

The Scottish Football Association Limited

Annual Report and Financial Statements

Year Ended

31 December 2021

Company Number SC005453



The Scottish Football Association Limited

Company Information

Directors	R M Petrie (President) M Mulraney (Vice President) I G Maxwell (Chief Executive) T McKeown A C Stewart N A Doncaster M A K Kpedekpo L Gray
Company secretary	R Soutar
Registered number	SC005453
Registered office	Hampden Park Glasgow G42 9AY
Independent auditor	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX
Solicitors	Burness Paull LLP 120 Bothwell Street Glasgow G2 7JL

The Scottish Football Association Limited

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The Scottish Football Association Limited

Group Strategic Report For the Year Ended 31 December 2021

Introduction

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

Business review

The principal activity of the Group is the promotion, development and regulation of the game of association football in Scotland. These accounts relate to calendar year 2021 and the Group figures include the operations of the Scottish Football Association Limited (Scottish FA) and three wholly owned subsidiary companies Hampden Park Limited, Hampden Park Stadium Limited and The National Stadium plc.

Football at all levels has been severely impacted by the global coronavirus pandemic. The Scottish FA took the unprecedented step of suspending all football in Scotland on 13 March 2020. The 2019-20 domestic football season was subsequently brought to an end by each of the league bodies. Thankfully the 2020-21 domestic season commenced pretty much on schedule but with restrictions on crowds and football operations which were gradually relaxed.

The financial impact on football was significant and towards the end of 2020 the Scottish FA negotiated grants of £10m from the Scottish Government which were distributed for the benefit of 260 clubs across the Scottish game. In addition, a £20m loan facility for SPFL Premiership clubs was also negotiated with the Scottish Government.

A further lockdown was imposed in January 2021. In conjunction with the Scottish Government, the Scottish FA suspended all football other than the SPFL Premiership and SPFL Championship. Early March saw some relaxation of these restrictions allowing football at other levels to return across the men's and women's game.

The Scottish FA was proud to host the postponed UEFA EURO 2020 finals tournament at Hampden Park Stadium in June 2021. The Men's A group match against the Czech Republic on 14th June 2021 was the first major sporting event to take place in Scotland since the start of the pandemic. Hampden Park Stadium hosted four matches across the tournament and despite ongoing travel and crowd restrictions, helping to stage the UEFA EURO 2020 tournament was a huge success for the Scottish FA, Glasgow and Scotland. The Scottish FA is grateful to the close co-operation and support provided by the Scottish Government, Visit Scotland, Police Scotland and Glasgow City.

Towards the end of 2021 another spike in the pandemic caused the Scottish Government to cap crowds at outdoor public events for three weeks from 26th December 2021. The SPFL took steps to re-schedule its Winter Break for Premiership clubs which helped mitigate the impact of the restrictions. The Scottish FA sought to further mitigate the potential consequences for member clubs by agreeing a financial compensation package from the Scottish Government amounting to £1.79m, which was distributed to clubs in early 2022.

National teams

Separate from hosting the competition, the highlight of the year was Scotland participating in UEFA EURO 2020 – the first participation in the finals of a major tournament by the men's team for a generation. Despite the disappointment of not progressing beyond the group stage, Scotland can be proud of its players, coaching staff and supporters. A creditable draw against England at Wembley was the standout match.

That good form was taken into the FIFA World Cup 2022 qualifiers over the rest of 2021. A successful campaign saw Scotland finish in second place, with the highest points total of any second placed team. Although qualification for the play offs had been secured before the final match, victory at home against Denmark was particularly noteworthy.

The Scottish Football Association Limited

Group Strategic Report (continued) For the Year Ended 31 December 2021

National teams (continued)

As we write, unprecedented circumstances mean that the route to the FIFA World Cup final tournament is less straightforward given the onset of war in Ukraine. The Scottish FA supported the Ukraine in the postponement of our semi-final Play Off match and a new fixture date of 1st June 2022 is now set. In March, the Scottish FA hosted a fundraiser match against Poland raising £500,000 for the UNICEF Ukraine fundraising appeal. Our thoughts are with the football family and everyone in the Ukraine.

Following a robust recruitment process, Pedro Martinez Losa was appointed Head Coach of the Scottish Women's National Team in July 2021. The SWNT currently sit second in their qualifying group for the FIFA Women's World Cup 2023 with two matches remaining. A second placed finish would secure a Play Off spot.

Global Coronavirus pandemic

From the outset, the Scottish FA was determined that all its member clubs would survive the Coronavirus pandemic. The Scottish FA moved quickly to establish a Joint Response Group (JRG) in conjunction with the SPFL to properly support and advise all of Scottish football and ensure that we could be as effective as possible in addressing the many complex issues affecting football which arose due to the pandemic. The JRG has worked closely with the Scottish Government and other stakeholders. In recent weeks there has been a return to something approaching normality and the efforts for the JRG have been scaled back. However, the JRG continues to meet regularly to deal appropriately with matters, as required.

Grassroots Game

Grassroots football was impacted severely by the pandemic. Activity has returned over the course of 2021 and the Scottish FA continues to engage with partners to ensure opportunities are available for those who wish to re-engage with football, across all levels of the male and female game. Demand has been significant since restrictions began to ease, and participation figures are expected to reach pre-pandemic levels during 2022. As the game returned and clubs continued to support their local communities, a particular focus has been placed on supporting grassroots clubs and understanding the challenges clubs will face as we come out of the pandemic, including key areas such as access and affordability of facilities which are a critical part of the grassroots football system in Scotland.

Hampden Park Stadium

Following the purchase of Hampden Park Stadium from Queen's Park Football Club in 2020 the stadium operations of Hampden Park Limited were fully integrated within the Scottish FA in early 2021. The stadium was one of 11 stadia from across Europe chosen by UEFA to host UEFA EURO 2020 in June 2021.

Financial review

The directors consider the key financial performance indicators to be:

	2021	As restated 2020	Movement
	£'000	£'000	%
Group turnover	48,057	27,743	73
Group gross profit	19,244	14,435	33
Group profit/(loss) for the year	2,493	(1,073)	332
Group reserves	9,240	6,739	37
Group cash at bank and in hand	14,818	27,627	-46

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Group Strategic Report (continued) For the Year Ended 31 December 2021

Financial review (continued)

Group turnover increased by 73% during the year (2020 - 27% decrease). Turnover was boosted by the hosting of UEFA EURO 2020 games at Hampden Park Stadium as well as the participation of the Men's A National Team in the tournament. The remainder of the increase reflects the recovery of income streams previously lost to the pandemic.

