

ANNUAL REPORT

Football Foundation Annual Report and Accounts for the year ended 31 May 2005

Registered charity number 1079309 Company Number 3876305



FUNDING PARTNERS

improving facilities • creating opportunities • building communities



FootballFoundation
football's biggest supporter

Annual Report and Accounts

for the year ended 31 May 2005



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Trustees, directors, officers and advisers

TRUSTEES AND DIRECTORS

R F Burden *
 Sir Trevor Brooking (resigned 2 June 2005)
 D G Richards
 R C Scudamore *
 G Thompson
 Rt Hon W A Taylor MP

* Member of Audit and Remuneration Committees

CHIEF EXECUTIVE & SECRETARY

P A Lee

REGISTERED OFFICE

30 Gloucester Place
 London
 W1U 8FF

AUDITORS

PricewaterhouseCoopers LLP
 1 Embankment Place
 London
 WC2N 6RH

SOLICITORS

Bates, Wells & Braithwaite
 Cheapside House
 138 Cheapside
 London
 EC2V 6BB

BANKERS

Barclays Bank PLC
 Hanover Square Corporate Banking Group
 50 Pall Mall
 London
 SW1A 1QD

INVESTMENT CUSTODIANS

Barclays Global Investors
 Murray House
 1 Royal Mint Court
 London
 EC3N 4HH

Anglo Irish Bank Corporation plc
 10 Old Jewry
 London
 EC2R 8DN

Merrill Lynch International Bank Limited
 33 Chester Street
 London
 SW1X 7XD

The Royal Bank of Scotland plc
 36 St Andrew Square
 Edinburgh
 EH2 2YB

UBS Laing Cruickshank Limited
 Citygate
 St James' Boulevard
 Newcastle Upon Tyne
 NE1 4JE

Report of the Trustees

for the year ended 31 May 2005

The Trustees, who are also directors of the company for the purposes of the Companies Act, present their annual report and the audited financial statements for the year ended 31 May 2005.

The information with respect to Trustees, directors, officers and advisers set out on page 2 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in October 2000 and the Companies Act 1985.





STATUS AND ADMINISTRATION

The Charity is a charitable company limited by guarantee, incorporated on 19 November 1999 as The Football Trust Charitable Trust, changing its name to The Football Foundation on 26 April 2000 (company registration number 3876305) and registered with the Charity Commissioners (charity number 1079309).

The other company included within the Group is the non-charitable trading subsidiary Football Foundation Trading Limited, which was incorporated on 20 April 2001 (company registration number 4202574).

The report and consolidated financial statements for the year ended 31 May 2005 relate to the total activities of the two legal entities.

OBJECTS

The Charity's objects were changed by special resolution on 16 June 2004. The objects of the charity, as stated in its governing document, are to promote all purposes recognised as charitable under the law of England and Wales from time to time in particular through an association with sport.

Football Foundation Trading Limited has been established to trade and generate funds for The Football Foundation. There are no restrictions on the activities of the company. The main activity in the company during 2004/05 was the provision of football kit and equipment to football clubs and schools and to provide administrative support to The Football Foundation for the new Barclays Spaces for Sports Scheme.

REVIEW OF ACTIVITIES AND FUTURE DEVELOPMENTS

The consolidated statement of financial activities for the year is set out on page 11 of the financial statements. A summary of the financial results and the work of the charity is set out below.

During the year, the Football Association, the F.A. Premier League and the Government agreed to provide funding worth £45 million over the next three years to support planned activities.

INCOME GENERATION

The income of the Charity is comprised primarily of donations and grants from football and sport related organisations, with an additional amount of interest earned on cash balances. Donations received during the year were £68.0m (2004: £53.2m). There are no income generating activities carried out by the charity, although the subsidiary company generated income of £331,000 (2004: £482,000) in the year.

GRANT MAKING POLICY

Over 3,544 grants were awarded during the year under the Grass Roots and Community & Education and Junior Kit Schemes, compared with 2,350 grants during 2004.

Grass Roots grants are given to organisations and bodies to improve or create new pitches and changing facilities in parks and schools.

Community and Education grants use football to assist in the development of communities and the people who share them, including encouraging physical activity, drugs awareness courses, anti racism activities and the development of numeracy and literacy schemes amongst school children and adults alike.

