

Wembley National Stadium Limited

REPORT AND FINANCIAL STATEMENTS

31 December 2012

Wembley National Stadium Limited Annual Report and Financial Statements 31 December 2012



Company Registration No. 03388437



Officers and professional advisers

Directors

M Benn (Chairman)
R Maslin
D Bernstein
P Gartside
A Horne
S Martin
D Thomson
G Burr
C McConville

Secretary

R Maslin

Registered Office

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Independent Auditor

Deloitte LLP
Chartered Accountants and
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Chairman's statement



Melvin Benn

The Football Association is celebrating its 150th anniversary in 2013 but it will also be a notable year in the history of the world-renowned Wembley Stadium.

It is 90 years since the original Empire Stadium opened on 28 April 1923, when Bolton Wanderers were 2-0 winners against West Ham United and claimed the FA Cup. It is said 300,000 people were there on that memorable day and I am delighted, nine decades later, that the desire to get to Wembley remains as strong as ever.

Landmarks continued to come thick and fast in 2012. The new Wembley Stadium marked its fifth anniversary since reopening, welcomed its 12-millionth visitor and staged its 100th match. It also saw more than two million people through the doors in one year alone, with 29 separate stand-out events under the Arch.

All of this was driven by our vision to be the best stadium experience in the world, and our commitment to putting our event owners and their fans at the forefront of everything we do. To this end, we strengthened our Board with two non-executive directors in March - Gwyn Burr and Coline McConville.

With fifteen years of experience at Board level in an executive capacity and more than eight years in a non-executive capacity, G Burr has vast experience in the retail sector notably with Sainsbury's and Asda.

She is regarded as one of the industry's leading 'customer champions' and has served on the Boards of three FSA-regulated companies. G Burr has been internationally recognised for her strong leadership on environmental issues as well as community and employee engagement. She is also a long-standing Club Wembley member.

C McConville has more than two decades' involvement at Board level as a non-executive director and in an executive capacity, having graduated from University of New South Wales Law School and furthering her education at Harvard Business School. Well regarded in the global media industry through her work as the Chief Operating Officer of Clear Channel, she has also sat on the Boards of HBOS, Shed Media and TUI Travel.

Their arrival came just before a tremendously exciting summer for Wembley Stadium, culminating in nine matches during the London Olympics. A stand-out moment of the entire Games was when the Team GB women saw off the might of Brazil with a 1-0 victory in front of an astonishing 70,584 crowd, courtesy of Steph Houghton's winner. The men's and women's finals were also major events that garnered attention across the globe.

In all, we had 640,000 Olympic fans at Wembley and set an Olympic record with 80,203 watching the US women see off Japan with a 2-1 victory. Anyone present could not fail to be impressed by the atmosphere and enthusiasm for the women's game, all of which bodes well for The FA Group's wider commitment to the sport.

In regular international competition, England's men's senior team began their road to the 2014 FIFA World Cup at Wembley in 2012, and will look to finish the job in the year to come – with major friendly matches against Republic of Ireland and Scotland to add to the excitement.

Domestically, the FA Cup Final saw 89,102 people through the turnstiles as Chelsea beat Liverpool 2-1, after two thrilling semi-finals. The Football League Play-Off finals continued to create drama with West Ham United's return to Wembley Stadium for the first time since 1980 seeing them clinch promotion to the Premier League with a 2-1 defeat of Blackpool.

The new Wembley Stadium marked its fifth anniversary since reopening, welcomed its 12-millionth visitor and staged its 100th match.

The League One match saw the ultimate penalty shootout with all 22 players involved as Huddersfield defeated Sheffield United 11-10 on spot-kicks after no goals in 120 minutes of play.

In other sports, American Football fans were delighted to hear Wembley had won exclusive staging rights to all overseas NFL games in the UK for the next five years. It cements the extremely positive partnership that exists between Wembley and the NFL and is acknowledgement of Wembley's position as one of the most important and iconic sports venues in the world.

The relationship was cemented when New England Patriots beat St. Louis Rams in October and there will be another two regular season games in 2013. Rugby supporters attended the Challenge Cup Final while Union supporters could watch two Saracens games including a world record for club attendance with 83,761 at the Harlequins match in the Aviva Premiership.

A great year of music in 2013 was prefaced by the Capital Summertime Ball last year, which will be returning for another big show. This has paved the way for the likes of Robbie Williams, The Killers, Roger Waters and Bruce Springsteen. All will be stand-out events in more than 30 across the year, arguably the best programme seen since the reopening in 2007.

The outlook is fantastic – and that is without mentioning the biggest club football match in the world, the 2013 UEFA Champions League Final in May. UEFA took the unprecedented step of awarding Wembley its second showpiece in three years as part of The FA's 150th celebrations and as a reward for the remarkable success last time around.

While the FA Cup, FA Vase, FA Trophy, Football League and Conference Finals will all return of course, it is the UEFA extravaganza that will take Wembley to a huge global audience once again. The seventh time the European Champion Clubs' Cup will be lifted at the home of football will underline Wembley's world-class reputation.

That's not all. We are gearing up for the Challenge Cup Final again in Rugby League and the semi-final double header of the Rugby League World Cup. The NFL's commitment will see the Pittsburgh Steelers take on the Minnesota Vikings before the Jacksonville Jaguars welcome the might of the San Francisco 49ers.

Indeed, Jacksonville have committed to play a regular season home game at Wembley for the next four years, a huge step forward for gridiron on these shores. Sporting firsts continue to happen with the ISPT Poker Tournament and our events team continue to stage added value events – be they breakfasts with the England manager; exclusive opportunities to watch training, press conferences and other money-can't-buy experiences.

Club Wembley continues to be the largest and most successful long term contracted high value membership of any entertainment venue in the world. It has a £56m gross revenue stream, no doubt thanks to our improved concourse experience; with direct investment in facilities – be it retail, hospitality and technology.

Members remain at the very heart of the business, and in terms of conference and banqueting, we hosted more than 500 events, with overall growth in turnover of 18% and sales totalling over £3m. Our Wembley Tour has been upgraded in line with The FA's 150th anniversary, but it welcomed 150,000 visitors in 2012 and we introduced a new Zip Wire experience.