Cost of sales increased reflecting significant costs against the UEFA EURO tournament hosting and participation activities, alongside increased match operation costs as fans returned to the stadium.

Despite the ongoing issues relating to the pandemic for much of the year, and the losses sustained in 2020, the success of the Men's A team participating in UEFA EURO 2020 enabled an increased total distribution of £9.3m (2020 – £8.5m) to member clubs and affiliated national associations providing stability to members at a time of financial uncertainty.

Other operating income reduced to £0.6m (2020 – £11.4m) – the unusually high figure in 2020 related mainly to funding from the Scottish Government to support football through the pandemic which had been negotiated by the Scottish FA.

The business continued to benefit from cost efficiency measures that were implemented in 2020 as well as national and local government relief measures including the Coronavirus Job Retention Scheme and rates relief for Hampden Park Stadium.

All these factors contributed to the reported overall Group Profit before tax for the year of £3.2m (2020 – loss of £1.2m).

The Group cash position decreased by £12.8m (2020 - increased by £14.8m) during 2021, largely in line with expectations. Previous year end cash balances included the government grants received on 30 December 2020 which were distributed early in January 2021 and cash received in advance for the UEFA Euro 2020 finals participation fee. Cash balances at the end of 2021 reflected the advance receipts of broadcast rights fees and sponsorship income. The Scottish FA has agreements with UEFA for broadcast rights fees for international matches for the period to 2028. These agreements provide medium term stability for the Scottish FA's most significant income stream.

The preparation of the 2021 pension accounting valuation identified an error in the actuarial calculations by the pension scheme actuary in respect of the previous years' FRS102 Report. This means the 2018, 2019 and 2020 pension surpluses, associated balances, income and deferred taxes were misstated. Corrections to the brought forward figures have been made in these accounts and the detailed changes can be found in note 33.

After correction the Defined Benefit Pension Scheme assets and liabilities showed a net surplus of £2.3m at 31 December 2021 compared to a restated surplus of £1.9m in the prior year. This increase in surplus can mainly be attributed to a change in financial assumptions. The impact of this movement can be seen through the Consolidated Statement of Comprehensive Income on page 14. 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.

The Scottish Football Association Limited

Group Strategic Report (continued) For the Year Ended 31 December 2021

Going concern

The Coronavirus pandemic created challenging economic circumstances for football in Scotland and around the globe. With business returning to near normal, the outlook now looks more promising.

The Directors took a range of measures to steer the Scottish FA and its members through the pandemic. These included securing additional funding from FIFA and from Santander, through the Coronavirus Business Interruption Loan Scheme together with cost cutting and financial support from national and local government.

The Group's principal revenue stream is secured until 2028 and 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 again considered these factors against a range of financial sensitivities in conjunction with senior management to reflect the potential impact of known risks to the financial health of the Scottish FA for a period well in excess of the next twelve months from the date of signing of these accounts.

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.

Directors' statement of compliance with duty to promote the success of the Group

In line with their duties under s172 of the Companies Act 2006, the Directors act individually and collectively in the way they consider would be most likely to promote the success of the Group for the benefit of its members, and in doing so, have regard amongst other matters to the:

- Likely consequences of any decision in the long term
- The need to foster relationships with employees, suppliers, customers and others
- Impact of the Group's operations on the community and the environment
- The need to act fairly as between members of the Group

The Directors believe that engaging with the Group's stakeholders is important to the success of the business and have identified the main stakeholders as member clubs, employees, customers, football governing bodies, the wider football community and government. The Directors recognise that they should take into account the interests of these stakeholders while prioritising the long-term success of the Group.

The Group engages in formal and informal consultation with its members through routine business and the publication of the Annual Report. The Annual General Meeting gives members the opportunity to engage more directly with the Board. In addition, the Board regularly consults with members through their representation on the Professional Game Board, the Non-professional Game Board and other committees. In particular, during 2021 the Joint Response Group worked closely with members to address issues arising from the Coronavirus pandemic.

People remain fundamental to the success of the Group and there is engagement with all employees across the business on a regular basis. The Group continues to work closely with commercial sponsors through regular meetings and seeks to maintain good relations with Scottish football supporters through the extensive use of social media.

As a national association, the Scottish FA is accountable to UEFA and FIFA, the European and World governing bodies of football. Positive engagement with these bodies is crucial to promote and enhance the sport of association football in Scotland and further afield, and the Scottish FA is represented on these bodies by senior officials and staff across various forums.

The Scottish Football Association Limited

Group Strategic Report (continued) For the Year Ended 31 December 2021

Directors' statement of compliance with duty to promote the success of the Group (continued)

In addition, there are ongoing relationships with sportscotland and the Scottish Government, which were strengthened during the pandemic, evidenced by the significant financial assistance including a package of loans and grants to clubs and affiliated members.

Streamlined Energy and Carbon Reporting

The Group continues its commitment to address the impact of its operations on the environment. The energy used in running the Hampden Park Stadium is closely monitored and the Group's electricity supply is based on a green tariff, which is at a premium compared to the cost of non-renewable alternatives.

The table below shows energy consumption and total gross greenhouse gas emissions in tonnes of CO₂ ("tCO₂e") in the year ended 31st December 2021.

The energy consumption used to calculate emissions was as follows:

		2021	2020
Gas	kWh	5,318,000	4,484,000
Electricity	kWh	3,207,000	2,597,000
Transport fuel	kWh	241,000	153,000
Total	kWh	8,766,000	7,234,000

The foregoing figures for consumption of gas and electricity were taken from energy supplier invoices whereas consumption of fuel for transport was calculated using UK Government conversion tables applied to fuel purchases for rental cars and mileage allowances reimbursed to employees.

		2021	2020
Emissions from combustion of gas (Scope 1)	tCO ₂ e	974	824
Emissions from purchased electricity (Scope 2)	tCO ₂ e	681	606
Emissions from business travel (Scope 3)	tCO ₂ e	57	37
Total gross CO ₂ e based on above	tCO ₂ e	1,712	1,467
Emissions intensity ratios:			
Emissions per £1m of Turnover	tCO ₂ e	36	53
Emissions per employee	tCO ₂ e	9.7	9.0

Principal risks and uncertainties

There are a number of 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 taken 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:

The Global Coronavirus Pandemic

The global pandemic had an impact on the viability of football as a whole and there is a reduced but continuing risk to the Group's matchday income and other revenue streams as a result.

The Scottish Football Association Limited

Group Strategic Report (continued) For the Year Ended 31 December 2021

Principal risks and uncertainties (continued)

Revenue Streams from Commercial and Broadcasting Partners

The Scottish FA media rights for international matches are included in the centralised marketing of broadcast rights by UEFA for all its member associations. Agreements are in place with UEFA to 2028 which minimises the risk to the Group in this area. There is greater risk and uncertainty regarding domestic broadcasting rights and the value of future commercial income, particularly at times when the playing of matches is affected by restrictions imposed because of the coronavirus pandemic.