Junior Kit Scheme grants provide free kit and equipment to clubs and schools.

During 2005 several major grants were awarded. The largest 50 grants are listed in note 25 to the financial statements. All applications for grants are assessed and judged in line with the objects of the Charity. The key criteria which grant applications are required to meet are:

- The application is in line with the charity's published data and fact sheets;
- There is a demonstrable need;
- There is adequate financial management of both the project and the applicant;
- Work must be properly procured, and
- The sports development programme is achievable, equitable and results orientated.

FUTURE ACTIVITIES

The Charity intends to maintain its current grant making activity over the categories established above. It has already awarded a number of grants during 2005/06. These include £910,000 to Bristol City Council for the Netham Park Sports and Community Pavilion, £803,600 to Basingstoke and Deane Borough Council for the new pitches and pavilion facilities at Tadley and £800,000 to the City of Bradford Metropolitan District for the Myra Shay Sports Facility.

FOOTBALL FOUNDATION TRADING LTD

The charity's wholly owned trading subsidiary carries out non-charitable trading activities for the group. The company makes an annual gift aid payment to the charity, thereby transferring all of its taxable profits to the charity. In 2005, no payment was made due to Football Foundation Trading Limited incurring a loss. The directors of The Football Foundation Limited consider that losses will be made in this year only due to the winding down of the Barclaycard Free Kicks scheme. In 2004 a gift aid payment of £9,555 was made by Football Foundation Trading Limited. In addition to its trading activities the company also developed the Register of English Football Facilities. On 4 April 2001 the Charity agreed to make a grant of £2,295,000 to the Football Foundation Trading Limited to compile a comprehensive register of football facilities in England as a context for developing an objective rationale for prioritising and generating grass roots football projects. Although the register was completed

during 2002/03 it continues to be improved and enhanced. The 22,000 sites listed on the register enable people to locate their nearest clubs and see the facilities on offer. The company makes an annual payment under a Royalty agreement of 2% of its annual turnover to the Charity as consideration for the use of the Charity's name and logos. The payment due to the Charity under this agreement for 2005 is £6,628 (2004: £9,995).

Of the three directors of the company, R G Scudamore and G Thompson are directors of the holding company and P A Lee is the Chief Executive of the holding company.

CHANGES IN FIXED ASSETS

The movements in fixed assets during the year are set out in notes 10 and 11 to the financial statements.

INVESTMENT POWERS, POLICY AND PERFORMANCE

Investment powers are governed by the company's Articles of Association, which permit the surplus funds to be invested by the Board of Directors. The Trustees intend that the real value of the charity's investments be maintained and enhanced over the long term by investment in a low risk portfolio comprising solely of cash funds. The brief to the Chairman, Chief Executive and Director of Finance, who have delegated authority in such matters, is that they should select a balanced investment return from income and capital, with low risk. The performance of the investments has been in line with Trustees' expectations.

RESERVES

The Trustees have established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets or designated for specific purposes ("the free reserves") held by the Charity should be at least between six and nine months of the resources expended. At this level, the Trustees feel that they would be able to continue the current activities of the Charity in the event of a significant drop in income. It would then be necessary to consider how the income would be replaced or activities changed.

The group has cash on deposit of £41.8 million (2004: £59.7million) and investments in unit trusts of £50.0 million (2004: £3.1million) at the end of the financial year. These will be used in the coming years to pay grants that the Trustees have authorised and communicated to the recipients. At the end of the financial year there were outstanding grants payable totalling £80.1 million (2004: £53.5 million). The timing for receipt of income by the Charity is never certain, so the Trustees' policy is not to commit funds that have not yet been received.

GOVERNANCE OF THE CHARITY

During the period under review the Trustees met bi-monthly. The Trustees are appointed to the Board as follows:

The Football Association: 2 trustees
The F.A. Premier League: 2 trustees
Sport England: 1 trustee
The Department for Culture, Media and Sport: 1 trustee



Trustees serve for an open period until the nominating body replaces them on the Board.

The Trustees, all of whom served throughout the year except where otherwise disclosed, are listed on page 2.

