

Wembley National Stadium Limited

REPORT AND FINANCIAL STATEMENTS

31 December 2011



Company Registration No. 03388437



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Officers and professional advisers

Directors

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

Solicitors

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Level 32
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Secretary

R Maslin

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Registered Office

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Bankers

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London, EC2M 4RB

Independent Auditor

Deloitte LLP
Chartered Accountants
and Statutory Auditor
London

National Westminster Bank PLC

135 Bishopsgate
London, EC2M 3UR

West LB AG

Woolgate Exchange
25 Basinghall Street
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Chairman's statement

2011 has been a landmark year for Wembley Stadium and there have been many highlights.

In total, the stadium hosted 28 separate event days and we welcomed almost two million fans of football, music, American football, rugby league and rugby union through the turnstiles.

Football remains at the very heart of our business and 2011 was no exception. Alongside England home internationals including a visit by the World and European Champions, Spain, Wembley also hosted our wide range of domestic cup finals on behalf of the FA and the Football League, the FA Cup Semi-finals, the Community Shield and the Football League Play-Off Finals. An undoubted highlight of our football calendar was the 2011 UEFA Champions League Final between FC Barcelona and Manchester United which was widely received as being one of the best finals ever.

Just two weeks later Wembley was again chosen by UEFA to host the prestigious Final in 2013, the year of The FA's 150th anniversary. This will be Wembley Stadium's seventh European Cup Final and it is the first time the same stadium will have staged the showpiece final twice in three seasons. It will be a major celebration of football in this country during a landmark year for The Football Association and is an acknowledgment by UEFA of Wembley's status as one of the very best football stadiums in the world.

Music also contributed its own piece of history as Take That, with Robbie Williams back in the band, staged a record breaking eight nights of their spectacular "Progress Live" tour at Wembley which in total was enjoyed by more than 637,000 fans and smashed the previous Wembley record of seven nights held by Michael Jackson for his 1988 Bad tour.

We were also delighted to welcome the NFL back to Wembley for their fifth consecutive regular season game in October between the Tampa Bay Buccaneers and the Chicago Bears and to host a fantastic Challenge Cup Final between Leeds Rhinos and Wigan Warriors. The RFL's Gillette Four Nations double-header featured the England, Australia, Wales and New Zealand Rugby League teams all in action on one special day at Wembley.

Club Wembley continues to be the largest and most successful long-term contracted high value membership of any entertainment venue in the world. We have worked hard to improve the experience for our members again this year making significant

advancements in retail, hospitality, technology and communications. We have also sought to add value for our members by hosting a number of exclusive member events, including business breakfasts with the England Manager and the opportunity to attend the England team training sessions. Following the success of these, we will continue to develop a calendar of events for our Club Wembley members for 2012, ensuring our members know that they are at the very heart of our venue and of our business.

Wembley is also an exceptional conference and banqueting venue providing outstanding event space, views and facilities. In 2011 we hosted over 700 private and corporate events at the stadium in between our major events, positioning Wembley at the very forefront of Europe's meeting and events industry.

In 2011 we welcomed 122,000 visitors to the stadium tour and unveiled the Exhibition of Champions at Wembley, endorsed by UEFA, which showcased 56 glorious nights of European football.

We also have one of the most developed sustainability programmes for a stadium, having successfully reduced our energy usage by over 28% since first opening and ensuring that no waste goes to landfill and these are achievements of which we can be rightly proud. Wembley is committed to operating both responsibly and sustainably, and our work in 2012 and beyond will continue to ensure that we reduce our impact on the environment and drive further efficiencies in energy, waste, water, transport and procurement.

2011 has certainly been a challenging year for the entertainment industry yet despite the demanding climate, the stadium presented an unrivalled event calendar and as a result, our financial results continue to improve, achieving record turnover and operating profit.

Looking ahead to 2012 we have a very special year planned with Wembley the host venue for the men's and women's football finals of the London 2012 Olympic Games, alongside our long-standing world class event partners.

In total we will host nine Olympic events starting with preliminary round group games at the end of July and finishing with the men's final on Saturday 11 August. This will be the first home Olympics in more than 60 years and will feature both a men's and, for the first-time ever, a women's "Team GB" football



team. Wembley has an important Olympic legacy having been at the centre of London's 1948 Olympic Games and we look forward to playing our part in the delivery of what we are sure will be a very special Olympic Games.