Chairman's statement

We value our commitment to the green agenda and we earned global recognition for our environmental programme by being awarded the Stadium Business award for sustainability against entries from Europe, the US and Australia. We have seen a 5 per cent saving on 2011 energy consumption which equates to around £130,000 at this year's prices and achieved a 10 per cent water saving. Recycling rates are up to 86 per cent on event days – 77 per cent on non event days. This commitment to sustainability will only be furthered in the years to come.

We take great pride that the stadium was designed and built to the highest specifications, offering every visitor an unrivalled event-day experience. The stadium is fully accessible with sensory assistance available and more than 310 wheelchair spaces across all levels. Among many other significant designations, Wembley was awarded the Level Playing Field Centre of Excellence status for demonstrating the highest access and inclusion standards for accommodating disabled patrons.

We will never take our success for granted. We continue to maintain the 5* status for our state of the art Desso pitch and have consistently high event owner feedback. We were singled out for special mention by LOCOG, FIFA and the NFL in 2012 and will work to maintain such excellence. We will endeavour to share best practice and are discussing projects in over 40 countries around the world as part of WS Consultancy. We value our partnerships with Brent Council, the Metropolitan Police and the Emergency Services, while we will look to draw ever closer to transport partners, not least London Underground as it marks its own 150th anniversary. We have an excellent relationship with our near neighbours – QED and Hilton, furthering that through its association with St. George's Park.

The Wembley landscape is changing by the month, building on the customer experience through retail, hotel and leisure development. At the heart though will always be the Stadium, a special place that touches many people's lives. Millions have visited since 2007 and we will look to deliver so much more in 2013. Another great year lies ahead indeed.



Melvin Benn
Chairman, Wembley National Stadium Limited
23 April 2013

Directors' report

The directors present their Annual Report and the audited financial statements for the year ended 31 December 2012.

Results and dividends

The loss for the year, after taxation, amounted to £4.4m (2011: loss of £0.3m). The directors do not recommend the payment of a dividend for the year (2011: £nil).

Principal activities

The principal activity of Wembley National Stadium Limited ("WNSL" or the "Company") is to deliver sporting and other entertainment events at Wembley Stadium (or the "Stadium"), on behalf of multiple event owners.

Review of the business and future developments

Overview

2012 marked the sixth year of operation of the new Wembley Stadium and has seen WNSL achieve an operating profit of £13.2m (2011: profit of £21.5m). Despite this decrease in operating profit the underlying operating performance remained strong as the decrease was significantly impacted by three items; a decrease in event revenue with the staging of the Olympics over summer in 2012 in place of the lucrative Take That concert run in 2011, the additional FA staging fee support ceased in March reducing turnover by £4.5m in 2012 and WNSL benefited from a significant one-off credit in 2011, receiving a £5.9m business rates rebate in respect of earlier years.

Operations continued to thrive with 2012 seeing both the 12 millionth customer through the turnstiles and the FA Trophy final held in May was Wembley's 100th football match.

Operating review

WNSL is an events business. WNSL does not own any events itself but facilitates events on behalf of event owners, across a rich variety of sporting and entertainment activities.

The Wembley Vision

In 2012, Wembley reinforced its new vision to turn the experience at Wembley into *the Best Stadium Experience in the World*.

The first part of the vision is to put event owners and their patrons at the very forefront of Wembley's business and to ensure that the next event is better than the last, for each event owner.

With this in mind, 2012 proved to be another momentous year for Wembley Stadium, with 29 major bowl events welcoming over two million fans of football, music, American football, rugby league and rugby union through the turnstiles.

Not surprisingly football remains at the heart of the business plan and 2012 was no exception. Alongside England home internationals against Holland, Belgium, Ukraine and San Marino; Wembley also hosted the Carling Cup Final, the Semi Finals and Final of the FA Cup, The Football League Championship Play-Off Final, The FA Vase, The FA Trophy and the Johnstone's Paint Trophy. As well as these events a highlight of the football calendar was hosting nine matches of both men's and women's football during the much lauded London Olympics, including both gold medal games.

Outstanding delivery was the hallmark for other sporting event owners, including the NFL and Saracens, which has resulted in Wembley securing exclusive staging rights to all overseas NFL games in the UK for the next five years and more Rugby League in 2013 with the semi-final double header of the Rugby League World Cup.

Club Wembley

Club Wembley remains the key driver of the business plan. Although Club Wembley continues to be the largest and most successful long-term contracted high value membership of any entertainment venue in the world, management are far from complacent in the difficult economic environment and there is a continued focus on the quality and breadth of events and first class service.

Wembley's vision and commitment is to make Club Wembley the ultimate stadium members' experience. This requires access to the best calendar of events, great facilities and unparalleled service. Management and staff across all levels of the wider FA Group have worked hard to improve the experience for our members again this year, making significant investments in retail, hospitality, technology and communications and providing an improved concourse experience.

Customer Service

Delivering the Best Stadium Experience in the World requires Management to attract the best events and develop the best facilities. However, this needs to be complemented by delivering the best service, thereby satisfying our key event owners, their patrons and our Club Wembley members.

Management are committed to continually improving the Stadium and will benchmark facilities, service and best practice across all venues in the sport, entertainment and leisure industry. It is the stated ambition for Wembley to become the centre of excellence for stadia across all areas of the business.

Directors' report

Financial Review

Income

WNSL recorded a decreased turnover in 2012 at £89.8m (2011: £99.6m). This was predominantly due to a decrease in event revenue by £3.0m, with one concert in 2012 compared to nine concert nights in 2011, including the very successful Take That concerts, and the additional FA staging fee support ceasing in March 2012 reducing turnover by £4.5m.

Overheads

There continues to be focus on efficient management of the Stadium and consequently managing operating expenses. Operating expenses in 2012 amount to £58.1m (2011: £52.0m), the increase was due to the prior year benefiting from a significant one-off business rates rebate of £5.9m.