Infrastructure costs

Ownership of Hampden Park Stadium brings with it the risk that unbudgeted repairs or legislatively driven infrastructure changes are required to the fabric of the stadium beyond the scope of provision made within the Scottish FA 5 year plan.

Strategic plan

'The Power of Football', a Strategic Plan for the Scottish FA covering 2021 to 2025 was launched in May of 2021. The key strategic pillars of the plan are:

- Qualify consistently and compete in major tournaments
- Accelerate the growth of girls' and women's football
- Inspire the nation through lifelong participation
- Deliver a world-leading coach education and development system
- Modernise the home of Scottish football
- Connect Scottish football's diverse communities

Audit and Risk Committee

The Audit & Risk Sub-Committee comprises Mr M Kpedekpo (Chair), Mr M Mulraney, Mr R M Petrie and Mr N Doncaster.

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

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Group Strategic Report (continued) For the Year Ended 31 December 2021

New members

Immediately following the 2021 AGM, nine clubs were welcomed as new associate member clubs of the Scottish FA. Further membership applications are being progressed.

Independent review

The final report of the Independent Review into historic Sexual Abuse in Scottish Football was published in February 2021. The final report contains harrowing accounts of abuse suffered by survivors. The Scottish FA acknowledges the courage of survivors in providing their testimony to help ensure that Scottish football can be as safe as possible for young footballers. The Scottish FA published its Child Wellbeing and Protection Strategy "Getting it Right for Every Child in Scottish Football" and continues to be supported by an expert Independent Advisory Board.


Board

At the Annual General Meeting in July 2021, Rod Petrie was re-elected President, Mike Mulraney was re-elected as Vice President and Ana Stewart was re-elected as an Independent Non-Executive Director.

Staff

This year has again been a challenging time for our staff who have had to navigate a series of pandemic restrictions and operational compliance to keep football on the pitch and fans in the stands. 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 for their continued dedication and commitment to the game and the Scottish FA throughout 2021.

This report was approved by the board on 18 May 2022 and signed on its behalf.


R M Petrie (President)
Director

The Scottish Football Association Limited

Directors' Report For the Year Ended 31 December 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

Results and dividends

The profit for the year, after taxation, amounted to £2,492,543 (2020 - loss £1,072,831).

Directors

The directors who served during the year were:

R M Petrie (President)
M Mulraney (Vice President)
I G Maxwell (Chief Executive)
T McKeown
A C Stewart
N A Doncaster
M A K Kpedekpo
L Gray

Directors' responsibilities statement

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

Company law requires the directors to prepare group and company 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 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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Directors' Report (continued) For the Year Ended 31 December 2021

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 18 May 2022 and signed on its behalf.



R Soutar
Secretary

The Scottish Football Association Limited

Independent Auditor's Report to the Members of The Scottish Football Association Limited

Opinion on the 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 2021 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.

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 2021 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of changes in equity, the consolidated statement of cash flows 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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Independent Auditor's Report to the Members of The Scottish Football Association Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

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.

In the light of the knowledge and understanding of the Group and 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.

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 Group or the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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

As explained more fully in the directors' responsibilities statement, 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.

The Scottish Football Association Limited

Independent Auditor's Report to the Members of The Scottish Football Association Limited (continued)

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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. A summary of the procedures we designed and executed to detect irregularities, including fraud is set out below:

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud and tested accordingly;
- reading minutes of management meetings and of those charged with governance and reviewing correspondence with regulatory bodies, such as HMRC, and reviewing documentation for indications of noncompliance with laws and regulations.
- assessing whether the accounting policies, treatments and presentation adopted in the financial statements is in accordance with 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) and whether there are instances of potential bias in areas with significant degrees of judgement such as pension assets being recognised;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- carrying tests of management control in certain areas or functions, such as the authorisation of business expenditure and the approval of payments to suppliers;
- vouching balances and reconciling items in management's key control account reconciliations to supporting documentation as at 31 December 2021; and
- carrying out detailed testing, on a sample basis, of material transactions, financial statement categories and balances to appropriate documentary evidence to verify the completeness, occurrence and accuracy of the reported financial statements.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

The Scottish Football Association Limited

Independent Auditor's Report to the Members of The Scottish Football Association Limited (continued)

Use of our report

This report is made solely to the Parent 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 parent 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 parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Martin Gill
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Martin Gill (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Glasgow
United Kingdom

Date: 20 May 2022

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

The Scottish Football Association Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 £	As restated 2020 £
Turnover	3	48,056,686	27,743,238
Cost of sales		(28,812,538)	(13,307,855)
Gross profit		19,244,148	14,435,383
Administrative expenses		(16,452,109)	(16,767,346)
Other operating income	4	633,060	11,432,617
Other operating charges	5	(663,278)	(10,594,850)
Operating profit/(loss)	6	2,761,821	(1,494,196)
Gain/(loss) on sale of fixed asset investments		23,518	(13,066)
Income from fixed assets investments	10	94,380	89,704
Fair value movement of fixed asset investments	16	296,367	186,002
Interest receivable and similar income	11	-	8,259
Pension scheme - notional finance income	29	27,000	24,000
Profit/(loss) before taxation		3,203,086	(1,199,297)
Tax on profit/(loss)	13	(710,543)	126,466
Profit/(loss) for the financial year		2,492,543	(1,072,831)
Actuarial gains on defined benefit pension scheme	29	234,000	584,000
Movement of deferred tax relating to pension surplus	29	(226,310)	(166,720)
Other comprehensive income for the year		7,690	417,280
Total comprehensive income for the year		2,500,233	(655,551)

The notes on pages 23 to 51 form part of these financial statements.