COMMITTEES AND PANELS

The Trustees have established committees for specific areas of the Charity's operations covering the following areas: The Grant Assessment Panel, The Grass Roots Advisory Group and the Community and Education Panel. In addition, the Trustees participate in the Audit and Remuneration Committees.

RISK MANAGEMENT

In the light of Corporate Governance guidance contained within the Charities Statement of Recommended Practice issued on 12 October 2000, the directors are preparing to establish a Risk Management Group. This group should be fully operational during 2005/06. A draft risk register has been produced by the Charity and the group will be conducting its own review of the major strategic, business and operational risks to which the charity and the group are exposed. Systems will be enhanced to mitigate all those risks and procedures implemented, where outstanding, to minimise the potential impact on the Charity and the group should any of those risks materialise.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are required by charity and company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the surplus or deficit of the group as at the end of the financial year:

The Trustees confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 May 2005. The Trustees also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the organisation's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and

dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITORS

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board

P A Lee
Company Secretary

Independent auditors' report

to the members of the Football Foundation

We have audited the financial statements which comprise the consolidated statement of financial activities, the balance sheets, the consolidated cash flow statement and the related notes.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

The Trustees are also the directors of The Football Foundation for the purpose of Company Law. Their responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Trustees' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for, and only for, the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company and the group at 31 May 2005 and of the net incoming resources, including its income and expenditure and the cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors



Consolidated statement of financial activities

for the year ended 31 May 2005
(including an income and expenditure account)

		Restricted Funds	Unrestricted Funds	Total Funds	Restated Total Funds
		2005	2005	2005	2004
	Notes	£'000	£'000	£'000	£'000
Incoming Resources					
Donations	2	20,350	47,652	68,002	53,243
Activities for generating funds:					
Trading income	3	-	331	331	482
Interest income	4	-	3,206	3,206	1,839
Total incoming resources		20,350	51,189	71,539	55,564
Resources Expended					
Costs of generating funds					
Trading costs in subsidiary company	5	-	(38)	(38)	(114)
Costs of activities in furtherance of the charity's objects:					
Grants payable	5	(20,350)	(38,533)	(58,883)	(45,016)
Management and administration	5	-	(2,728)	(2,728)	(2,632)
		-	(41,261)	(61,611)	(47,648)
Total resources expended		(20,350)	(41,299)	(61,649)	(47,762)
Net income/(expenditure) before revaluations	6	-	9,890	9,890	7,802
Statement of recognised gains and losses					
Gains on revaluation of investment assets	12	-	225	225	155
Net movement in funds		-	10,115	10,115	7,957
Fund balances brought forward	16	-	24,624	24,624	16,667
Fund balances carried forward	16	-	34,739	34,739	24,624

All incoming resources and resources expended are derived from continuing activities.
The company had no gains or losses other than those included in the net movement in funds above,
therefore no separate statement of total recognised gains and losses has been presented.
There is no difference between the net movement in funds and its historical cost equivalent.

Balance sheet

as at 31 May 2005

	Notes	Group		Charity	
		Restated			
		2005	2004	2005	2004
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	10	-	-	-	-
Tangible fixed assets	11	1,734	2,149	242	327
		1,734	2,149	242	327
Current assets					
Investments	12	49,987	3,072	49,987	3,072
Debtors	13	24,257	15,587	24,394	15,698
Cash on deposit		41,803	59,729	41,803	59,396
		116,047	78,388	116,184	78,166
Creditors:					
amounts falling due within one year	14	(81,895)	(54,438)	(81,448)	(53,856)
Net current assets		34,152	23,950	34,736	24,310
Creditors:					
amounts falling due after one year	15	(1,147)	(1,475)	-	-
Total assets less current liabilities		35,886	26,099	34,978	24,637
Net assets		34,739	24,624	34,978	24,637
Capital and reserves:					
Trading subsidiary reserves	3	(239)	(13)	-	-
Restricted funds	16	-	-	-	-
Unrestricted funds (including a revaluation reserve of £297,000)	16	34,978	24,637	34,978	24,637
Total funds	16	34,739	24,624	34,978	24,637

The financial statements, which comprise the consolidated statement of financial activities, the balance sheets, the consolidated cash flow statement and the related notes were approved by the board of directors on 7 December 2005 and signed on its behalf by:

DG Richards, Director

Consolidated cash flow statement

for the year ended 31 May 2005

		2005	2004
	Notes	£'000	£'000
Net cash inflow from operating activities	18	25,734	12,537
Returns on investments and servicing of finance			
Interest received		2,994	1,839
Total returns on investments and servicing of finance		2,994	1,839
Capital expenditure and financial investment			
Purchase of investments	12	(46,690)	-
Sale of investments	12	-	2000
Purchase of tangible fixed assets	11	(48)	(34)
Sale of tangible fixed assets	11	4	-
Total capital expenditure and financial investment		(46,734)	1,966
Net cash (outflow)/inflow before financing		(18,006)	16,342
Decrease in cash in the year	20	(18,006)	16,342

Notes to the financial statements

for the year ended 31 May 2005



I. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in October 2000, and the Companies Act 1985. A summary of the principal group accounting policies, which have been applied consistently unless stated, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated statement of financial activities, the consolidated balance sheet and the consolidated cash flow statement include the financial statements of the charity and its subsidiary undertaking made up to 31 May 2005. The subsidiary has been consolidated on a line by line basis. Intra group transactions and profits are eliminated fully on consolidation.

The charity has availed itself of Paragraph 3(3) of Schedule 4 of the Companies Act 1985 and adapted the Companies Act formats to reflect the special nature of the charity's activities. No separate SOFA has been presented for the charity alone as permitted by Section 230 of the Companies Act 1985 and paragraph 304 of the SORP. The amount of the net outgoing resources for the year dealt with in the charity's financial statements is disclosed in note 9.

Restatement

The deferred capital grant, previously recorded in reserves has been reallocated to short and long term creditors to more accurately reflect the nature of the balance.

Donations

All donations received to unrestricted funds are included in the statement of financial activities on a cash received basis. Donations to the restricted fund have been included on a receivable basis as the funding bodies commit to the donations as the related grants payable are authorised by the Foundation.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Grants payable

Grants payable are recognised in the statement of financial activities when the grant has been authorised and communicated to the recipient, and the recipient has confirmed their acceptance of the offer. This is deemed to have created a constructive liability as there are no significant conditions attached to payment of the grants.

Management and administration

Management and administration costs include expenditure on administration of the charity and compliance with constitutional and statutory requirements, and an appropriate apportionment of indirect costs.

Irrecoverable VAT

Any irrecoverable VAT is charged to the statement of financial activities, or capitalised as part of the cost of the related asset, where appropriate.

Recognition of liabilities

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

Fund accounting

During 2002/03 a restricted fund was established to account for donations received from the Big Lottery Fund (formerly New Opportunities Fund), and for grants awarded from this source of funding.

During 2003/04 The Football Association appointed The Football Foundation to act on its behalf in respect of the receipt and distribution of funds from Sport England, distributor of certain Government capital funding for the development of community club sports facilities. This scheme is called the Community Club Development Programme (CCDP). A restricted fund has been established to account for these donations from Sport England. These funds are in addition to

Sport England's contribution to the Charity's core grant-aiding activity.

All other funds are unrestricted funds which are available for use at the discretion of the directors in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Pension costs

The charity makes contributions to defined contribution pension schemes on behalf of certain staff members, the assets of which are held separately from those of the charity in an independently administered fund. The cost of these contributions is charged in the financial statements as incurred.

Tangible fixed assets**Capitalisation and replacement**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. Assets of over £250 are capitalised.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. Assets in the course of construction are not depreciated until they are brought into use. The principal annual rates used for this purpose are:

	Years
Fixtures and fittings – straight line	10
Computer equipment – straight line	4
Computer equipment: REFF database – straight line	7
Motor vehicles – straight line	5

Intangible Assets – Goodwill

The goodwill shown in note 10 arose from the acquisition of assets from The Football Trust. The goodwill has been amortised over a period of four years, being the period over which The Football Foundation will receive its initial grant funding from The Football Association, The F.A. Premier League and the Government.

Investments

These are included in the balance sheet at market value at the year end. All realised and unrealised gains or losses are taken to the statement of financial activities.