Financing

All interest and planned capital repayment obligations were met during the year and the facilities are due to be paid in full by 30 September 2023. These facilities provide adequate headroom to allow the business to further develop and improve.

Financial instruments

The Company has entered into an interest rate swap for the full amount of the principal loan. This is in line with the Company's policy to manage significant interest rate risk.

Net Result

In 2012 the Company reported a decreased operating profit of £13.2m (2011: £21.5m), which is £8.3m or 39% lower than the prior year as a result of the one-off exceptional rates rebate, the FA reduction in staging fees and the particularly successful run of Take That concerts in 2011. The business remains highly geared with underlying annual interest charges of £21.0m (2011: £21.4m) and substantial depreciation charges. This meant that the business made a loss, which after taxation amounted to £4.4m (2011: a loss of £0.3m).

Balance sheet and cash flow

The Company's net assets decreased by £4.4m, to £56.7m at the end of the year (2011: £61.1m), as a result of the loss in the year outlined above.

Total tangible fixed assets were £645.2m, a decrease of £22.2m from 2011 (£667.4m). This decrease largely comprises depreciation of £28.0m, partially offset by additions of £6.9m that predominantly relate to improvements to the stadium and significant technology additions. Overall Debtors are at £10.2m and comprises predominantly trade debtors and accrued income from events. Cash at bank has increased by £10.9m to £43.3m as WNSL are building cash reserves in preparation for future loan repayments.

Creditors due within one year are £63.0m comprising predominantly deferred income from Club Wembley licence and season payments and accruals. Creditors due after one

year decreased by £6.7m to £547.6m due to a decrease in deferred income (Club Wembley 10 Year Licence fees) and the net bank loan, partially offset by an increase in the long-term loan from The Football Association.

The Company continues to generate cash at the operating level and one of its significant achievements over the last few years is the £149m capital reduction of the Bank loan, from £426m in 2007 to £277m at 31 December 2012. WNSL continues to make both the mandatory and target repayments reducing the level of bank debt by £12m in the year.

Future developments

WNSL is looking forward to hosting major world events. In 2013, in helping to celebrate The FA's 150th Anniversary, the Stadium will be hosting arguably the best programme seen since the reopening in 2007 with concerts including Robbie Williams, The Killers, Roger Waters and Bruce Springsteen. This is without mentioning the biggest club football match in the world, the 2013 UEFA Champions League Final in May. UEFA took the unprecedented step of awarding Wembley, the home of football, its second showpiece in three years as part of The FA's 150th celebrations.

The directors are committed to attracting and delivering such events as efficiently as possible whilst maintaining the highest standards of safety and enjoyment for all our visitors, delivering first class hospitality for Club Wembley and maintaining an environmentally sustainable world class facility.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a significant impact on the Company's long term performance.

Club Wembley box and premium seats have been contracted for an average of eight and ten years respectively. The majority of these licences run through to 2017 but beyond this date they are not contracted. Given the size and importance of Club Wembley to the business' operating model this will reflect an increasing risk over the next five years.

A major determinant of the demand and attractiveness of Club Wembley is the quality of events. Whilst the performance of the England team and the attractiveness of teams in major domestic club cup competitions are outside the business' control they will potentially have an impact on the Stadium's operating business model. In addition, the market to attract major music concerts is increasingly competitive and Wembley is working very hard to retain its premier position for concerts.

The financing arrangements include certain cash flow covenants which are forecast to be achieved. Although there is headroom, a significant fall in income or a delay in

UEFA took the unprecedented step of awarding Wembley, the home of football, its second showpiece in three years as part of The FA's 150th celebrations.

receiving major payments due could put the Company in default of its banking covenants. This specific uncertainty has been discussed with the Company's parent company, The FA, and the directors are confident that additional support would be available should this be required.

The Company is carrying a significant level of borrowing in relation to the financing of the Stadium and it is the Company's policy to eliminate, as far as possible, all the variable interest rate risk. As part of the refinancing in 2008, the Company fixed 100% of its interest rate liabilities.

The Company also benefits from a high level of cash reserves to ensure that it can continue to meet its obligations under the financing agreements.

Going concern

The directors have considered the principal risks and uncertainties described above and have taken account of them in their forecasts, and concluded that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Further, The FA has provided written confirmation to the directors of WNSL of its intention to provide any financial support that is necessary to enable WNSL to meet its obligations as they fall due. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

Charitable donations

The Company has made charitable donations during the year of £536,641 (2011: £5,350). This is predominantly paid to the Wembley National Stadium Trust (WNST) which makes distributions to support community sport activities. As of March 2012, five years after the completion of the stadium, Wembley commenced paying a donation of 1% of turnover to the WNST to honour a deed of covenant signed in respect to the £120m lottery funding towards the original cost of the stadium provided through Sport England.

Corporate social responsibility

WNSL is committed to working closely with the local community in Wembley and with Brent Council to ensure that the stadium benefits the area. Local residents are consulted on a regular basis and are encouraged to get involved in activity in and around the stadium. Local schools are invited to attend and make use of Wembley's Learning Zone and tickets to fixtures at the stadium are distributed locally. Wembley is inviting 5,600 local residents to attend a Wembley Open House weekend to celebrate the stadium's 90th birthday in April.

Environmental policy

Wembley Stadium is committed to being a responsible business in its dealings with its stakeholders and partners, including customers, suppliers, staff, sub-contractors and the communities in which it works, as well as the wider environment. Active engagement with partners on environmental issues is fundamental to its philosophy.

Wembley Stadium's corporate commitment to sustainability is formalised in the vision for the Company which includes 'Demonstrating leadership in environmental sustainability' and the Stadium's environmental policy states that the business is 'committed to making environmental improvements'.

From 2008 the Wembley Stadium Green Team delivered the Wembley Environmental Management System (EMS) and improved environmental performance year on year. During 2012 the Wembley Stadium Green Team was extended to become the FA Group Green Team and now also encompasses environmental management systems at the FA and St. George's Park.