The Scottish Football Association Limited
Registered number: SC005453

Consolidated Statement of Financial Position
As at 31 December 2021

	Note	2021 £	2021 £	As restated 2020 £	As restated 2020 £
Fixed assets					
Tangible assets	15		12,176,512		12,571,995
Investments	16		5,201,492		4,813,034
			<u>17,378,004</u>		<u>17,385,029</u>
Current assets					
Stocks	17	-		38,788	
Debtors: amounts falling due within one year	18	9,716,503		6,857,773	
Cash at bank and in hand	19	14,818,000		27,627,147	
			<u>24,534,503</u>	<u>34,523,708</u>	
Creditors: amounts falling due within one year	20	(19,490,975)		(30,641,165)	
Net current assets			<u>5,043,528</u>		<u>3,882,543</u>
Total assets less current liabilities			<u>22,421,532</u>		<u>21,267,572</u>
Creditors: amounts falling due after more than one year	21		(13,436,825)		(15,062,918)
Provisions for liabilities					
Deferred taxation	25		(1,212,128)		(388,244)
Deferred capital grants	26		(863,893)		(952,957)
Net assets excluding pension asset			<u>6,908,686</u>		<u>4,863,453</u>
Pension asset	29		2,331,000		1,876,000
Net assets			<u><u>9,239,686</u></u>		<u><u>6,739,453</u></u>
Capital and reserves					
General reserve	27		1,500,000		1,500,000
Other reserves	27		1,799,673		1,799,673
Profit and loss account	27		5,940,013		3,439,780
Total equity			<u><u>9,239,686</u></u>		<u><u>6,739,453</u></u>

The Scottish Football Association Limited
Registered number: SC005453

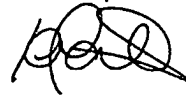
Consolidated Statement of Financial Position (continued)
As at 31 December 2021

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

18 May 2022



R M Petrie (President)
Director



I G Maxwell (Chief Executive)
Director

The notes on pages 23 to 51 form part of these financial statements.

The Scottish Football Association Limited
Registered number: SC005453

Company Statement of Financial Position
As at 31 December 2021

	Note	2021 £	2021 £	As restated 2020 £	As restated 2020 £
Fixed assets					
Tangible assets	15		576,634		555,299
Investments	16		13,422,323		13,013,943
			<u>13,998,957</u>		<u>13,569,242</u>
Current assets					
Stocks	17	-		38,788	
Debtors: amounts falling due within one year	18	9,716,494		6,637,147	
Cash at bank and in hand	19	14,636,962		27,504,753	
			<u>24,353,456</u>	<u>34,180,688</u>	
Creditors: amounts falling due within one year	20	(24,556,091)		(35,446,632)	
Net current liabilities			<u>(202,635)</u>		<u>(1,265,944)</u>
Total assets less current liabilities			<u>13,796,322</u>		<u>12,303,298</u>
Creditors: amounts falling due after more than one year	21		(7,283,425)		(8,659,518)
Provisions for liabilities					
Deferred taxation	25		(1,076,112)		(512,885)
Net assets excluding pension asset			<u>5,436,785</u>		<u>3,130,895</u>
Pension asset	29		2,331,000		1,876,000
Net assets			<u><u>7,767,785</u></u>		<u><u>5,006,895</u></u>
Capital and reserves					
General reserve	27		1,500,000		1,500,000
Other reserves	27		1,799,673		1,799,673
Profit and loss account	27		4,468,112		1,707,222
Total equity			<u><u>7,767,785</u></u>		<u><u>5,006,895</u></u>

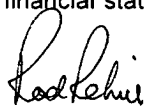
The Scottish Football Association Limited
Registered number: SC005453


Company Statement of Financial Position (continued)
As at 31 December 2021

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 profit after tax of the Parent Company for the year was £2,753,200 (2020 - loss £461,815).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

18 May 2022


R M Petrie (President)
Director


I G Maxwell (Chief Executive)
Director

The notes on pages 23 to 51 form part of these financial statements.

The Scottish Football Association Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2021

	General reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2021 (as previously stated)	1,500,000	1,799,673	6,295,030	9,594,703
Prior year adjustment	-	-	(2,855,250)	(2,855,250)
At 1 January 2021 (as restated)	1,500,000	1,799,673	3,439,780	6,739,453
Comprehensive income for the year				
Profit for the year	-	-	2,492,543	2,492,543
Actuarial gains on pension scheme net of deferred tax	-	-	7,690	7,690
Total comprehensive income for the year	-	-	2,500,233	2,500,233
At 31 December 2021	1,500,000	1,799,673	5,940,013	9,239,686

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2020

	General reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2020 (as previously stated)	1,500,000	1,799,673	5,502,181	8,801,854
Prior year adjustment	-	-	(1,406,850)	(1,406,850)
At 1 January 2020 (as restated)	1,500,000	1,799,673	4,095,331	7,395,004
Comprehensive income for the year				
Loss for the year	-	-	(1,072,831)	(1,072,831)
Actuarial gains on pension scheme net of deferred tax	-	-	417,280	417,280
Total comprehensive income for the year	-	-	(655,551)	(655,551)
At 31 December 2020	1,500,000	1,799,673	3,439,780	6,739,453

The notes on pages 23 to 51 form part of these financial statements.

The Scottish Football Association Limited

Company Statement of Changes in Equity For the Year Ended 31 December 2021

	General reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2021 (as previously stated)	1,500,000	1,799,673	4,562,472	7,862,145
Prior year adjustment	-	-	(2,855,250)	(2,855,250)
At 1 January 2021 (as restated)	<u>1,500,000</u>	<u>1,799,673</u>	<u>1,707,222</u>	<u>5,006,895</u>
Comprehensive income for the year				
Profit for the year	-	-	2,753,200	2,753,200
Actuarial gains on pension scheme net of deferred tax	-	-	7,690	7,690
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>2,760,890</u>	<u>2,760,890</u>
At 31 December 2021	<u><u>1,500,000</u></u>	<u><u>1,799,673</u></u>	<u><u>4,468,112</u></u>	<u><u>7,767,785</u></u>

Company Statement of Changes in Equity For the Year Ended 31 December 2020

	General reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2020 (as previously stated)	1,500,000	1,799,673	3,158,607	6,458,280
Prior year adjustment	-	-	(1,406,850)	(1,406,850)
At 1 January 2020 (as restated)	<u>1,500,000</u>	<u>1,799,673</u>	<u>1,751,757</u>	<u>5,051,430</u>
Comprehensive income for the year				
Loss for the year	-	-	(461,815)	(461,815)
Actuarial gains on pension scheme net of deferred tax	-	-	417,280	417,280
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>(44,535)</u>	<u>(44,535)</u>
At 31 December 2020	<u><u>1,500,000</u></u>	<u><u>1,799,673</u></u>	<u><u>1,707,222</u></u>	<u><u>5,006,895</u></u>

The notes on pages 23 to 51 form part of these financial statements.