We also welcomed Holland back to Wembley in February and host Belgium in June before our England team head to Poland and Ukraine for the excitement of the UEFA European Championship.

Our relationship with the NFL has gone from strength to strength and we were thrilled to announce a new deal in January that gives Wembley the exclusive staging rights to international series NFL games in the UK for the next five years, the first of which will be between the St. Louis Rams and the New England Patriots in October. This is an exceptional agreement which cements the extremely positive relationship that we have with the NFL and Wembley's position as one of most important and iconic sports venues in the world.

Wembley is both a very special and unique place. It is a national institution and a venue that over the years has played a role in the lives of millions of sports fans or music enthusiasts across this country. It is fantastic to see this tradition continue. In May this year the new stadium will be five years old and looks set to welcome its ten millionth visitor. We can all look forward to another very special year ahead.

Melvin Benn
Chairman, Wembley National Stadium Limited
27 April 2012

Directors' report

The directors present their Annual Report and the audited financial statements for the year ended 31 December 2011.

Results and dividends

The loss for the year, after taxation, amounted to £0.3m (2010: loss of £7.1m). The directors do not recommend the payment of a dividend for the year (2010: £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

2011 marked the fifth year of operation of the new Wembley Stadium and has seen further progress made across all areas of the business. This progress has resulted in an improved financial performance, with an operating profit of £21.5m compared with an operating profit of £10.5m reported last year, and reporting a loss after tax of £0.3m, compared to the loss after tax of £7.1m reported last year.

Whilst this was an excellent result it should be noted that WNSL benefitted from a significant one-off credit in 2011, receiving a business rates rebate in respect of earlier years of £5.9m. This is disclosed as an exceptional credit within operating expenses.

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

An important development in 2011 was the introduction of the 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, 2011 proved to be a landmark year for Wembley Stadium, with 28 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 very heart of the business plan and 2011 was no exception. Alongside England home internationals against Ghana, Switzerland, Wales, Spain and Sweden; 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 Community Shield, The FA Vase, The FA Trophy and the Johnstone's Paint Trophy. A highlight of our football calendar was the 2011 UEFA Champions League Final between FC Barcelona and Manchester United which UEFA, as event owner, regarded as being the best Champions League Final it had ever staged.

Outstanding delivery was also the hallmark for other sporting event owners, including the Rugby Football League, the NFL and Saracens. 2011 was also a record year for concerts with Take That staging a record breaking eight nights of their spectacular "Progress Live" tour at Wembley playing in front of more fans than any other artist at Wembley.

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. The very high renewal rate of 98% is testament to the quality of events on offer and the service provided.

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.

Financial Review

Income

WNSL achieved a record turnover in 2011 at £99.6m (2010: £92.3m). This was achieved predominantly due to an increase in Wembley events revenue of £3.5m due to there being nine concert nights in 2011 (compared to four concerts in 2010) as well as the Champions League Final; and an increase in Club Wembley revenue of £2.5m.

Overheads

There continues to be focus on efficient management of the Stadium and consequently managing operating expenses. Some good progress has been made in 2011 although the year on year comparatives (£52.0m v £57.5m) have been boosted by a significant one-off business rates rebate relating to prior years.

Financing

All interest and planned capital repayment obligations were met during the year and the facilities are due to be paid off 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.

Results

In 2011 the Company reported an improved operating profit of £21.5m, which is £11.0m or 105% higher than the prior year as a result of the continued growth of the business coupled with some one-off exceptional items. The business remains highly geared with underlying annual interest charges of £21.4m (2010: £22.5m) and substantial depreciation charges. This meant that the business made a loss, which after taxation amounted to £0.3m (2010: a loss of £7.1m).

The Company continues to generate cash at the operating level and one of the significant achievements by the Company over the last few years is the £137m capital reduction of the bank loan, from £426m in 2007 to £289m at 31 December 2011.

Future developments

WNSL is looking forward to hosting major world events. In 2012 the Stadium will be part of the London Olympics and will host nine Olympic football matches including the Men's and Women's Finals and in 2013 Wembley is delighted to welcome back the Champions League Final.