Deferred capital grants

In a prior year, the subsidiary company received a capital grant from The Football Foundation relating to the costs of developing the Register of English Football Facilities (REFF). This grant is being released to the profit and loss account over 7 years to match the annual depreciation charge on REFF.

Related party transactions

Financial Reporting Standard 8 "Related party transactions" requires the disclosure of the details of material transactions between the reporting entity and related parties. The company has taken advantage of exemptions under Financial Reporting Standard 8 not to disclose transactions with group companies.

Deferred taxation

Provision is made for deferred taxation using the incremental liability method where the directors consider deferred taxation has a material impact on the financial statements. Material deferred tax assets are only recognised to the extent they are recoverable.

2. DONATIONS

The Football Stadia Improvement Fund Limited includes the gift aid for 2005 and 2004. The balance disclosed in 2004 represents the 2003 donation.

Group	2005 £'000	2004 £'000
Unrestricted		
The Football Association	26,375	23,000
F.A. Premier League	14,297	13,000
The Football Stadia Improvement Fund Limited	736	337
Sport England	4,745	3,047
Barclays Spaces for Sports	1,499	-
Other	-	1
	47,652	39,385
Restricted		
Big Lottery Fund (formerly New Opportunities Fund)	18,397	6,870
Sport England: CCDP	1,953	6,988
	20,350	13,858
Total donations	68,002	53,243

3. SUBSIDIARY UNDERTAKING

The subsidiary undertaking of the charity, Football Foundation Trading Limited (FFTL), is a company registered in England and Wales in which the charity holds 1 £1 ordinary share representing 100% of the issued share capital. FFTL administers the Register of English Football Facilities. It also provides football kit and equipment to clubs through a sponsorship scheme with Barclaycard. This scheme ended in the year and the subsidiary now administers the new Barclays Spaces for Sports scheme on behalf of The Football Foundation.

The subsidiary donates its taxable profits to the charity each year by gift aid. In addition the subsidiary pays 2% of its turnover to the charity under a royalty agreement as consideration for the use of the Charity's name and logos. The company's trading results for the year, as extracted from the audited financial statements, are summarised opposite:

	2005 £'000	2004 £'000
Turnover	331	482
Cost of sales/admin expenses	(886)	(822)
Release from deferred capital grants	328	328
Operating loss	(227)	(12)
Investment income	1	16
Gift aid	-	(10)
Loss of subsidiary	(226)	(6)

Turnover includes £nil (2004: £nil) for services to the charity.

	Restated	
	2005 £'000	2004 £'000
Tangible fixed assets	1,492	482
Current assets	1	360
Current liabilities	(585)	(720)
Liabilities falling due after one year	(1,147)	(1,475)
Net liabilities	(239)	(1,353)

4. INTEREST INCOME

Group	2005 £'000	2004 £'000
Interest receivable on cash on deposit	3,146	1,713
Interest receivable on investment assets	-	126
Release from deferred capital grants	60	-
	3,206	1,839

5. RESOURCES EXPENDED

Group	Staff costs	Other costs	Depreciation & amortisation	2005	2004
	£'000	£'000	£'000	£'000	£'000
Trading costs	-	38	-	38	114
Grants payable (see note 25)	-	58,883	-	58,883	45,016
Management & administration	1,254	1,345	129	2,728	2,632
	1,254	60,266	129	61,649	47,762

6. NET INCOMING RESOURCES BEFORE REVALUATIONS

Group	2005 £'000	2004 £'000
Net outgoing resources are stated after charging/(crediting):		
Depreciation on tangible assets	457	458
Loss on disposal of tangible fixed assets	2	-
Goodwill amortisation	-	86
Amortisation of deferred capital grants	(328)	(328)
Auditors' remuneration for:		
Audit services	18	17
Taxation and other services	19	-

Indemnity insurance for directors'/trustees' liability has been purchased by the group at a cost of £7,875 (2004: £5,565).