Wembley Stadium Green Team Sub Groups manage the key environmental impact areas which are energy, water, waste, transport, communications and sustainable procurement and consist of employees from across the organisation and long term partners.

Directors' report

The following environmental achievements have been made during 2012:

- Electricity consumption had been reduced by 5% from 2011 as part of an overall reduction of 32% since 2007
- Wembley Stadium continues to be a zero waste to landfill venue, the peak diversion from waste to energy rate on an event day was 86% at the Capital Summertime Ball and the annual diversion rate for waste from the Stadium is on track to be 80%
- Wembley Stadium continues to implement the Green Travel Plan running regular travel plan initiatives, working closely with Westtrans and Brent Council as well as sitting on a West London Travel Planning Best Practice group. Transport Authorities from Singapore and Abu Dhabi have visited the Stadium to observe the Stadium's Green Travel Plan as a case study
- During 2012 the FA Group Purchasing Policy was updated and now includes a section regarding sustainability. A network of procurement champions is being established across the business to ensure that there is a business-wide understanding of the elements in the policy
- Steps have been taken to reduce the water consumption at the Stadium and during 2013 water will be a high priority area of focus
- The Wembley Stadium Going Green document was published to report on the environmental activities and achievements in full with external stakeholders
- Internally a 'Green Team Expo' was successfully run for all staff at the Stadium to learn more about the environmental activities at the Stadium and to see how they can improve their impacts at home and find out about the activities being carried out by partner companies, sub-contractors and sponsors

In recognition of the excellent environmental achievements at Wembley Stadium the following awards and certifications have been achieved during 2012:

- Winner of the Sustainability Award at the international Stadium Business Awards
- Green Apple Environmental Award – Gold Award
- Industry Green Certification for Venues – 2 Stars
- Recertification to the Carbon Trust Standard

The Stadium has been used as a best practice case study in the following locations:

- Department for Energy and Climate Change (DECC) - Managing and Improving Energy Efficiency
- Waste and Resources Action Programme (WRAP) - Recycling Case Study
- British Standards Institute (BSI) - Sustainable Procurement and use of BS 8903
- Temple Report – Why are Business Leaders Prioritising Sustainability – Energy Management Case Study

Wembley Stadium seeks to play a leading role in sustainable event management and will be working with event owners during 2013 to achieve certification to ISO 20121 where requested. Wembley Stadium played host to the Olympic Games in the summer and continued to deliver a service with high sustainability standards to ensure LOCOG's targets were achieved.

Corporate governance

The Board

The main functions of the Board are to formulate the strategy, objectives and major policies of the Company and to report these to the FA Board. The Board generally meets on a monthly basis and met 12 times during 2012. Prior to each Board meeting, the directors receive an agenda and a set of board papers to be discussed. Standing agenda items include reports from the Managing Director and the Group Chief Financial Officer/Group Financial Controller and updates in relation to Club Wembley, events, construction, health and safety and stadium operations. Other matters for which formal approval or noting are required are also included on the agenda.

The Board includes six non-executive directors and three executive directors with expertise in finance, construction, operations and event management. The non-executive directors bring significant skills and experience to the Board and complement the existing FA representative non-executive directors as well as the executive directors and management team.

Where Board members, in the furtherance of their duties, need to take independent professional advice they may do so at the Company's expense. They also have access to the advice and service of The FA Group's Company Secretary.



86%

Recycling rates are up to 86 per cent on event days – 77 per cent on non event days. This commitment to sustainability will only be furthered in the years to come.

Directors' report

The directors of the Company during the year, except as noted, and the attendance of directors at the scheduled meetings of the Board during 2012 were as follows:

Name	Role	Date appointed/resigned	Scheduled Board Meetings
M Benn	Non-Executive Chairman		12 (12)
D Bernstein	Non-Executive Director,		9 (12)
P Gartside	Non-Executive Director		7 (12)
A Horne	Executive Director		7 (12)
S Martin	Non-Executive Director		12 (12)
R Maslin	Managing Director		12 (12)
D Thomson	Executive Director		12 (12)
G Burr	Non-Executive Director	appointed 29 March 2012	6 (9)
C McConville	Non-Executive Director	appointed 29 March 2012	7 (9)

Figures in brackets indicate the maximum number of meetings during the year in which the individual was a Board Director.

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

There is a clear division of responsibility between the roles of Chairman and Managing Director. The Chairman provides strong leadership for the Board on all aspects of its role whereas the Managing Director has executive responsibility for delivering strategies and programmes in line with the Board's direction.

On 29 November 2012 The FA Board approved the change in accounting reference date for The FA Group from 31 December to 31 July. This will align the statutory financial statements to the football season and our underlying commercial agreements. The next financial statements will therefore be produced for the seven month period ending 31 July 2013.

The directors recommend that no dividend be paid to ordinary shareholders (2011: no dividend).

Group Audit Committee

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness at least annually. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The FA Board has established a Group Audit Committee (the "GAC") with a mandate to provide independent oversight on the following matters across The FA Group:

- Governance, including risk management and internal control;
- External audit arrangements;
- Internal audit arrangements;
- The appropriateness of financial reporting; and
- Whistleblowing.

The GAC's remit includes all operations and activities undertaken by The FA Group, covering the consolidated Group and the individual entities: The Football Association Limited; Wembley National Stadium Limited; National Football Centre Limited; and FA Learning Limited.

The GAC comprises an independent chairman, I Nunn, alongside R Devlin (FA Board director) and two independent non-Board members, N Humby and V Vaghela. The independent non-Board members have no connections with The FA such as through a material business relationship or by representing a shareholder. As well as bringing independence and objectivity, non-Board members are appointed onto the GAC in view of the skills and experience they can bring to the role. The GAC typically meets four times per year, with one meeting including the review of the financial statements of the Group.

The GAC reviews reports from management, internal audit and external audit on the Group's system of internal control and risk management, specifically those that support the integrity of the financial statements. The GAC also reviews, and where necessary challenges, the judgements of management in relation to the integrity of the financial statements.