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 a 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 competition to attract major music concerts is increasingly competitive and Wembley is working very hard to retain its premiere 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 receiving major payments 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.

Directors' report (continued)

The Company also benefits from a high level of cash reserves, including a debt service reserve account of £17.0m, which is sufficient to cover approximately nine months of interest and therefore provides additional security 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 £5,350 (2010: £5,604).

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 in the wider environment. Actively engaging with its partners is fundamental to its philosophy. Wembley Stadium's corporate commitment to sustainability is formalised in the new vision for the Company which includes "Demonstrating leadership in environmental sustainability".

Wembley's Environmental Management System ("EMS") has improved environmental performance year on year since its development in 2008; regular management reviews ensure that a best-practice EMS continues to drive efficiencies across the business, focussing on energy, waste, water, transport and sustainable procurement. Wembley's EMS is actively embedded across our world-class venue and has set the standard across The FA Group, with the scope of the Wembley EMS being broadened to include the whole of the FA organisation and an EMS now in development for St George's Park in 2012.

Environmental strategy is driven by the Green Team, which consists of employees across the organisation together with our long-term partners. The Green Team and Green Team Sub Groups have contributed to tangible achievements in 2011, including:

- a reduction in electricity consumption by 7.2% from 2010, as part of an overall reduction of 28% since 2007;
- event-day waste recycling rates exceeding 74% with the introduction of a new organic waste recycling stream; and
- achievement of the 2011 Industry Green certification for venues

Wembley Stadium continues to be a 'zero waste to landfill' venue and is making excellent progress with implementation of the Green Travel Plan. Wembley is a partner in a new group convened to share sustainable travel best practice with neighbours including the BBC, Wembley City and Sky Television.

The new Green Team Sustainable Procurement Sub Group is embedding sustainability across the business, from the FA Group purchasing policy and strategy to tenders, contracts and internal systems. The Company looks forward to reporting on achievements in 2012.

The Company seeks to play a leading role in sustainable event management. As a venue for the 2012 Olympic Games, Wembley Stadium is ensuring that its high standards for sustainability are maintained for the duration of the games. With experience of 'green' events such as the Live Earth concert and a robust EMS in place, Wembley is working closely with LOCOG and aims to contribute to the sustainable event legacy of the Olympic Games.

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 eleven times during 2011. 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 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.

The directors of the Company during the year, except as noted, and the attendance of directors at the scheduled meetings of the Board during 2011 were as follows:

| Name | Role | Date appointed/resigned | Scheduled Board Meetings |
|---------------|--|------------------------------------|--------------------------|
| M Benn | Non-Executive Chairman | appointed 1 May 2011 | 10 (11) |
| D A Bernstein | Non-Executive Director, Non-Executive Chairman | resigned as Chairman 30 April 2011 | 11 (11) |
| P A Gartside | Non-Executive Director | | 9 (11) |
| A Horne | Executive Director | | 11 (11) |
| S Martin | Non-Executive Director | | 11 (11) |
| R Maslin | Managing Director | | 11 (11) |
| I Ritchie | Non-Executive Director | resigned 20 December 2011 | 8 (10) |
| D Thomson | Executive Director | | 6 (11) |
| G Burr | Non-Executive Director | appointed 29 March 2012 | 0 (0) |
| C McConville | Non-Executive Director | appointed 29 March 2012 | 0 (0) |

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

Directors' report (continued)

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.

The directors recommend that no dividend be paid to ordinary shareholders (2010: 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; and
- The appropriateness of financial reporting.

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; England 2018/2022; and FA Learning Limited.

The GAC comprises an independent chairman, A Newell, alongside P A Gartside (Board director) and an independent non-Board member, N Humby. Two additional independent members, I Nunn and V Vaghela, were appointed in October 2011. 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 P A Gartside, a Board director, alongside R F Burden, E J Ward (both Board directors) and D A Bernstein (Chairman of The FA). 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 Grounds 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 S Martin, a Board director. The other members are R Maslin, D Thomson (Board directors), G Gillin, together with two employees who are senior members of the WNSL safety management team. 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.