7. EMPLOYEE INFORMATION

Group	2005	2004
	Number	Number
The average number of persons employed by the group during the year was:		
Administration	34	31

Group	2005 £'000	2004 £'000
Staff costs (for the above persons)		
Wages and salaries	1,063	956
Social security costs	122	107
Pension costs	69	61
	1,254	1,124

The number of employees whose emoluments exceeded £50,000 were:

Group	2005	2004
	Number	Number
£50,001 - £60,000	2	2
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001 - £110,000	1	1

For those staff whose emoluments exceeded £50,000, pension contributions amounting to £28,955 (2004: £28,652) were paid for the provision of money purchase benefits. No trustee/director received any remuneration from the charity during the year. The Chairman was reimbursed £1,030 for out of pocket expenses incurred whilst carrying out his duties. No other trustee/director has received reimbursement for travel expenses.

8. TAXATION

The parent company is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

The charity is not registered for VAT and, accordingly, all its expenditure is recorded inclusive of any VAT incurred.

Football Foundation Trading Limited is registered for VAT, and consequently all its income and expenditure is recorded net of VAT. Football Foundation Trading Limited gift aids all of its taxable profits to the charity, resulting in no liability to corporation tax.

No deferred tax asset has been recognised on the losses arising in FFTL on the basis that sufficient profits cannot be guaranteed at this stage of the company's development.

9. NET INCOMING RESOURCES DEALT WITH IN THE CHARITY'S FINANCIAL STATEMENTS

The net incoming resources for the year attributable to the charity were £10,382,000.

10. INTANGIBLE FIXED ASSETS

Group and charity	Negative goodwill £'000
Cost	
At 1 June 2004 and 31 May 2005	344
Amortisation	
At 1 June 2004 and 31 May 2005	344
Net book value	
At 31 May 2005 and 31 May 2004	-

11. TANGIBLE FIXED ASSETS

Group	Fixtures & fittings	Computer Equipmnt	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 June 2004	66	2,683	150	2,899
Additions	-	9	39	48
Disposals	-	-	(30)	(30)
At 31 May 2005	66	2,692	159	2,917
Depreciation				
At 1 June 2004	16	644	90	750
Charge in year	6	422	29	457
Disposals	-	-	(24)	(24)
At 31 May 2005	22	1,066	95	1,183
Net book amount				
At 31 May 2005	44	1,626	64	1,734
At 31 May 2004	50	2,039	60	2,149

11. TANGIBLE FIXED ASSETS (continued)

Charity	Fixtures & fittings	Computer Equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 June 2004	42	388	150	580
Additions	-	9	39	48
Disposals	-	-	(30)	(30)
At 31 May 2005	42	397	159	598
Depreciation				
At 1 June 2004	11	152	90	253
Charge in year	4	94	29	127
Disposals	-	-	(24)	(24)
At 31 May 2005	15	246	95	356
Net book amount				
At 31 May 2005	27	151	64	242
At 31 May 2004	31	236	60	327

12. INVESTMENTS

All investments opposite relate to unit trusts and are stated at their market value as at 31 May 2005, other than the £40 million investment with Barclays which is valued at £39,110,160. The terms of the investment with Barclays state that the capital is 100% guaranteed, therefore the notional loss at the year end has not been recognised.

The historical cost of investments was £49.7 million (2004: £3 million).

All investments are held in the UK and Ireland.

Charity and Group	2005 £'000	2004 £'000
At 1 June 2004	3,072	4,917
Additions	46,690	-
Disposals	-	(2,000)
Net revaluation gains/(losses)	225	155
At 31 May 2005	49,987	3,072

Material investment holdings comprised:

Charity and Group	2005	
	Value £'000	Percentage of investment portfolio
BNP Paribas Eur MTN 31/05/07 Interest Bearing Equity Linked Note	5,000,000	10%
Barclays FTSE 3 year split ELNE Equity Linked Note	20,000,000	40%
Barclays FTSE 5 year split ELNE Equity Linked Note	20,000,000	40%
Merrill Lynch GBP 5 year Global equity 100% min zero % Jun 03 2010	4,987,000	10%

13. DEBTORS

	Group		Charity	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Amounts falling due within one year				
Amounts due from subsidiary undertaking	-	-	138	119
Amount due from Big Lottery Fund	15,009	8,126	15,009	8,126
Amount due from Sport England for the CCDF	8,090	6,988	8,090	6,988
Other debtors	959	345	959	328
Prepayments and accrued income	199	128	198	137
	24,257	15,587	24,394	15,698

No interest is charged on subsidiary undertaking balances.