The Scottish Football Association Limited

Consolidated Statement of Cash Flows For the Year Ended 31 December 2021

	2021 £	As restated 2020 £
Cash flows from operating activities		
Profit/(loss) for the financial year	2,492,543	(1,072,831)
Adjustments for:		
Amortisation of intangible assets	-	(91,029)
Depreciation of tangible assets	594,583	1,211,380
Interest received	-	(8,259)
Taxation charge	710,543	(126,466)
Decrease/(increase) in stocks	38,788	(13,525)
Increase in debtors	(2,858,730)	(212,566)
(Decrease)/increase in creditors	(13,413,815)	5,574,066
Income from investments	(94,380)	(89,704)
Gain/(loss) on sale of investments	(23,518)	13,066
Amortisation of deferred capital grants	(89,064)	(630,262)
Pension scheme notional finance income	(27,000)	(24,000)
Pension scheme payments	(194,000)	(152,000)
Revaluation of fixed asset investments	(296,367)	(186,002)
Government grants received	490,228	10,600,000
Grants distributed	-	(4,495,650)
Foreign exchange on loan balances	34,335	-
Net cash generated from operating activities	(12,635,854)	10,296,218
Cash flows from investing activities		
Purchase of tangible fixed assets	(199,100)	(4,801,128)
Purchase of fixed asset investments	-	(1)
Purchase of listed investments	(464,438)	(319,063)
Sale of listed investments	395,865	251,856
Interest received	-	8,259
Income from investments	94,380	89,704
Net cash used in investing activities	(173,293)	(4,770,373)

The Scottish Football Association Limited

Consolidated Statement of Cash Flows (continued) For the Year Ended 31 December 2021

	2021 £	2020 £
Cash flows from financing activities		
Loans received	-	8,659,518
Government grants received	-	600,000
Net cash from financing activities	<u>-</u>	<u>9,259,518</u>
Net (decrease)/increase in cash and cash equivalents	(12,809,147)	14,785,363
Cash and cash equivalents at beginning of year	27,627,147	12,841,784
Cash and cash equivalents at the end of year	<u>14,818,000</u>	<u>27,627,147</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>14,818,000</u>	<u>27,627,147</u>

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting policies

1.1 Basis of preparation of financial statements

The Company is incorporated in Scotland. It is limited by guarantee, not having share capital. Its registered office is Hampden Park, Glasgow, G42 9AY. 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 presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

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

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).

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 following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

1.3 Parent company disclosure exemptions

In preparing the separate financial statements of the parent Company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement or net debt reconciliation has been presented for the parent Company; and
- Disclosures in respect of the parent Company's income, expense, net gains and net losses on financial instruments measured at amortised cost have not been presented as equivalent disclosures have been provided in respect of the group as a whole.

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.4 Going concern

The directors have set out details of how the global Coronavirus pandemic has affected the Group in their strategic report on pages 1 to 8 of the financial statements. The directors acknowledge that the Coronavirus pandemic created challenging economic circumstances for the Group. In response to this the Directors took a range of measures including accessing Government relief schemes, primarily through the Coronavirus Job Retention Scheme, a CBILS loan and rates relief. The directors note that the Group's principal revenue stream is contracted until 2028.

The directors have considered a range of financial sensitivities in conjunction with senior management to reflect any further impact and other potential economic risks. These sensitivities have been prepared for a period in excess of one year from the signing of these accounts.

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 during the year.

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.

1.5 Revenue

Revenue 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.

1.6 Investment in subsidiaries

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

1.7 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.8 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 the consolidated statement of comprehensive income 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
Plant and machinery	- Straight line over 10-15 years
Equipment and fittings	- 25% and 10% straight line
Heritable property	- 3.33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

1.9 Investment properties

Investment properties are remeasured to market value at each statement of financial position date. Gains and losses on remeasurement are recognised in the consolidated statement of comprehensive income for the period.

1.10 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 the consolidated statement of comprehensive income for the period.

1.11 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.

1.12 Debtors

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

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.13 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.

1.14 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.15 Debentures

The Group has determined the entity and the debentures meet the criteria set out in Section 34 FRS 102 to be classified as public benefit entity concessionary loans. Initially these are recorded on the statement of financial position at the value received. Subsequently, these values are adjusted for any interest receivable or payable on the balance. It is not anticipated that there will be any change in value.

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.16 Creditors

Short term creditors are measured at the transaction price.

1.17 Grants

Grants relating to expenditure on tangible fixed assets are credited to the consolidated statement of comprehensive income at the same rate as the depreciation on these assets to which the grant relates. The deferred element of grants is included in provisions for liabilities as deferred capital grants. Grants of a revenue nature are recognised as income in the period in which the related expenditure is incurred.

1.18 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 and was subsequently extended to 1 December 2020. The Scottish FA acquired Hampden Park Stadium on 1 August 2020.

As a result, no rental charge has been incurred since acquisition, and neither do any deferred rental amounts exist at year end.

1.19 Leases

Rentals payable under operating leases are charged to the consolidated statement of comprehensive income 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.

1.20 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 the consolidated statement of comprehensive income in the period in which they arise.

1.21 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

1.22 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.

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.22 Pensions (continued)

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 statement of financial position in respect of the defined benefit plan is the fair value of plan assets at the statement of financial position date out of which the obligations are to be settled less the present value of the defined benefit obligation at the statement of financial position 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.

The cost of the defined benefit plan, recognised in the consolidated statement of comprehensive income 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 the consolidated statement of comprehensive income as 'notional finance income/expense'.

1.23 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 the consolidated statement of comprehensive income in the year that the company becomes aware of the obligation and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

1.24 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

1. Accounting policies (continued)

1.24 Current and deferred taxation (continued)

enacted or substantively enacted by the reporting 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 reporting 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 reporting 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.

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

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 statement of financial position 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 29. The preparation of the 2021 pension accounting valuation identified an actuarial calculation error in the preparations of the previous years' FRS 102 Report. This has resulted in the 2018, 2019 and 2020 pension surplus, associated balances, income and deferred taxes being misstated. Corrections have been made to these accounts and the detail changes can be found in note 33.

3. Turnover

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

	2021 £	2020 £
Promotion of football	46,614,959	27,281,687
Stadium operations	1,441,727	461,551
	<u>48,056,686</u>	<u>27,743,238</u>

All turnover arose within the United Kingdom.

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

4. Other operating income

	2021 £	2020 £
Coronavirus job retention scheme income	142,832	832,617
Grants receivable	490,228	10,600,000
	<u>633,060</u>	<u>11,432,617</u>

Grants receivable of £490,228 (2020 - £10,600,000) represents funding for football received from the Scottish Government of £490,228 (2020 - £10,000,000 of which £750,000 was deferred at the year end) and Camelot UK Lotteries Limited of £Nil (2020 - £1,350,000) following the outbreak of COVID-19.

5. Other operating charges

	2021 £	2020 £
Grants distributable	<u>663,278</u>	<u>10,594,850</u>

Other operating charges of £663,278 (2020 - £10,594,850) represent the distribution of Government grants following COVID-19 to football clubs, Affiliated National Associations and grassroots organisations in Scotland.