Provision of information to the auditor

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



Roger Maslin
Company Secretary,
Wembley National Stadium Limited
27 April 2012



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 2011 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 2011 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.

M. R. Lee-Amies

Mark Lee-Amies

(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
27 April 2012

Profit and loss account year ended 31 December 2011

| | Notes | 2011 £'000 | 2010 £'000 |
|---|-------|---------------|-----------------|
| Turnover | 2 | 99,639 | 92,300 |
| Cost of sales | | (26,149) | (24,333) |
| Gross profit | | 73,490 | 67,967 |
| Operating expenses (includes exceptional item of £5.9m credit in 2011 from business rates refund) | | (51,994) | (57,490) |
| Operating profit | 3 | 21,496 | 10,477 |
| Net finance charges | 5 | (21,413) | (22,547) |
| Profit/(loss) on ordinary activities before taxation | | 83 | (12,070) |
| Tax (charge)/credit on profit/(loss) on ordinary activities | 6 | (364) | 4,976 |
| Loss on ordinary activities after taxation for the financial year | 16 | (281) | (7,094) |

The above results relate to continuing operations.

There were no recognised gains or losses for the year ended 2011 or 2010 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 2011

| | Notes | 2011 £'000 | 2010 £'000 |
|--|-------|------------------|------------------|
| Fixed assets | | | |
| Intangible assets | 7 | 250 | 250 |
| Tangible assets | 8 | 667,408 | 691,107 |
| | | 667,658 | 691,357 |
| Current assets | | | |
| Stocks | | 229 | 258 |
| Debtors | | | |
| – due within one year | 9 | 14,164 | 10,555 |
| – due after one year | 9 | 394 | 439 |
| Cash at bank and in hand | 11 | 32,356 | 36,324 |
| | | 47,143 | 47,576 |
| Creditors: amounts falling due within one year | 10 | (60,794) | (76,614) |
| Net current liabilities | | (13,651) | (29,038) |
| Total assets less current liabilities | | 654,007 | 662,319 |
| Creditors: amounts falling due after more than one year | 12 | (554,282) | (558,020) |
| Provisions for liabilities | 14 | (38,589) | (42,882) |
| Net assets | | 61,136 | 61,417 |
| Capital and reserves | | | |
| Called up share capital | 15 | – | – |
| Share premium account | 16 | 170,000 | 170,000 |
| Profit and loss account | 16 | (108,864) | (108,583) |
| Shareholders' funds | 16 | 61,136 | 61,417 |

These financial statements of Wembley National Stadium Limited, company number 03388437, were approved by the Board of Directors on 27 April 2012.

Signed on behalf of the Board of Directors



Melvin Benn
Chairman, Wembley National Stadium Limited

Cash flow statement year ended 31 December 2011

| | Notes | 2011 £'000 | 2010 £'000 |
|--|-------|---------------|---------------|
| Net cash inflow from operating activities | 18 | 24,198 | 32,900 |
| Returns on investments and servicing of finance | 19 | (21,485) | (22,721) |
| Capital expenditure | 19 | (4,136) | (21,761) |
| Cash outflow before financing and management of liquid resources | | (1,423) | (11,582) |
| Financing | 19 | (2,545) | 13,722 |
| (Decrease) / increase in cash and liquid resources (as per Balance Sheet) | | (3,968) | 2,140 |
| Management of liquid resources | | – | (10,000) |
| Decrease in cash in the year | 20 | (3,968) | (7,860) |

Reconciliation of net cash flow to movement in net debt year ended 31 December 2011

| | Notes | 2011 £'000 | 2010 £'000 |
|---|-------|---------------|---------------|
| Decrease in cash in the year | | (3,968) | (7,860) |
| Cash outflow from change in liquid resources | | – | 10,000 |
| Cash outflow / (inflow) from change in debt financing | | 2,793 | (13,722) |
| Change in net debt resulting from cash flows | 20 | (1,175) | (11,582) |
| Non cash movement | 20 | (5,569) | 289 |
| Change in net debt | 20 | (6,744) | (11,293) |
| Net debt brought forward | | (360,535) | (349,242) |
| Net debt carried forward | 20 | (367,279) | (360,535) |



Notes to the accounts year ended 31 December 2011

1. Accounting policies

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

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.