14. CREDITORS:
AMOUNTS FALLING
DUE WITHIN ONE YEAR

	Group		Charity	
	Restated			
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Bank overdraft	106	26	101	26
Grants payable	80,117	53,497	80,117	53,497
Taxation and social security costs	41	52	11	52
Other creditors	532	395	462	164
Accruals and deferred income	1,099	468	757	117
	81,895	54,438	81,448	53,856

The overdraft is unsecured.

15. CREDITORS:
AMOUNTS FALLING
DUE AFTER ONE YEAR

	Restated	
	2005 £'000	2004 £'000
Deferred income (see below)	1,147	1,475
Deferred capital grant		
	2005 £'000	2004 £'000
Opening balance at 1 June	1,803	2,131
Release of deferred capital grant	(328)	(328)
Closing balance at 31 May	1,475	1,803
Represented by:		
Deferred capital grant due within one year	328	328
Deferred capital grant due after more than one year	1,147	1,475
	1,475	1,803

16. FUNDS

Group	Restated				
	Balance 2004	Incoming resources	Resources expended	Transfers, Investment gains/(losses)	Balance 2005
	£'000	£'000	£'000	£'000	£'000
Unrestricted fund					
General reserve	24,624	51,189	(41,299)	225	34,739
Restricted funds					
Big Lottery Fund	-	18,397	(18,397)	-	-
CCDP	-	1,953	(1,953)	-	-
Total funds	24,624	71,539	(61,649)	225	34,739

Charity					
Unrestricted fund					
General reserve	24,637	50,866	(40,750)	225	34,978
Restricted funds					
Big Lottery Fund	-	18,397	(18,397)	-	-
CCDP	-	1,953	(1,953)	-	-
Total funds	24,637	71,216	(61,100)	225	34,978

17. ANALYSIS OF THE NET ASSETS BETWEEN FUNDS

Group	General fund	Restricted funds	Balance 2005
	£'000	£'000	£'000
Tangible fixed assets	1,734	-	1,734
Net current assets	11,053	23,099	34,152
Long term liabilities	(1,147)	-	(1,147)
Net assets	11,640	23,099	34,739

18. RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Group	2005	2004
	£'000	£'000
Continuing activities		
Net incoming/(outgoing) resources for the year	10,115	7,957
Depreciation of tangible fixed assets	457	458
Amortisation of intangible fixed assets	-	86
Amortisation of deferred capital grant	(328)	(328)
Interest income	(3,206)	(1,839)
(Gain)/loss on disposal of fixed assets	2	-
(Gain)/loss on revaluation of investment assets	(225)	(155)
(Increase)/decrease in debtors	(8,458)	(11,293)
Increase in creditors	27,377	17,651
Net cash inflow from operating activities	25,734	12,537

19. ANALYSIS OF CHANGES IN NET FUNDS DURING THE YEAR

Group	At 1 June 2004	Cashflow	At 31 May 2005
	£'000	£'000	£'000
Net cash:			
Cash on deposit	59,729	(17,926)	41,803
Bank overdraft	(26)	(80)	(106)
Net funds	59,703	(18,006)	41,697

20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

Group	£'000
Decrease in cash	(18,006)
Change in net funds	(18,006)
Net funds at 1 June 2004	59,703
Net funds at 31 May 2005	41,697

21. OPERATING LEASES

There are no operating leases.

22. COMMITMENTS

All grant commitments have been recognised once the grant recipient has confirmed their acceptance of the offer. In addition, grants totalling £13,034,936 (2004: £5,740,351) have been offered where acceptance is awaited.

23. CAPITAL

The charity is a company limited by guarantee. Each member has undertaken to contribute £1 to the assets of the company to meet its liabilities if called on to do so. The total amount guaranteed by members at 31 May 2005 is £2 (2004: £2).

24. RELATED PARTY TRANSACTIONS

The charity has taken advantage of the exemption provided by Financial Reporting Standard No. 8 on Related Party Transactions from disclosing transactions with entities, 90% or more of whose voting rights are controlled within the group, and where consolidated financial statements are publicly available.

Mr D G Richards and Mr R C Scudamore are the Chairman and Chief Executive of The F.A. Premier League respectively. The F.A. Premier League donated £14,297,000 (2004: £13,000,000) to The Football Foundation during the year.

