b>	<u>-</u>	<u>10,048</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(86,159)	(85,631)
Adjustment in respect of prior year	49,472	-
<b>Total deferred tax</b>	<u>(36,687)</u>	<u>(85,631)</u>
<b>Taxation on (loss)/profit on ordinary activities</b>	<u>(36,687)</u>	<u>(75,583)</u>

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**9. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018: *higher than*) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(360,496)</u>	<u>(531,250)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(68,494)	(100,938)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	160,299	340,743
Income not subject to taxation	(263,010)	(279,564)
Underprovided tax in relation to prior period	49,472	10,048
Other timing differences	34,340	-
Rate differences	(24,203)	(831)
Other permanent differences	-	41,988
Deferred tax not recognised	-	(81,848)
Chargeable gain losses	74,909	(5,181)
<b>Total tax credit for the year</b>	<u><u>(36,687)</u></u>	<u><u>(75,583)</u></u>

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is £221,170 (2018: (£87,700)).

In the Spring Budget 2020, the Government announced that from 1 April 2020, the corporation tax rate would remain at 19% (rather than reducing to 17% as previously enacted). This new law was substantively enacted on 17 March 2020. As the proposal to keep the rate at 19% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

However, it is likely that the overall effect of the change, had it been substantively enacted at the balance sheet date, would be to increase the deferred tax charge for the year by £5,000, increase the deferred tax charge on actuarial movements by £56,000, and increase the deferred tax liability by £61,000.



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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**10. Tangible fixed assets**

**Group**

	Investment property £	Leasehold improvements £	Equipment and fittings £	Assets under construction £	Total £
<b>Cost or valuation</b>					
At 1 January 2019	443,312	11,718,304	2,611,514	-	14,773,130
Additions	-	59,003	424,478	603,573	1,087,054
Disposals	(255,000)	-	-	-	(255,000)
Reclassifications	(38,312)	-	-	38,312	-
At 31 December 2019	150,000	11,777,307	3,035,992	641,885	15,605,184
<b>Depreciation</b>					
At 1 January 2019	-	9,473,632	2,085,334	-	11,558,966
Charge for the year on owned assets	-	1,585,996	222,396	-	1,808,392
At 31 December 2019	-	11,059,628	2,307,730	-	13,367,358
<b>Net book value</b>					
At 31 December 2019	150,000	717,679	728,262	641,885	2,237,826
At 31 December 2018	443,312	2,244,672	526,180	-	3,214,164

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**THE SCOTTISH FOOTBALL ASSOCIATION LIMITED**

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**10. Tangible fixed assets (continued)**

**Company**

	Investment property £	Leasehold improvements £	Equipment and fittings £	Total £
<b>Cost or valuation</b>				
At 1 January 2019	405,000	3,733,371	1,826,923	5,965,294
Additions	-	-	310,743	310,743
Disposals	(255,000)	-	-	(255,000)
At 31 December 2019	<u>150,000</u>	<u>3,733,371</u>	<u>2,137,666</u>	<u>6,021,037</u>
<b>Depreciation</b>				
At 1 January 2019	-	3,504,607	1,458,999	4,963,606
Charge for the year on owned assets	-	192,878	177,243	370,121
At 31 December 2019	<u>-</u>	<u>3,697,485</u>	<u>1,636,242</u>	<u>5,333,727</u>
<b>Net book value</b>				
At 31 December 2019	<u>150,000</u>	<u>35,886</u>	<u>501,424</u>	<u>687,310</u>
At 31 December 2018	<u>405,000</u>	<u>228,764</u>	<u>367,924</u>	<u>1,001,688</u>

Following disposals during the year, the company now holds one investment property. The market value of this property is considered by the Directors to be unchanged from the prior year at £150,000. The historical cost of this investment property is £80,646. The historical cost of the investment properties held at 31 December 2018 was £394,831.