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets (Note 15)	594,583	1,211,380
Defined benefit pension cost	168,000	219,000
Amortisation of grants (Note 26)	(89,064)	(630,261)
Operating lease rentals - land and buildings	<u>176,076</u>	<u>373,592</u>

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

7. Auditor's remuneration

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

	2021 £	2020 £
The audit of The Scottish Football Association Limited	20,250	19,250

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

The audit of Hampden Park Limited	4,675	4,675
The audit of Hampden Park Stadium Limited	1,925	1,925
The audit of The National Stadium PLC	1,650	1,650
Taxation compliance services	6,900	6,900
All other non-audit services not included above	4,700	4,700
	19,850	19,850

8. Employees

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

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Wages and salaries	7,766,026	8,286,047	7,717,546	7,768,271
Social security costs	875,112	924,506	870,240	875,063
Cost of defined contribution scheme	815,348	907,835	808,403	888,055
	9,456,486	10,118,388	9,396,189	9,531,389

The average monthly number of employees for the Group (including the directors) during the year was 179 (2020 - 187). During the year the parent Company had 179 average monthly employees (2020 - 171).

Termination payments of £154,722 (2020 - £140,352) were made across the Group.

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	294,628	187,628
Company contributions to defined contribution pension schemes	11,803	9,522
	<u>306,431</u>	<u>197,150</u>

Emoluments amounting to £51,112 paid during the year had been deferred from previous years and potential emoluments amounting to £19,667 have been waived by Directors as part of their overall response to the Coronavirus pandemic.

During the year retirement benefits were accruing to 1 director (2020 - 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 £11,803 (2020 - £9,522).

The highest paid director received remuneration of £218,045 (2020 - £173,878).

10. Income from investments

	2021 £	2020 £
Income from fixed asset investments	94,380	89,704

11. Interest receivable and similar income

	2021 £	2020 £
Other interest receivable	-	8,259

12. Pension scheme - notional finance income

	2021 £	2020 £
Expected return on pension scheme assets	417,000	586,000
Interest on pension scheme liabilities	(390,000)	(562,000)
	<u>27,000</u>	<u>24,000</u>

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	113,583	-
Adjustments in respect of previous periods	(614)	-
Total current tax	112,969	-
Deferred tax		
Origination and reversal of timing differences	587,530	(195,464)
Adjustment in respect of prior year	-	45,075
Effect of tax rate change on opening balance	10,044	23,923
Total deferred tax	597,574	(126,466)
Taxation on profit/(loss) on ordinary activities	710,543	(126,466)

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	3,203,086	(1,199,297)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	608,586	(227,866)
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	-	(17,296)
Expenses not deductible for tax purposes	148	8,975
Fixed asset differences	54,952	53,461
Income not subject to taxation	(102,768)	(94,261)
Underprovided tax in relation to prior period	-	45,075
Other timing differences	-	70,387
Rate differences	-	23,923
Chargeable gain	15,470	26,753
Exempt ABGH distributions	(16,283)	(15,617)
Adjustments to tax charge in respect of previous periods	(614)	-
Remeasurement of deferred tax for changes in tax rates	150,991	-
Movement in deferred tax not recognised	61	-
Total tax charge for the year	710,543	(126,466)

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

13. Taxation (continued)

Factors that may affect future tax charges

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income is £226,310 (2020 - £166,720 (as restated - note 33)).

In the March 2021 UK Budget, an announcement was made to increase the main rate of UK corporation tax to 25% from 1 April 2023. This will impact on the measurement of the Company's deferred tax liabilities/(assets) in the future. The increase was substantively enacted in May 2021 and therefore the tax liabilities/(assets) of the Company have been measured at this rate in the current period.

14. Intangible assets

Group and Company

	Negative goodwill £
At 1 January 2021	(91,029)
At 31 December 2021	(91,029)
At 1 January 2021	(91,029)
At 31 December 2021	(91,029)
Net book value	
At 31 December 2021	-
At 31 December 2020	-

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

15. Tangible fixed assets

Group

	Investment property £	Leasehold improvements £	Plant and machinery £	Equipment and fittings £	Heritable property £	Total £
Cost or valuation						
At 1 January 2021	150,000	11,778,996	1,767,254	3,149,340	10,305,143	27,150,733
Additions	-	-	-	178,714	20,386	199,100
At 31 December 2021	150,000	11,778,996	1,767,254	3,328,054	10,325,529	27,349,833
Depreciation						
At 1 January 2021	-	11,755,618	150,955	2,567,927	104,238	14,578,738
Charge for the year	-	9,861	150,955	183,303	250,464	594,583
At 31 December 2021	-	11,765,479	301,910	2,751,230	354,702	15,173,321
Net book value						
At 31 December 2021	150,000	13,517	1,465,344	576,824	9,970,827	12,176,512
At 31 December 2020	150,000	23,378	1,616,299	581,413	10,200,905	12,571,995

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

15. Tangible fixed assets (continued)

Company

	Investment property £	Leasehold improvements £	Equipment and fittings £	Total £
Cost or valuation				
At 1 January 2021	150,000	3,735,060	2,233,168	6,118,228
Additions	-	-	178,714	178,714
At 31 December 2021	150,000	3,735,060	2,411,882	6,296,942
Depreciation				
At 1 January 2021	-	3,711,681	1,851,248	5,562,929
Charge for the year	-	9,861	147,518	157,379
At 31 December 2021	-	3,721,542	1,998,766	5,720,308
Net book value				
At 31 December 2021	150,000	13,518	413,116	576,634
At 31 December 2020	150,000	23,379	381,920	555,299

As at year end the Company 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 (2020 - £80,646).

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

16. Fixed asset investments

Group

	Listed investments £
Cost or valuation	
At 1 January 2021	4,813,034
Additions	464,438
Disposals	(372,347)
Revaluations	296,367
At 31 December 2021	<u>5,201,492</u>

Company

	Investments in subsidiary companies £	Listed investments £	Loans to subsidiaries £	Total £
Cost or valuation				
At 1 January 2021	4	4,813,034	8,200,905	13,013,943
Additions	-	464,438	19,922	484,360
Disposals	-	(372,347)	-	(372,347)
Revaluations	-	296,367	-	296,367
At 31 December 2021	<u>4</u>	<u>5,201,492</u>	<u>8,220,827</u>	<u>13,422,323</u>

Subsidiary undertakings

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

Name	Principal activity	Class of shares	Holding
Hampden Park Limited	Stadium management	Ordinary	100%
Hampden Park Stadium Limited	Stadium holding	Ordinary	100%
The National Stadium plc	Debenture holding	Ordinary	100%

The registered office address of the above subsidiaries is the same as that of The Scottish Football Association Limited.