The Remuneration Committee

The Company's policy relating to the remuneration, pension provision, termination of employment and service contracts (including severance issues of executive directors and senior management), is dealt with by the FA Group's Remuneration Committee.

The Group Remuneration Committee is chaired by R Burden, and comprises K Lamb, H Rabbatts and D A Bernstein. The Group Remuneration Committee is responsible for advising the Board on the pay and terms and conditions of the General Secretary and members of senior management. In discharging its duties, the Group Remuneration Committee takes independent advice where appropriate. The remuneration policy is designed to attract, retain and motivate executive directors to deliver the business strategy. Remuneration arrangements for senior positions incorporate performance measures which link to the business plan and individual performance criteria.

Health and Safety Committee

Health and safety is a key issue and the Board and management take seriously their legislative duties to ensure the wellbeing of staff, visitors and others who may be affected by the Company's activities. Under its obligations from the Health and Safety at Work Act and the Safety at Sports Ground Act, the Company constantly strives to provide and maintain a safe place of work. The Health and Safety Committee assists the Board in discharging these responsibilities.

The Health and Safety Committee is chaired by a Board director with the other members being the Managing Director, Head of Facilities and Head of Health & Safety Compliance, together with other senior employees of the company. The purpose of the Health and Safety Committee is to set an appropriate Health and Safety Policy and ensure that it is implemented effectively. The Health and Safety Committee meet on a monthly basis and report their findings to the Board.

As part of the Health and Safety Policy, a comprehensive risk assessment process is conducted for all activities held within the Stadium. This system is reviewed at least annually and more regularly if required. The Health and Safety Manager oversees this policy and ensures the Board, the Health and Safety Committee and staff are kept informed of changes in legislation and briefed as necessary.

All employees receive adequate training, information and supervision to ensure they can fulfil their legal duties and are consulted on a regular basis. The Company ensures that where specialist skills are required but not available internally, they are obtained from suitable external sources.

The Company acknowledges that the successful operation of the Stadium, and all activities within it, relies on a healthy and safe work environment. The Company is committed to nurturing effective relationships with local and national authorities to ensure its policy can be implemented effectively and it remains at the forefront of health and safety practice.

Auditors

Each of the persons who are directors at the date of approval of this report has confirmed that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board



R Maslin

Company Secretary, Wembley National Stadium Limited
23 April 2013

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 company and of the profit or loss of the company 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; 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.

Independent auditor's report to the members of Wembley National Stadium Limited

We have audited the financial statements of Wembley National Stadium Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet, the cash flow statement, the reconciliation of net cash flow to movement in net debt, and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

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

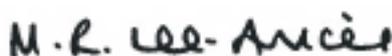
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.



Mark Lee-Amies

(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
23 April 2013

Profit and loss account

Year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Turnover	2	89,821	99,639
Cost of sales		(18,509)	(26,149)
Gross profit		71,312	73,490
Operating expenses (includes exceptional item of £5.9m credit in 2011 from business rates refund)		(58,147)	(51,994)
Operating profit	3	13,165	21,496
Finance charges (net)	5	(20,999)	(21,413)
(Loss)/profit on ordinary activities before taxation		(7,834)	83
Tax credit/(charge) on (loss)/profit on ordinary activities	6	3,394	(364)
Loss on ordinary activities after taxation for the financial year	16	(4,440)	(281)

The above results relate to continuing operations.

There were no recognised gains or losses for the year ended 2012 or 2011 except for the loss for those years as stated above. Accordingly no statement of total recognised gains and losses is presented.

Balance sheet

As at 31 December 2012

	Notes	2012 £'000	2011 £'000
Fixed assets			
Intangible assets	7	250	250
Tangible assets	8	645,180	667,408
		645,430	667,658
Current assets			
Stocks		303	229
Debtors			
– due within one year	9	9,842	14,164
– due after one year	9	393	394
Cash at bank and in hand	10	43,272	32,356
		53,810	47,143
Creditors: amounts falling due within one year	11	(63,010)	(60,794)
Net current liabilities		(9,200)	(13,651)
Total assets less current liabilities		636,230	654,007
Creditors: amounts falling due after more than one year	12	(547,614)	(554,282)
Provisions for liabilities	14	(31,920)	(38,589)
Net assets		56,696	61,136
Capital and reserves			
Called up share capital	15	–	–
Share premium account	16	170,000	170,000
Profit and loss account	16	(113,304)	(108,864)
Shareholders' funds	16	56,696	61,136

These financial statements of Wembley National Stadium Limited, company number 03388437, were approved by the Board of Directors on 23 April 2013.

Signed on behalf of the Board of Directors



Melvin Benn
Chairman, Wembley National Stadium Limited

Cash flow statement

Year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Net cash inflow from operating activities	18	37,161	24,539
Returns on investments and servicing of finance	19	(20,799)	(21,485)
Capital expenditure		(6,901)	(4,136)
Taxation		(157)	–
Cash outflow before financing and management of liquid resources		9,304	(1,082)
Financing	19	1,612	(2,886)
Net cash inflow/(outflow) before management of liquid resources (as per balance sheet)		10,916	(3,968)
Management of liquid resources		10,000	–
Increase / (decrease) in cash in the year	20	20,916	(3,968)

Reconciliation of net cash flow to movement in net debt

Year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Increase/(decrease) in cash in the year		20,916	(3,968)
Cash inflow from management of liquid resources		(10,000)	–
Cash (inflow) / outflow from change in debt financing		(1,612)	2,793
Change in net debt resulting from cash flows	20	9,304	(1,175)
Non cash movement	20	(286)	(5,569)
Change in net debt		9,018	(6,744)
Net debt brought forward		(367,279)	(360,535)
Net debt carried forward	20	(358,261)	(367,279)

Five

Wembley has won exclusive staging rights to all overseas NFL games in the UK for the next five years



Notes to the accounts

Year ended 31 December 2012

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

a) Basis of accounting

The financial statements have been prepared under the historical cost basis in accordance with applicable United Kingdom accounting standards and company law.