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**11. Fixed asset investments**

**Group**

	Listed investments £
<b>Cost or valuation</b>	
At 1 January 2019	3,903,977
Additions	827,444
Disposals	(551,546)
Revaluations	393,016
At 31 December 2019	<u><u>4,572,891</u></u>

**Company**

	Investments in subsidiary company £	Listed investments £	Total £
<b>Cost or valuation</b>			
At 1 January 2019	2	3,903,977	3,903,979
Additions	1	827,444	827,445
Disposals	-	(551,546)	(551,546)
Revaluations	-	393,016	393,016
At 31 December 2019	<u><u>3</u></u>	<u><u>4,572,891</u></u>	<u><u>4,572,894</u></u>

**Subsidiary undertakings**

The following were subsidiary undertakings of the company at year-end:

Name	Principal activity	Class of shares	Holding
Hampden Park Limited	Stadium management	Ordinary	100%
Hampden Park Stadium Limited	Dormant	Ordinary	100%

Hampden Park Stadium Limited was incorporated during the year and both entities have the same registered address as the Scottish Football Association Limited.

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**12. Debtors**

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
<b>Due after more than one year</b>				
Deferred rental	-	237,384	-	-
	<u>-</u>	<u>237,384</u>	<u>-</u>	<u>-</u>
	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
<b>Due within one year</b>				
Trade debtors	2,432,085	2,684,471	2,106,466	2,384,981
Amounts owed by related parties	126,458	164,410	101,840	141,879
Other debtors	427,369	835,530	427,368	191,339
Prepayments and accrued income	3,649,949	2,004,252	2,528,454	1,476,388
Tax recoverable	9,346	9,346	9,346	9,346
	<u>6,645,207</u>	<u>5,698,009</u>	<u>5,173,474</u>	<u>4,203,933</u>

**13. Cash and cash equivalents**

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
Cash at bank and in hand	5,841,784	4,428,305	5,067,294	3,523,501
Short term deposits	7,000,000	10,062,750	7,000,000	10,062,750
	<u>12,841,784</u>	<u>14,491,055</u>	<u>12,067,294</u>	<u>13,586,251</u>

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**14. Creditors: Amounts falling due within one year**

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
Trade creditors	<b>1,571,361</b>	1,248,499	<b>795,917</b>	786,462
Amounts owed to group undertakings	-	-	<b>1,217,411</b>	1,194,490
Other taxation and social security	<b>691,875</b>	652,702	<b>562,287</b>	415,543
Other creditors	<b>38,947</b>	-	<b>38,947</b>	-
Accruals	<b>995,390</b>	1,433,613	<b>614,143</b>	1,130,645
Deferred income	<b>15,415,176</b>	15,237,899	<b>15,047,785</b>	14,540,902
	<b><u>18,712,749</u></b>	<u>18,572,713</u>	<b><u>18,276,490</u></b>	<u>18,068,042</u>

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**15. Financial instruments**

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
<b>Financial assets</b>				
Financial assets measured at fair value through profit or loss: Investments (Note 11)	<b>4,572,891</b>	3,903,977	<b>4,572,891</b>	3,903,977
Financial assets measured at amortised cost:				
Included in debtors due within 1 year	<b>3,005,218</b>	3,299,328	<b>2,645,021</b>	2,546,254
Bank and cash balances (Note 13)	<b>12,841,784</b>	14,491,055	<b>12,067,294</b>	13,586,251
	<u><b>20,419,893</b></u>	<u>21,694,360</u>	<u><b>19,285,206</b></u>	<u>20,036,482</u>
<b>Financial liabilities at amortised cost</b>				
Trade creditors (Note 14)	<b>(1,571,361)</b>	(1,248,499)	<b>(795,917)</b>	(786,462)
Amounts owed to group companies (Note 14)	-	-	<b>(1,217,411)</b>	(1,194,490)
Accruals (Note 14)	<b>(995,390)</b>	(1,433,613)	<b>(614,143)</b>	(1,130,645)
Other creditors (Note 14)	<b>(38,947)</b>	-	<b>(38,947)</b>	-
	<u><b>(2,605,698)</b></u>	<u>(2,682,112)</u>	<u><b>(2,666,418)</b></u>	<u>(3,111,597)</u>

Financial assets measured at fair value through profit or loss comprise of a trading portfolio of listed investments. These are valued with reference to quoted prices on active markets for identical securities. Financial assets measured at amortised cost comprise trade debtors, amounts owed by related parties, accrued income and tax recoverable. Financial assets and liabilities measured at amortised cost represents the historical cost of the assets and liabilities adjusted for depreciation or impairment.