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

17. Stocks

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Finished goods and goods for resale	-	38,788	-	38,788

The difference between purchase price or production cost of stocks and their replacement cost is not material.

18. Debtors

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Trade debtors	4,754,877	2,965,709	4,754,877	2,932,798
Amounts owed by related parties	385,819	222,582	385,819	222,582
Other debtors	814,516	296,941	814,516	256,658
Prepayments and accrued income	3,761,291	3,372,541	3,761,282	3,225,109
	<u>9,716,503</u>	<u>6,857,773</u>	<u>9,716,494</u>	<u>6,637,147</u>

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

19. Cash and cash equivalents

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Cash at bank and in hand	14,818,000	27,627,147	14,636,962	27,504,753
	<u>14,818,000</u>	<u>27,627,147</u>	<u>14,636,962</u>	<u>27,504,753</u>

20. Creditors: amounts falling due within one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Bank loans	1,000,000	-	1,000,000	-
Other loans	410,428	-	410,428	-
Trade creditors	1,568,657	918,776	1,568,657	918,776
Deferred consideration	250,000	250,000	-	-
Amounts owed to group undertakings	-	-	5,343,826	5,410,179
Amounts owed to related parties	8,573	16,589	-	-
Corporation tax	112,969	-	112,969	-
Other taxation and social security	230,043	534,408	214,115	522,539
Other creditors	47,318	-	43,109	-
Accruals	4,725,618	7,776,370	4,725,618	7,674,982
Deferred income	11,137,369	21,145,022	11,137,369	20,920,156
	<u>19,490,975</u>	<u>30,641,165</u>	<u>24,556,091</u>	<u>35,446,632</u>

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

21. Creditors: Amounts falling due after more than one year

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Debentures loans	4,653,400	4,653,400	-	-
Bank loans	4,000,000	5,000,000	4,000,000	5,000,000
Other loans	3,283,425	3,659,518	3,283,425	3,659,518
Deferred consideration	1,500,000	1,750,000	-	-
	13,436,825	15,062,918	7,283,425	8,659,518

Debenture loans

Class of debenture	Value £	Number authorised	Number issued	Total proceeds £
Gold	3,500	969	216	756,000
Silver	1,750	1,842	1,340	2,345,000
Bronze adult	650	2,263	2,263	1,470,950
Bronze child	450	181	181	81,450

The debenture loans were raised by The National Stadium plc in 1999 to part fund the redevelopment of Hampden Park stadium. Each of the debentures ranks pari passu with respect to voting and repayment and, save with respect to their designated seats and related benefits, without any preference or priority of one over another. The National Stadium plc now has the right to redeem the debentures at par and otherwise the debenture holder can request repayment on or after 20 May 2099. They are also repayable in the event of The National Stadium plc ceasing to trade or suffering an insolvency event. The debentures are unsecured and no interest is payable thereon.

Debenture holder benefits include the right to buy certain hospitality packages together with a ticket for a relevant match played at Hampden Park Stadium.

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

22. Deferred consideration

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Deferred consideration on stadium purchase falling due within one year	250,000	250,000	-	-
Deferred consideration on stadium purchase falling due between one and five years	1,000,000	1,000,000	-	-
Deferred consideration on stadium purchase falling due after more than five years	500,000	750,000	-	-
	<u>1,750,000</u>	<u>2,000,000</u>	<u>-</u>	<u>-</u>

23. Loans

The maturity of debt finance is as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts falling due within one year				
Bank loans (note 20)	1,000,000	-	1,000,000	-
Other loans (note 20)	410,428	-	410,428	-
Amounts falling due 1-2 years				
Bank loans (note 21)	1,000,000	-	1,000,000	-
Other loans (note 21)	410,428	-	410,428	-
Amounts falling due 2-5 years				
Bank loans (note 21)	3,000,000	4,000,000	3,000,000	4,000,000
Other loans (note 21)	1,231,284	1,464,851	1,231,284	1,464,851
Amounts falling due after more than 5 years				
Bank loans (note 21)	-	1,000,000	-	1,000,000
Other loans (note 21)	1,641,713	2,194,667	1,641,713	2,194,667
Debenture loans (note 21)	4,653,400	4,653,400	-	-
	<u>13,347,253</u>	<u>13,312,918</u>	<u>8,693,853</u>	<u>8,659,518</u>

Other loans represent an unsecured, interest free loan from FIFA received in 2020.

Bank loans represent the £5m Coronavirus Business Interruption Scheme loan received in 2020. Following an interest free period of 12 months, interest is charged at 3.8% above base rate. Santander UK plc holds fixed charge over future UEFA broadcast income and floating charge over the assets of the Company.

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

24. Financial instruments

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Financial assets				
Financial assets measured at fair value through profit or loss: Investments (Note 16)	5,201,492	4,813,034	5,201,492	4,813,034
Financial assets measured at amortised cost:				
Included in debtors due within 1 year	5,955,212	3,632,664	5,955,212	3,412,038
Bank and cash balances (Note 19)	14,818,000	27,627,147	14,636,962	27,504,753
	<u>25,974,704</u>	<u>36,072,845</u>	<u>25,793,666</u>	<u>35,729,825</u>
Financial liabilities at amortised cost				
Trade creditors (Note 20)	(1,568,657)	(918,776)	(1,568,657)	(918,776)
Amounts owed to group companies (Note 20)	-	-	(5,343,826)	(5,410,179)
Accruals (Note 20)	(4,725,618)	(7,776,370)	(4,725,618)	(7,674,982)
Other creditors (Note 20)	(8,573)	(16,589)	-	-
Loans and deferred consideration (Note 20 & 21)	(15,097,253)	(15,312,918)	(8,693,853)	(8,659,518)
	<u>(21,400,101)</u>	<u>(24,024,653)</u>	<u>(20,331,954)</u>	<u>(22,663,455)</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 group undertakings, 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.