b) Going concern

The business activities of Wembley National Stadium Limited ("WNSL" or the "Company"), together with the factors likely to affect its future development, performance and financial position are set out in the Directors' report that also outlines the Company's financial position including its financial cash flows, liquidity position and borrowing facilities. There are a number of potential risks and uncertainties which could have a significant impact on the Company's long term performance. Club Wembley box and premium seats have been contracted for an average of 8 and 10 years respectively and are primarily due for renewal in 2016/17 or 2017/18. However their renewal over the long term remains the principal risk and uncertainty facing the business. The Company's financing arrangements include certain cash flow covenants and these are forecast to be achieved provided the Company meets its budget. Although there is a limited contingency, a significant reduction in renewals or a significant delay in the payment of the new season fees from Club Wembley licence holders could put the Company in default of its banking covenants. This specific uncertainty has been discussed with the Company's parent company, The FA, and the directors are confident that additional support would be available should this be required.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future including a higher level of cash reserves than originally planned as part of the refinancing. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. No depreciation is charged in respect of freehold land. Depreciation is provided on all other tangible fixed assets on a straight line basis, at rates calculated to write off the cost of those assets over their useful expected lives, and incorporating any residual value, as follows:

Stadium

The assets that comprise the Stadium have been categorised into operating classes and depreciated according to the useful economic life of that class. Useful economic lives range from 5 to 50 years.

Long leasehold property

Over the life of the lease when remaining term is less than 50 years, otherwise not depreciated.

Furniture and fittings

10 years

Computer equipment

3 years

Plant and machinery

3 to 5 years

d) Intangible fixed asset

WNSL holds an intangible asset which represents the cost attributed to intellectual property on the acquisition of Wembley Stadium. The intangible asset is not amortised on the grounds of its expected durability. An impairment review is performed annually.

The directors consider that the intangible asset has an indefinite life due to WNSL's proven and sustained ability to organise sporting and other entertainment events at Wembley Stadium.

e) Grants and deferred income

Grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by matching with the relevant depreciation expense. Where a grant relates to an asset which is not depreciated, the grant remains in deferred income until the end of the asset's life.

Revenue grants are credited to income so as to match them with the expenditure to which they relate.

f) Leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to

produce a constant rate of charge on the balance of capital repayments outstanding.

g) Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

h) Pensions

The Company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

i) Borrowing costs

The arrangement fees for the committed funding have been offset against the loan and are being amortised over the period of the loan. Finance costs, including amortisation of arrangement fees, directly attributable to construction of the Stadium were capitalised and are being depreciated on a straight line basis over the life of the Stadium. Borrowing costs incurred from the date of operational completion are charged to the profit and loss account as incurred.

j) Revenue recognition

Club Wembley licence fees – The revenue is recognised when the licence agreement has been signed and the exercise period commences. Total revenue from licence fees is spread evenly across the term of the licence agreement.

Club Wembley season fees – When a customer first joins Club Wembley, revenue is recognised from when the licence agreement has been signed and the licence period has commenced. The season fee is spread evenly across the period to which it relates (1 August to 31 July if a full season).

Wembley was awarded the Level Playing Field Centre of Excellence status for demonstrating the highest access and inclusion standards for accommodating disabled patrons.

Notes to the accounts

Year ended 31 December 2012

Revenue from events is derived predominantly from the sale of tickets and packages to Club Wembley customers, WNSL's share of gate receipts under various staging agreements and one-off Stadium hire fees. Other sources of event related income are programme income, other merchandise income, commission on resales and commission on catering. This income is all recognised when the event occurs.

Revenue from sponsorship agreements is spread evenly over the term of the contract.

Other revenue is recognised as it is earned. Sources of other revenue includes Sunday market income, shop income, tour income, parking income, steward training income, operating expenses recharged to Stadium partners, postage and packaging charged to customers, credit card fees charged to customers, licensing for merchandising, photography and publications, commission on catering and fees for catering rights within the Stadium.

k) Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

If an instrument ceases to be accounted for as a hedge, for example because the underlying hedge position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts receivable from operating, sporting and other entertainment events and arises solely in the UK.

The amount of barter transactions recognised in turnover is £0.1m (2011: nil)



£536,641

The Company has made charitable donations during the year of £536,641

Notes to the accounts

Year ended 31 December 2012

3. Operating profit

This is stated after charging/(crediting):	2012 £'000	2011 £'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	51	63
Fees payable to the Company's auditor for tax services to the Company	61	65
Fees payable to the Company's auditor for other services to the Company	55	–
Operating lease rentals – plant and machinery	26	51
Depreciation of owned fixed assets (see note 8)	28,048	27,835
Amortisation of deferred capital grants	(1,051)	(1,037)

The £5.9m exceptional item in 2011 within operating expenses relates to a business rates refund from Brent Council. A settlement was agreed with Brent Council on 22 March 2011 following an appeal of WNSL's rating valuation for the periods between March 2007 and March 2011.

4. Staff cost (including directors)

	2012 £'000	2011 £'000
Wages and salaries	5,299	5,370
Social security costs	541	521
Other pension costs	249	220
	6,089	6,111

The average weekly number of employees during the year was as follows:	2012 No.	2011 No.
Stadium & event management	104	104

The total remuneration received by the directors is detailed below:	2012 £'000	2011 £'000
Emoluments	883	848
Company contribution to pension schemes	42	40
	925	888

Details of the remuneration for the highest paid director are as follows:	2012 £'000	2011 £'000
Emoluments	315	307
Company contribution to pension scheme	25	23
	340	330

The number of directors to whom retirement benefits are accruing in respect of qualifying services of money purchase schemes as at year end is two (2011: two).

5. Finance charges (net)

	2012 £'000	2011 £'000
Bank interest payable	(21,220)	(22,007)
Bank interest receivable	221	594
Net interest payable	(20,999)	(21,413)

Bank interest payable includes the amortisation of issue costs of £0.3m (2011: £0.3m).