*Financial Risk Management*

The Group 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 Group has exposure to three main areas of financial risk – foreign exchange currency risk, liquidity risk and customer credit risk.

The Group is exposed to foreign exchange currency risk due to some of its receivables and payables being denominated in non-Sterling currencies. Where possible, on an annual basis, foreign currency expenditure is matched against foreign currency receipts. The net exposure to foreign exchange currency risk is managed by converting all significant sums received in currency into Sterling on receipt.

The objective of the Group in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The Group expects to meet its financial obligations through operating cash flows.

The Group may offer credit terms to its customers which allow payment of the debt after the delivery of the service. The Group is at risk to the extent that a customer may not be able to pay the debt on the specified due date. Customer credit risk is managed by running credit checks on significant customers and by monitoring payments against contractual agreements.

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**16. Deferred taxation**

**Group**

	2019 £	2018 £
At beginning of year	(451,657)	(624,988)
Charged to profit or loss	36,677	85,631
Charged to other comprehensive income	(221,170)	87,700
<b>At end of year</b>	<b>(636,150)</b>	<b>(451,657)</b>

**Company**

	2019 £	2018 £
At beginning of year	(417,128)	(597,526)
Charged to profit or loss	35,833	92,698
Charged to other comprehensive income	(221,170)	87,700
<b>At end of year</b>	<b>(602,465)</b>	<b>(417,128)</b>

	<b>Group 2019 £</b>	<i>Group 2018 £</i>	<b>Company 2019 £</b>	<i>Company 2018 £</i>
Accelerated capital allowances	(53,848)	(26,185)	(12,511)	10,771
Short term timing differences	(4,298)	25,569	22,941	23,142
Deferred tax on pension	(477,870)	(256,700)	(477,870)	(256,700)
Tax losses carried forward	202,111	54,150	167,220	54,150
Unrealised gains on investment assets	(302,245)	(248,491)	(302,245)	(248,491)
	<b>(636,150)</b>	<i>(451,657)</i>	<b>(602,465)</b>	<i>(417,128)</i>

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**17. Deferred capital grants**

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
Balance at beginning of the year	1,849,071	3,182,187	136,126	269,426
Amortisation for the year	(1,373,091)	(1,333,116)	(136,126)	(133,300)
Grants received	507,238	-	-	-
	<b>983,218</b>	<b>1,849,071</b>	<b>-</b>	<b>136,126</b>

  

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
<b>Ageing of deferred capital grants</b>				
< one year	983,218	1,328,846	-	133,300
> one year	-	520,225	-	2,826
	<b>983,218</b>	<b>1,849,071</b>	<b>-</b>	<b>136,126</b>

**18. Reserves**

**Other reserves**

General reserve and Other reserve are unrestricted funds and are distributable.

**Profit and loss account**

Profit and loss account includes all current and prior period retained profits and losses and all unrealised profits/losses on investments.

**19. Commitments under operating leases**

At 31 December 2019 the Group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2019 £</b>	<b>Group 2018 £</b>	<b>Company 2019 £</b>	<b>Company 2018 £</b>
Not later than 1 year	375,932	505,837	176,076	175,314
Later than 1 year and not later than 5 years	454,421	820,573	454,421	627,768
	<b>830,353</b>	<b>1,326,410</b>	<b>630,497</b>	<b>803,082</b>



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**20. Operating lease receivables**

	2019 £	2018 £
<b>Group</b>		
Not later than 1 year	135,567	232,400
Due between 1 and 5 years	-	135,567
Due after more than 5 years	-	-
	<u>135,567</u>	<u>367,967</u>

The above represents the minimum contractual payments receivable under the operating leases in place at the year end. There were no contingent rentals or special terms attached to the leases.

**21. Contingent liabilities**

In 2017 HMRC opened an enquiry into the Scottish FA's tax submission for the year ended 31 December 2015 as they do not agree with the change in accounting treatment adopted in relation to revenue recognition on UEFA media rights agreement.

Having taken advice and noting that the current policy is consistent with that adopted by each of the other UK National Football Associations, the Directors are of the view that the accounting policy is appropriate and should continue to be applied.