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

25. Deferred taxation

Group

	2021 £
At beginning of year	388,244
Charged to profit or loss	597,574
Charged to other comprehensive income	226,310
At end of year	1,212,128

Company

	2021 £
At beginning of year	512,885
Charged to profit or loss	336,917
Charged to other comprehensive income	226,310
At end of year	1,076,112

The provision for deferred taxation is made up as follows:

	Group 2021 £	Group As restated 2020 £	Company 2021 £	Company As restated 2020 £
Accelerated capital allowances	174,911	122,024	38,895	6,213
Short term timing differences	(18,430)	(14,006)	(18,430)	(14,006)
Deferred tax on pension	582,750	356,440	582,750	356,440
Tax losses carried forward	-	(423,380)	-	(182,928)
Unrealised gains on investment assets	472,897	347,166	472,897	347,166
	1,212,128	388,244	1,076,112	512,885

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

26. Deferred capital grants

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Balance at beginning of year	952,957	983,218	-	-
Amortisation for the year	(89,064)	(630,261)	-	-
Grants received	-	600,000	-	-
	863,893	952,957	-	-
	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Ageing of deferred capital grants				
Less than one year	89,064	502,687	-	-
Between 1-2 years	89,064	450,270	-	-
Between 2-5 years	356,256	-	-	-
More than 5 years	329,509	-	-	-
	863,893	952,957	-	-

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

27. Reserves

The Group and Company's capital and reserves are as follows:

General reserve and Other reserve

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.

28. Analysis of net debt

	At 1 January 2021 £	Cash flows £	Other non- cash changes £	At 31 December 2021 £
Cash at bank and in hand	27,627,147	(12,809,147)	-	14,818,000
Debt due after 1 year	(15,062,918)	-	1,626,093	(13,436,825)
Debt due within 1 year	(250,000)	250,000	(1,660,428)	(1,660,428)
	<u>12,314,229</u>	<u>(12,559,147)</u>	<u>(34,335)</u>	<u>(279,253)</u>

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

29. Pension commitments

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 scheme

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 2021. During the preparation of these financial statements a calculation error was identified in the actuarial report. As a result the 2020 amounts have been restated and more detail can be found at note 33.

Reconciliation of present value of plan liabilities:

	2021 £	As restated 2020 £
Movement in defined benefit obligations		
Defined benefit obligations at start of year	29,834,000	28,874,000
Current service cost	190,000	248,000
Interest expense	390,000	562,000
Experience gain on liabilities	2,315,000	56,000
Loss on changes in assumptions	(2,433,000)	3,282,000
Benefits paid	(2,058,000)	(3,188,000)
Defined benefit obligations at 31 December	28,238,000	29,834,000

Reconciliation of present value of plan assets:

	2021 £	2020 £
Movements in the fair value of plan assets		
Fair value of plan assets at the start of year	31,710,000	29,990,000
Interest income	417,000	586,000
Actuarial gain	116,000	3,922,000
Employer contributions (gross)	427,000	478,000
Employee contributions	22,000	29,000
Benefits paid	(2,058,000)	(3,188,000)
Expenses	(65,000)	(107,000)
Fair value of plan assets at 31 December	30,569,000	31,710,000

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

29. Pension commitments (continued)

	2021 £	As restated 2020 £
Fair value of plan assets	30,569,000	31,710,000
Present value of plan liabilities	(28,238,000)	(29,834,000)
Net pension scheme asset	2,331,000	1,876,000

The amounts recognised in profit or loss are as follows:

	2021 £	As restated 2020 £
Interest on obligation	(390,000)	(562,000)
Interest income on plan assets	417,000	586,000
Total	27,000	24,000

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 2021 was a gain of £455,000 (2020 as restated - gain of £760,000).

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2021	2020
Assumptions		
Discount rate	1.90%	1.35%
Salary growth rate	3.35%	2.9%
Average life expectancies after age 60: male	25.2 years	26.2 years
Average life expectancies after age 60: female	28.9 years	28.4 years

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

29. Pension commitments (continued)

The mix of plan assets held was:

	2021	2020
	%	%
Equities	25	22
Bonds	47	49
Targeted returns fund	17	17
Annuities	8	7
Cash	3	5
	<u>100</u>	<u>100</u>

30. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Not later than 1 year	176,076	176,076	176,076	176,076
Later than 1 year and not later than 5 years	102,269	278,345	102,269	278,345
	<u>278,345</u>	<u>454,421</u>	<u>278,345</u>	<u>454,421</u>

31. Related party transactions

The Group made a donation to the Scottish Football Association Museum Trust, a charitable trust and related to the company by virtue of common directors, of £295,000 (2020 - £321,861) in the year. The Group charged the Scottish Football Association Museum Trust an amount of £180,000 (2020 - £187,500) in the year in respect of rent and common charges. The balance due from Scottish Museum Football Association Trust at 31 December 2021 was £30,640 (2020 - £19,557).

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 £71,412 (2020 - £28,854) in the year in respect of rent and common charges. The balance due from National Stadium Sports Medicine Centre Limited at 31 December 2020 was £107,954 (2020 - £106,905).

The Scottish FA paid £40,000 (2020 - £20,000) to the Scottish Professional Football League Limited in respect of parachute payments made to Brechin City Football Club following its relegation. The Scottish Professional Football League is a league recognised by the Scottish FA and has two directors in common. The balance due from Scottish Professional Football League Limited at 31 December 2021 was £161,215 (2020 - £54,374).

The company is a member body of the Scottish Football Partnership, a company limited by guarantee and set up to disburse funds for development of football in Scotland. During the year the company made a contribution of £200,000 (2020 - £Nil) towards the Scottish Football Partnership.

The Scottish Football Association Limited

Notes to the Financial Statements For the Year Ended 31 December 2021

32. Ultimate controlling party

The directors are of the view that there is no ultimate controlling party.

33. Prior year adjustment

The preparation of the 2021 pension accounting valuation identified a calculation error that resulted in the 2018, 2019 and 2020 pension surplus and associated balances of interest paid on pension liabilities, other comprehensive income and deferred tax balances being misstated. The following balances have been corrected:

2018:

Interest on pension obligation increased by £Nil
Other comprehensive income decreased by £470,000
Deferred tax charge on pension surplus decreased by £79,900
Pension surplus (balance sheet) decreased by £470,000
Deferred tax liability (balance sheet) decreased by £79,900

2019:

Interest on pension obligation increased by £12,000
Other comprehensive income decreased by £1,213,000
Deferred tax charge on pension surplus decreased by £208,250
Pension surplus (balance sheet) decreased by £1,695,000
Deferred tax liability (balance sheet) decreased by £288,150

The cumulative 2018 and 2019 adjustments resulted in the brought forward profit and loss account balance as at 1 January 2020 decreasing by £1,406,850.

2020:

Interest on pension obligation increased by £35,000
Other comprehensive income decreased by £1,795,000
Deferred tax charge on pension surplus decreased by £381,600
Pension surplus (balance sheet) decreased by £3,525,000
Deferred tax liability (balance sheet) decreased by £669,750

The cumulative 2020, 2019 and 2018 adjustments resulted in the brought forward profit and loss account balance as at 1 January 2021 decreasing by £2,855,250.