6. Tax credit/(charge) on (loss)/profit on ordinary activities

	2012 £'000	2011 £'000
UK Corporation tax at 24.5% (2011: 26.5%)	(55)	–
Adjustment in respect of prior years	(157)	(5,331)
	(212)	(5,331)
Deferred taxation (see note 14):		
– Timing differences, origination and reversal	717	(1,964)
– Adjustment in respect of prior years	196	4,166
– Difference due to change in tax rate	2,693	2,765
	3,606	4,967
Tax credit/(charge) on (loss)/profit on ordinary activities	3,394	(364)

Notes to the accounts

Year ended 31 December 2012

6. Tax credit/(charge) on (loss)/profit on ordinary activities

The actual tax charge differs from the standard rate for the reasons set out in the following reconciliation:

	2012	2011
	£'000	£'000
(Loss)/profit on ordinary activities before tax	(7,834)	83
Tax on (loss)/profit at standard rate of 24.5% (2011: 26.5%)	1,919	(22)
Factors affecting charge for the period:		
– Depreciation in excess of capital allowances	(1,494)	(685)
– Non qualifying depreciation	(2,055)	(2,389)
– (Expenses) / Income not taxable	(49)	12
– Non-taxable release of grant income	472	507
– Other short term timing differences	(509)	(554)
– Prior period adjustment	(157)	(5,331)
– Utilisation of losses	1,661	3,131
Total current tax charge	(212)	(5,331)

From 1 April 2013, the main rate of corporation tax will reduce to 23%. This was substantively enacted in July 2012 and is reflected, where appropriate, in the tax disclosures. In the 2013 Budget Statement, the Government announced further reductions to the main rate of corporation tax, such that there will be a rate of 20% in place from April 2015. This change was not substantively enacted at the balance sheet date and therefore has not been reflected in the financial statements. The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

7. Intangible fixed assets

	Intellectual property £'000
Cost and net book value	
At 1 January 2012 and 31 December 2012	250

Intangible assets represent the cost attributed to intellectual property on the acquisition of Wembley Stadium.

8. Tangible fixed assets

	Freehold land £'000	Stadium £'000	Long Leasehold property £'000	Plant, machinery, furniture and fittings £'000	Computer equipment £'000	Total £'000
Cost						
At 1 January 2012	64,500	715,935	2,500	11,496	9,124	803,555
Additions	–	3,002	–	1,675	2,224	6,901
Disposals	–	(1,186)	–	–	(28)	(1,214)
At 31 December 2012	64,500	717,751	2,500	13,171	11,320	809,242
Accumulated depreciation						
At 1 January 2012	–	123,644	–	5,037	7,466	136,147
Charge for the year	–	25,445	–	1,504	1,099	28,048
Disposals	–	(105)	–	–	(28)	(133)
At 31 December 2012	–	148,984	–	6,541	8,537	164,062
Net book value						
At 31 December 2012	64,500	568,767	2,500	6,630	2,783	645,180
At 31 December 2011	64,500	592,291	2,500	6,459	1,658	667,408

Freehold land and buildings represents the land purchased from Wembley plc in 1999 which is held at cost of £64.5m (2011: £64.5m).

9. Debtors

	2012 £'000	2011 £'000
Amounts falling due within one year		
Trade debtors	7,099	8,956
Amounts owed by group companies	112	1,382
Other debtors	510	13
Value added tax recoverable	12	338
Prepayments and accrued income	2,109	3,475
	9,842	14,164
Amounts falling due after more than one year		
Amounts owed by group companies	393	394





80,203

In all, we had 640,000 Olympic fans at Wembley and set an Olympic record with 80,203 watching the US women see off Japan with a 2-1 victory

Notes to the accounts

Year ended 31 December 2012

10. Cash at bank and in hand

Cash at bank and in hand does not include any short term treasury deposits (2011: £10.0m). In 2011 these were classified as liquid resources in the cash flow statement in accordance with FRS1.

11. Creditors: amounts falling due within one year

	2012	2011
	£'000	£'000
Net bank loans	4,607	6,872
Obligations under finance lease	–	209
Trade creditors	308	1,730
Other taxation and social security	230	163
Other creditors	4,126	841
Accruals	12,751	12,032
Deferred capital grants	1,037	1,037
Deferred income	39,951	37,910
	63,010	60,794

12. Creditors: amounts falling due after one year

	2012	2011
	£'000	£'000
Net bank loan	269,423	278,933
Loan from parent company	127,503	113,621
	396,926	392,554
Other creditors falling due after one year:		
Deferred income	38,429	48,425
Deferred capital grants	112,259	113,303
	547,614	554,282

The bank loan is repayable in instalments over the 15 year term of the loan and is secured as a first charge over the assets of the Company. Each annual repayment will include a mandatory amount, together with a targeted amount based on performance.

The mandatory repayments due are as follows:

	2012	2011
	£'000	£'000
Less than one year	4,607	6,872
Between one and two years	6,120	4,607
Between two and five years	76,655	17,883
More than five years	189,584	259,665
	276,966	289,027

In the analysis above, the bank loan of £277.0m (2011: £289.0m) is stated net of unamortised arrangement fees of £2.9m (2011: £3.2m).

The loan from The FA is repayable only after certain obligations under the financing arrangements have been discharged. From 20 December 2007, no interest was payable on this loan.

Recourse to The FA

WNSL has an annual support agreement with The FA extending to 31 March 2027. Support payments under this agreement during the year to 31 December 2012 amounted to £13.9m. It is expected that a further c£14m per annum will be received under this agreement until certain conditions are met.

Deferred capital grants comprise the following amounts:

	2012	2011
	£'000	£'000
Sport England	76,929	77,154
Department of Culture, Media and Sport	17,172	17,568
London Development Agency	18,158	18,581
	112,259	113,303

The Sport England grant was made under the terms of agreements dated 11 November 1997 and 15 May 1998. £11.2m of this grant funding related to Stadium assets. This will be amortised over the life of the building, leaving a balance of £67.3m which represents grants in respect of land of £64.5m, long leasehold property of £2.5m and £0.3m for business intellectual property rights.