An assessment of the impact of reverting to the previous policy has been carried out and shows there would be no material impact on the taxable profits of the Group.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. Pensions**

The Group 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 the company. The scheme is closed to new entrants. An actuarial valuation was carried out as at 31 December 2019.

	2019 £	2018 £
<b>Summary of scheme assets and liabilities</b>		
Present value of defined benefit obligations	(27,179,000)	(24,447,000)
Fair value of plan assets	29,990,000	25,957,000
	<u>2,811,000</u>	<u>1,510,000</u>
	2019 £	2018 £
<b>Movement in defined benefit obligations</b>		
Defined benefits obligations at start of period	24,447,000	27,337,000
Current service cost	234,000	348,000
Interest expense	678,000	645,000
Experience (gain) / loss on liabilities	(576,000)	435,000
Loss on changes in assumptions	3,117,000	(969,000)
Benefits paid	(721,000)	(3,349,000)
<b>Defined benefits obligations at 31 December</b>	<u><b>27,179,000</b></u>	<u><b>24,447,000</b></u>

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**22. Pensions (continued)**

	2019 £	2018 £
<b>Movements in the fair value of plan assets</b>		
Fair value of plan assets at start of period	25,957,000	29,363,000
Interest income	721,000	696,000
Actuarial gain/(loss)	3,678,000	(1,111,000)
Employer contributions (gross)	322,000	317,000
Employee contributions	33,000	41,000
Benefits paid	(721,000)	(3,349,000)
<b>Fair value of plan assets at 31 December</b>	<b>29,990,000</b>	<b>25,957,000</b>

All of the plan assets are held outwith the Group. None of the fair values of the assets shown above include any of the Group's own financial instruments or any property occupied by the Group or other assets used by the Group.

The total return on plan assets, comprising interest income and actuarial gains, over the period ending 31 December 2019 was a gain of £4,398,000 (2018: loss of £415,000).

The mix of plan assets held was:

	2019 %	2018 %
Equities	21	20
Bonds	45	47
Targeted returns fund	20	22
Annuities	8	11
Cash	6	-
<b>Total assets</b>	<b>100</b>	<b>100</b>

**Assumptions**

	2019	2018
Discount rate	2.05%	2.80%
Salary growth rate	2.65%	2.65%
Average life expectancies after age 65: male	26.1 Yrs	26.0 Yrs
Average life expectancies after age 65: female	28.2 Yrs	28.1 Yrs

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**23. Related party transactions**

The Group made a donation to the Scottish Football Association Museum Trust, a charitable trust and related to the Group by virtue of common directors, of £295,000 (2018: £321,861) in the year. The Group charged the Scottish Football Association Museum Trust an amount of £203,446 (2018: £206,100) in the year in respect of rent and common charges. In addition, the Group paid certain expenses and received certain income on behalf of the Scottish Football Association Museum Trust during the year. These amounts were recharged directly with no profit margin included. Included within Debtors is an amount of £47,190 (2018: £75,995) due from the Scottish Football Association Museum Trust.

The Group charged the National Stadium Sports Medicine Centre Limited, a charitable company and related to the Group by virtue of common directors, an amount of £59,167 (2018: £54,500) in the year in respect of rent and common charges. Included within Debtors is an amount of £47,190 (2018: £88,415) due from the National Stadium Sports Medicine Centre Limited.

The Group paid the Scottish Professional Football League Limited, a league recognised by the Association and a company related to the Group by virtue of common directors, an amount of £40,000 (2018: £Nil) in the year in respect of a parachute payment made to Berwick Rangers Football Club following its relegation from the Scottish Professional Football League Limited. Included within Debtors is an amount of £96,381 (2018: £Nil) due from the Scottish Professional Football League Limited.

**24. Capital commitments**

The Group had capital commitments for stadium enhancements of £1,020,000 as at 31 December 2019 (2018: £Nil) in respect of stadium access control and new floodlights. The Group and Company have a capital commitment of £4,500,000 in relation to the acquisition of Hampden Park stadium which reflects that a deposit of £500,000 has already been paid.

**25. Post balance sheet events**

The coronavirus outbreak in early 2020 has had an unprecedented impact on the activities of the Scottish Football Association Limited. Management have considered the impact on the future operations of the entity within the going concern assessment.