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 position are set out in the Directors' report that also outlines the Company's financial position including its 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 eight and ten years respectively. 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.

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

Intangible fixed asset

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.

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.

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.

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.

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.

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.

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 license 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).

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.

Notes to the accounts year ended 31 December 2011 (continued)

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.

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.



Notes to the accounts year ended 31 December 2011

(continued)

3. Operating profit

| This is stated after charging/(crediting): | 2011 £'000 | 2010 £'000 |
|--|---------------|---------------|
| Fees payable to the Company's auditor for the audit of the Company's annual Accounts | 63 | 61 |
| Fees payable to the Company's auditor for tax services to the Company | 65 | 67 |
| Operating lease rentals – plant and machinery | 51 | 68 |
| Depreciation of owned fixed assets (see note 8) | 27,835 | 28,270 |
| Amortisation of deferred capital grants | (1,037) | (1,037) |

The £5.9m exceptional item 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)

| | 2011 £'000 | 2010 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 5,370 | 4,994 |
| Social security costs | 521 | 491 |
| Other pension costs | 220 | 355 |
| | 6,111 | 5,840 |

| The average weekly number of employees during the year was as follows: | 2011 No | 2010 No |
|--|------------|------------|
| Stadium & event management | 104 | 100 |

| The total remuneration received by the directors is detailed below; | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Emoluments | 848 | 806 |
| Company contribution to pension schemes | 40 | 39 |
| | 888 | 845 |

| Details of the remuneration for the highest paid director are as follows: | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Emoluments | 307 | 253 |
| Company contribution to pension scheme | 23 | 23 |
| | 330 | 276 |

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 (2010: two).

Notes to the accounts year ended 31 December 2011

(continued)

5. Finance charges (net)

| | 2011 £'000 | 2010 £'000 |
|--------------------------|---------------|---------------|
| Bank interest payable | (22,007) | (22,539) |
| Other interest payable | – | (246) |
| Total interest payable | (22,007) | (22,785) |
| Bank interest receivable | 594 | 238 |
| Net interest payable | (21,413) | (22,547) |

Bank interest payable includes the amortisation of issue costs of £0.3m (2010: £0.3m).

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

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| UK Corporation tax at 26.5% (2010: 28%) | – | 1,930 |
| Adjustment in respect of prior years | (5,331) | (914) |
| | (5,331) | 1,016 |
| Deferred taxation (see note 14): | | |
| – Timing differences, origination and reversal | (1,964) | 1,468 |
| – Adjustment in respect of prior years | 4,166 | 1,012 |
| – Difference due to change in tax rate | 2,765 | 1,480 |
| | 4,967 | 3,960 |
| Tax (charge)/credit on profit/(loss) on ordinary activities | (364) | 4,976 |

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

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

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Profit/(loss) on ordinary activities before tax | 83 | (12,070) |
| Tax on profit at standard rate of 26.5% (2010: 28%) | (22) | 3,380 |

Factors affecting charge for the period:

| | | |
|--|---------|---------|
| – Depreciation in excess of capital allowances | (685) | 967 |
| – Non qualifying depreciation | (2,389) | (2,390) |
| – Income not taxable | 12 | 13 |
| – Non-taxable release of grant income | 507 | 535 |
| – Other short term timing differences | (554) | (575) |
| – Prior period adjustment | (5,331) | (914) |
| – Utilisation of losses | 3,131 | – |
| Total current tax (charge)/credit | (5,331) | 1,016 |

The current tax credit in both the current year and prior year relates to payment for tax losses surrendered to other companies in the Group. The payment for tax losses is offset against intercompany loan balances, details of which are outlined in note 12.

On 21 March 2012 the Government announced that the main rate of Corporation Tax rate would reduce to 24% with effect from 1 April 2012, with subsequent 1% reductions per annum to reach 22% with effect from 1 April 2014. These tax rate reductions had not been substantively enacted at the balance sheet date and therefore have 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.