Mr G. Thompson is the Chairman, and Mr D. Richards and Mr R. Burden are directors of The Football Association. The Football Association donated £26,375,000 (2004: £23,000,000) to The Football Foundation during the year.

Sir Trevor Brooking is a supporter of West Ham United FC.

During 2004/05 a grant of £150,000 was made to the Club towards a project seeking to encourage increased participation by Asians in sport. Sir Trevor Brooking did not take part in the decision making process for award of this grant.

Mr R Burden is a director of the Gloucestershire Football Association.

During 2004/05 a grant of £116,980 was made to the Association towards assisting people with disabilities to play football. Mr Burden did not take part in the decision making process for the award of this grant.

Mr D G Richards is a shareholder of Sheffield Wednesday FC.

During 2004/05 a grant of £116,888 was made to the Club towards an education project in South Yorkshire. Mr Richards did not take part in the decision making process for the award of this grant.

Staff of the Football Foundation are employed under joint contracts with the Football Stadia Improvement Fund. A proportion of staff costs are recharged to The Football Stadia Improvement Fund together with an element of the running costs of The Football Foundation.

The Football Stadia Improvement Fund and Football Foundation Trading Limited gift aid their taxable profit for the year to The Football Foundation.

In the current year, £736,000 (gift aid for 2004 and 2005) has been received as a gift aid donation from The Football Stadia Improvement Fund.

25. GRANTS AWARDED

Grants payable amounted to £58,883,000 (2004: £45,016,000).

A list of the largest 50 grants awarded during the year is provided below.

Each of these organisations received one grant in the year.

Grass roots grants awarded:

	£		£
Litherland High School	1,000,000	Millwall Community Scheme	860,000
Stonebridge Housing Action Trust	1,000,000	Stoke on Trent City Council	859,610
University of Southampton	1,000,000	Salford City Council	850,314
Alleyne's High School	988,980	Bacon's College	817,410
Russell Foster Tyne and Wear Sports Foundation	988,869	Cheshire County Sports Club	806,255
Callington Community College	988,106	Shrewsbury and Atcham Borough Council	800,000
Nottingham City Council	984,219	London Borough of Tower Hamlets	800,000
Hartlepool Borough Council	973,976	Edmonton Cricket Club	786,858
St Thomas More Roman Catholic School	953,000	Hayes Manor School	784,683
London Borough of Newham	939,528	Biddulph High School	747,391
Hopwood Hall College	917,310	Epsom and Ewell Borough Council	706,932
Judge Meadow Community College	911,400	Basingtoke and Deane Borough Council	680,626

Grass roots grants awarded (continued):

	£		£
The City Academy, Bristol	666,870	Garibaldi College	464,468
Tameside Metropolitan Borough Council	598,500	Tonridge District Council	461,000
Filwood Playing Fields Trust	592,863	High Ridge Sports College	450,910
Astley Sports College	570,084	Childwall School	443,979
Rugby United Football Club	562,800	Thornaby and Ingleby Barwick Football Club	428,250
Egguckland Community College	552,267	Stanley School of Technology	413,230
Sutton High Sports College	531,305	Turnford School	410,027
Beavers Community Primary School	520,379	Houghton Kepier Specialist Sports College	398,148
Rosington All Saints Church of England	511,493	Netherhall School Specialist Sports College	397,836
University of Hull	493,711	Northgate High School	377,798
Testwood School	482,432	Anthony Gell School	374,528
Heysham High School Sports College	467,902	Stanley Junior School	364,735
		Other grants	11,657,221
		Total	44,338,203

Community Club grants awarded:

	£
Rugby Town Junior Football Club	951,789
Teesside Athletic Football Club	730,928
Other grants	271,165
Total	1,953,882

Community and Education grants awarded:

	£
The Football League Youth Development Continuity Programme	1,250,000
Other grants	8,081,708
Total	9,331,708

In addition, grants for kit and equipment costing a total of £663,613 (2004: £588,000) were awarded to over 3,000 (2004: 1,800) junior football teams and clubs and grants for Barclays Spaces for Sports amounted to £2,595,516 (2004: £Nil).



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