The Department of Culture, Media and Sport grant relates to the S106 payments to improve infrastructure of the surrounding area. The London Development Agency grant relates to infrastructure work, which includes certain elements of costs relating to concrete, steel framework, and concourses. The grants are amortised over the life of the assets they relate to in line with depreciation charged on those assets. The amount amortised to the profit and loss account during the year was £1.0m (2011: £1.0m).

Notes to the accounts

Year ended 31 December 2012

13. Financial instruments

The Company has a policy to hedge significant interest rate risk. The Company has entered into an interest rate swap for £341.5m which is the full amount of the Senior Facility. The swap has been profiled on the mandatory repayment schedule and has been fixed at a swap rate of 7.072% per annum. The rate is fixed for the term of the loan except for any changes to the bank margin (which is included in the rate). As at 31 December 2012 the interest rate swap contract has a fair value loss of £85.8m (2011: £79.6m loss). This fair value has been calculated in accordance with the guidance set out in FRS 25, Financial Instruments: Disclosure and Presentation and is disclosed as required by Companies Act 2006. The fair value takes into account the current and unprecedented low interest rates.

14. Provisions for liabilities

	Other £'000	Deferred Tax £'000	Total £'000
At 1 January 2012	4,020	34,569	38,589
Utilised in the year	(3,063)	(3,606)	(6,669)
At 31 December 2012	957	30,963	31,920

The amounts of deferred taxation provided in these accounts are as follows:

	2012 £'000	2011 £'000
Capital allowances in excess of depreciation	14,637	17,816
Capitalised finance costs	21,117	23,472
Tax losses	(4,791)	(6,719)
	30,963	34,569

A deferred tax liability has been provided for accelerated capital allowances in line with FRS 19. This liability relates to capital allowances claimed on Stadium assets which were not depreciated until the Stadium was complete.

A deferred tax liability has been provided for capitalised finance costs in line with FRS 19. This liability relates to a deduction taken for finance costs which will be released to the profit and loss accounts in future periods.

15. Called up share capital

	2012 £	2011 £
Authorised:		
1 'A' share – non-equity	1	1
100 ordinary shares of £1 each	100	100
	101	101
Called up, allotted and fully paid		
	No.	No.
1 'A' share – non-equity	1	1
100 ordinary shares of £1 each	100	100
	101	101

The 'A' share is held by Sport England and entitles the shareholder to appoint directors as set out in the Articles of Association. The holder is not entitled to vote at General Meetings or receive dividends, and on winding up the holder is only entitled to the capital paid on the share. This share is classified as a long term liability in accordance with FRS 25.

Ordinary shares have the right to participate in any dividend or other distribution to be made out of accumulated realised profits of the Company in proportion to the number of ordinary shares of which they are the registered holder. On a return of assets on liquidation, reduction of capital or otherwise the holder of ordinary shares will be entitled to participate in proportion to the number of ordinary shares in which they are the registered holder. Every holder of ordinary shares shall have one vote on a show of hands and shall have one vote for every ordinary share of which it is the holder on a poll.

16. Reconciliation of shareholders' funds and movements on reserves

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 January 2012	–	170,000	(108,864)	61,136
Loss for the year	–	–	(4,440)	(4,440)
At 31 December 2012	–	170,000	(113,304)	56,696

On 20 December 2007, one ordinary share was subscribed for the sum of £170.0m, which was applied towards a reduction in the debt currently outstanding to The FA. The Company must ensure that up to £100.0m of any investment from The FA (including loans or equity investments) will be retained for a minimum period of 50 years from the date of practical completion, unless specific permission from the Secretary of State is given otherwise.

Notes to the accounts

Year ended 31 December 2012

17. Financial commitments

Operating leases

At 31 December 2012 the Company had annual commitments under non-cancellable operating leases as set out below:

	2012 £'000	2011 £'000
Operating lease which expires:		
Within one year	21	–
Within two to five years	–	28
	21	28

18. Reconciliation of operating profit to net cash inflow from operating activities

	2012 £'000	2011 £'000
Operating profit	13,165	21,496
Depreciation	28,048	27,835
Amortisation of deferred capital grants	(1,051)	(1,037)
Amortisation of deferred income grants	(875)	(875)
(Increase)/ decrease in stocks	(74)	29
(Decrease) / increase in debtors	4,095	(1,961)
(Decrease) in creditors	(4,164)	(21,622)
(Decrease) / increase in provisions	(1,983)	674
Inflow from operating activities	37,161	24,539

19. Analysis of cash flows for headings netted in the cash flow statement

	2012 £'000	2011 £'000
Returns on investment and servicing of finance:		
Interest received	449	374
Interest paid	(21,248)	(21,859)
	(20,799)	(21,485)
Financing:		
Repayment of bank loan	(12,061)	(16,763)
Drawdown of loan from parent company	13,882	14,218
Repayment of finance lease	(209)	(341)
	1,612	(2,886)

20. Analysis of net debt

	1 January 2012 £'000	Cash flow £'000	Non cash movement £'000	31 December 2012 £'000
Cash at bank and in hand	22,356	20,916	–	43,272
Liquid resources	10,000	(10,000)	–	–
Cash at bank and in hand (as per Balance Sheet)	32,356	10,916	–	43,272
Bank loan, intercompany and finance lease				
Debt due after 1 year	(392,554)	(8,693)	4,321	(396,926)
Debt due within 1 year	(7,081)	7,081	(4,607)	(4,607)
	(367,279)	9,304	(286)	(358,261)

The Company included short-term treasury deposits as liquid resources.

The net non cash movement comprises of an amortisation of bank signing fees (£0.3m) in relation to stadium financing.

21. Related party transactions

The Company has taken advantage of the exemption granted by paragraph 3(c) of Financial Reporting Standard No. 8 “Related Party Disclosures” not to disclose transactions with group companies which are related parties.

22. Ultimate parent company and controlling party

The ultimate and immediate parent company and controlling party is The Football Association Limited (“The FA”), a company incorporated in Great Britain and registered in England and Wales. The results of the Company are consolidated in the accounts of The FA. Copies of The FA’s accounts are available from The Football Association Limited, Wembley Stadium, Wembley, London, HA9 0WS.