Notes to the accounts year ended 31 December 2011

(continued)

7. Intangible fixed assets

| | Intellectual property £'000 |
|--|-----------------------------------|
| Cost and net book value | |
| At 1 January 2011 and 31 December 2011 | 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 2011 | 64,500 | 713,442 | 2,500 | 10,684 | 8,293 | 799,419 |
| Additions | – | 2,493 | – | 812 | 831 | 4,136 |
| At 31 December 2011 | 64,500 | 715,935 | 2,500 | 11,496 | 9,124 | 803,555 |
| Accumulated depreciation | | | | | | |
| At 1 January 2011 | – | 97,473 | – | 3,646 | 7,193 | 108,312 |
| Charge for the year | – | 26,171 | – | 1,391 | 273 | 27,835 |
| At 31 December 2011 | – | 123,644 | – | 5,037 | 7,466 | 136,147 |
| Net book value | | | | | | |
| At 31 December 2011 | 64,500 | 592,291 | 2,500 | 6,459 | 1,658 | 667,408 |
| At 31 December 2010 | 64,500 | 615,969 | 2,500 | 7,038 | 1,100 | 691,107 |

Freehold land and buildings represents the land purchased from Wembley plc in 1999 which is held at cost of £64.5m (2010: £64.5m).

9. Debtors

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Amounts falling due within one year | | |
| Trade debtors | 8,956 | 7,143 |
| Amounts owed by group companies | 1,382 | – |
| Other debtors | 13 | 10 |
| Value added tax recoverable | 338 | 848 |
| Prepayments and accrued income | 3,475 | 2,554 |
| | <u>14,164</u> | <u>10,555</u> |
| Amounts falling due after more than one year | | |
| Amounts owed by group companies | 394 | 439 |

10. Creditors: amounts falling due within one year

| | 2011 £'000 | 2010 £'000 |
|------------------------------------|---------------|---------------|
| Net bank loans | 6,872 | 11,355 |
| Obligations under finance lease | 209 | 291 |
| Trade creditors | 1,730 | 875 |
| Amounts due to parent company | – | 6,402 |
| Other taxation and social security | 163 | 133 |
| Other creditors | 841 | 5,860 |
| Accruals | 12,032 | 14,810 |
| Deferred capital grants | 1,037 | 1,037 |
| Deferred income | 37,910 | 35,851 |
| | <u>60,794</u> | <u>76,614</u> |

11. Cash at bank and in hand

Cash at bank and in hand includes £10.0m of short term treasury deposits (2010: £10.0m). These have been classified as liquid resources in the cash flow statement in accordance with FRS1.

Notes to the accounts year ended 31 December 2011

(continued)

12. Creditors: amounts falling due after one year

| | 2011 £'000 | 2010 £'000 |
|---|----------------|----------------|
| Net bank loan | 278,933 | 290,838 |
| Loan from parent company | 113,621 | 94,116 |
| Obligations under finance lease | – | 259 |
| | <u>392,554</u> | <u>385,213</u> |
| Other creditors falling due after one year: | | |
| Deferred income | 48,425 | 58,466 |
| Deferred capital grants | 113,303 | 114,341 |
| | <u>554,282</u> | <u>558,020</u> |

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:

| | 2011 £'000 | 2010 £'000 |
|----------------------------|----------------|----------------|
| Less than one year | 6,872 | 11,355 |
| Between one and two years | 4,607 | 6,872 |
| Between two and five years | 17,883 | 15,248 |
| More than five years | 259,665 | 272,315 |
| | <u>289,027</u> | <u>305,790</u> |

In the analysis above, the bank loan of £289.0m (2010: £305.8m) is stated net of unamortised arrangement fees of £3.2m (2010: £3.6m).

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 2011 amounted to £13.7m. It is expected that a further c£13m per annum will be received under this agreement until certain conditions are met.

12. Creditors: amounts falling due after one year (continued)

Deferred capital grants comprise the following amounts:

| | 2011 £'000 | 2010 £'000 |
|--|----------------|----------------|
| Sport England | 77,154 | 77,379 |
| Department of Culture, Media and Sport | 17,568 | 17,961 |
| London Development Agency | 18,581 | 19,001 |
| | <u>113,303</u> | <u>114,341</u> |

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 (2010: £1.0m).

Notes to the accounts year ended 31 December 2011

(continued)

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 2011 the interest rate swap contract has a fair value loss of £79.6m (2010: £49.4m 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 the Companies Act 2006.

14. Provisions for liabilities

| | Other £'000 | Deferred Tax £'000 | Total £'000 |
|---|----------------|-----------------------|----------------|
| At 1 January 2011 | 3,346 | 39,536 | 42,882 |
| Released to profit and loss account in the year | (76) | (4,967) | (5,043) |
| Charged to profit and loss account in the year | 750 | – | 750 |
| At 31 December 2011 | 4,020 | 34,569 | 38,589 |

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

| | 2011 £'000 | 2010 £'000 |
|--|---------------|---------------|
| Capital allowances in excess of depreciation | 17,816 | 15,710 |
| Capitalised finance costs | 23,472 | 25,910 |
| Tax losses | (6,719) | (2,084) |
| | 34,569 | 39,536 |

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.

Other amounts charged to the profit and loss account relate to commercial matters arising in the normal course of business which are expected to be utilised within the next three years.

15. Called up share capital

| | 2011 £ | 2010 £ |
|--------------------------------|-----------|-----------|
| Authorised: | | |
| 1 'A' share – non-equity | 1 | 1 |
| 100 ordinary shares of £1 each | 100 | 100 |
| | 101 | 101 |

Called up, allotted and fully paid

| | | |
|--------------------------------|-----|-----|
| 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. In 2005 this share was re-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.

Notes to the accounts year ended 31 December 2011

(continued)

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 2011 | – | 170,000 | (108,583) | 61,417 |
| Loss for the year | – | – | (281) | (281) |
| At 31 December 2011 | – | 170,000 | (108,864) | 61,136 |

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.

17. Financial commitments

Operating leases

At 31 December 2011 the Company had annual commitments under non-cancellable operating leases as set out below:

| | 2011 £'000 | 2010 £'000 |
|--------------------------------|---------------|---------------|
| Operating lease which expires: | | |
| Within one year | – | 17 |
| Within two to five years | 28 | 51 |
| | 28 | 68 |

The 2010 operating lease commitments stated above have been re-analysed.

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

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Operating profit | 21,496 | 10,477 |
| Depreciation | 27,835 | 28,270 |
| Profit on disposal of tangible fixed assets | – | 219 |
| Amortisation of deferred capital grants | (1,037) | (1,037) |
| Amortisation of deferred income grants | (875) | (875) |
| Decrease/(increase) in stocks | 29 | (65) |
| Increase in debtors | (1,961) | (771) |
| Decrease in creditors | (21,963) | (3,836) |
| Increase in provisions | 674 | 518 |
| Inflow from operating activities | 24,198 | 32,900 |

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

| | 2011 £'000 | 2010 £'000 |
|---|---------------|---------------|
| Returns on investment and servicing of finance: | | |
| Interest received | 374 | 238 |
| Interest paid | (21,859) | (22,959) |
| | (21,485) | (22,721) |
| Capital expenditure: | | |
| Payments to acquire tangible fixed assets | (4,136) | (21,761) |
| Financing: | | |
| Repayment of bank loan | (16,763) | (19,082) |
| Drawdown of loan from parent company | 14,218 | 32,804 |
| | (2,545) | 13,722 |

Notes to the accounts year ended 31 December 2011

(continued)

20. Analysis of net debt

| | 1 January 2011 £'000 | Cash flow £'000 | Non cash movement £'000 | 31 December 2011 £'000 |
|---|----------------------------|-----------------------|-------------------------------|------------------------------|
| Cash in bank and in hand | 26,324 | (3,968) | – | 22,356 |
| Liquid resources | 10,000 | – | – | 10,000 |
| Cash at bank and in hand (per Balance Sheet) | 36,324 | (3,968) | – | 32,356 |
| Bank loan, intercompany and finance lease | | | | |
| Debt due after 1 year | (385,213) | (8,853) | 1,512 | (392,554) |
| Debt due within 1 year | (11,646) | 11,646 | (7,081) | (7,081) |
| | (360,535) | (1,175) | (5,569) | (367,279) |

The Group includes short-term treasury deposits as liquid resources.

The net non cash movement comprises of an adjustment to tax losses previously surrendered to The FA (£5.3m) and 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.



