

Football Foundation



Department
for Culture
Media & Sport

— ■ FUNDING PARTNERS ■ —



The Football Foundation Annual Report and Financial Statements for the year ended 31 May 2015

Registered Company Number: 3876305
Registered Charity Number: 1079309



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TRUSTEES, DIRECTORS, OFFICERS AND ADVISERS

TRUSTEES AND DIRECTORS

The Trustees and Directors of the company who were in office during the year and up to the date of signing the financial statements were:

G A Hoffman (Chairman)

R F Burden*

Rt Hon Richard Caborn

J P B Hall**

P D G McCormick OBE

R C Scudamore*

R Chester

*Member of Audit and Remuneration Committee

**Resigned 31 July 2015.

Replaced by M Glenn on 31 July 2015.

CHIEF EXECUTIVE

P J Thorogood

COMPANY SECRETARY

D McDermott

REGISTERED OFFICE

Whittington House
19-30 Alfred Place
London
WC1E 7EA

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

SOLICITORS

Bates, Wells & Braithwaite
2 – 6 Cannon Street
London
EC4M 6YH

BANKERS

Barclays Bank PLC
Corporate Banking Group
27th Floor
1 Churchill Place
London
E14 5HP

INVESTMENT CUSTODIANS

Barclays Wealth
15th Floor
1 Churchill Place
London
E14 5HP

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MAY 2015

The Trustees, who are also Directors of the company for the purposes of the Companies Act, present their annual report and the audited consolidated financial statements for the year ended 31 May 2015.

The Trustees have referred to the Charity Commission's guidance on reporting on public benefit (section 4 of Charities Act 2011) when reviewing the Charity's aims and objectives, and when planning the Charity's activities. The Trustees are therefore confident that the Charity meets the public benefits requirements.

The information with respect to Trustees, Directors, Officers and Advisers set out on page 3 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2006 and the Companies Act 2006.

STATUS AND ADMINISTRATION

The Football Foundation ("the Foundation") is a charitable company limited by guarantee, incorporated on 12 November 1999 as The Football Trust Charitable Trust, changing its name to The Football Foundation on 28 April 2000 (company registration number 3876305) and registered with the Charity Commissioners (Charity number 1079309).

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

The report and consolidated financial statements for the year ended 31 May 2015 relate to the total activities of the two legal entities.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Foundation is governed by its Memorandum and Articles of Association.

Trustees

The Trustees are appointed to the Board as follows:

| INDEPENDENT CHAIR | APPOINTED BY THE BOARD OF TRUSTEES FOR A THREE-YEAR TERM |
|---|--|
| The Football Association | Two Trustees |
| The Premier League | Two Trustees |
| Sport England | One Trustee |
| The Department for Culture, Media and Sport | One Trustee |

Trustees serve for an open period until the nominating body replaces them on the Board. The Trustees may also appoint an independent, non-executive Chairperson for a period of up to three years, after which they can be reappointed. Gary Hoffman was reappointed as Chairman by the Board in September 2014 for a further three years

Statement of Trustees' responsibilities

The Trustees (who are also Directors of the Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In the case of each Trustee in office at the date the Trustees' report is approved, that:

- so far as the Trustee is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he/she has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Chief Executive

The Chief Executive is responsible to the Trustees for the operational efficiency and effectiveness of the Foundation within defined policy. The Chief Executive reports to the Chairman, who is responsible for carrying out an annual performance appraisal.

The Chief Executive has authority to approve general administrative expenditure up to £25,000. Expenditure in excess of this amount requires the additional approval of the Chairman. The Chief Executive also has the delegated authority to approve grants as detailed in the following section.

Organisation

The Board of Trustees administers the Foundation and meets bi-monthly, although from June 2015 onwards it was agreed that the Board would meet quarterly.

The Trustees have established committees – Panels – to review and award grants in accordance with delegated financial authority granted by the Trustees, or to make

recommendations to the Trustees in respect of applications to the various grant streams managed by the Foundation. The Panel that oversees the assessment of applications to the major funding stream is The Premier League and The FA Facilities Fund Assessment Panel. The membership of the Panel is made up from representatives of the funding partners ("FPs") and also includes unpaid volunteers, independent from the Foundation, that bring specific expertise, knowledge and experience to the panel.

In addition, two Trustees (R F Burden and R C Scudamore) participate in the Audit and Remuneration Committee. This committee has its decisions ratified by the full Board.

OBJECTIVES AND ACTIVITIES

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

- to put into place a new generation of modern facilities in parks, local leagues and schools;
- to provide capital/revenue support to increase participation in grass roots football; and
- to strengthen the links between football and the community and to harness its potential as a force for good in society.

In meeting these objectives, the Foundation committed grants and other resources, mainly in the form of supporting expertise across a number of related disciplines, aimed at a successful outcome in each grant making category. Activities were undertaken in:

- **The Premier League and The FA Facilities Fund ("PL/FA:FF").** The PL/FA:FF grant giving programme provides capital grants of up to £500,000 and facility delivery expertise in the building of changing rooms, clubhouses, grass or artificial pitches, multi-use games areas and floodlights for artificial pitches. The decision making process in the PL/FA:FF varies depending on the requested grant amount.¹
- **PL/FA:FF Small Grants Scheme.** A process for requests of up to £10,000 was piloted in 2014, aimed at providing smaller grants for small facilities projects including pitch drainage, changing room alterations, machinery maintenance, boundary fencing and replacing items such as boilers and generators. Based on a pilot delivered in 2014,

¹ The process and levels of delegated authority are explained in further detail on Page 9

the Board approved the introduction of a programme that would be delivered on a seasonal basis; the first of which opened in October 2014. £1.0m has been 'ring-fenced' from the overall three-year PL/FA:FF budget for this purpose.

- **PL/FA:FF Grow the Game Scheme.** £4.9m has been 'ring-fenced' from the overall three-year PL/FA:FF budget to provide small revenue-based funding (up to £1,500 per new team) to assist local football clubs to increase teams in priority areas (people aged between 14 and 25, female players, and people with a disability) and to provide coaching qualifications so that these teams become sustainable.
- **Respect.** This scheme offers FA affiliated clubs or leagues and all schools in England with an opportunity to purchase 'Respect'-branded equipment to promote a fair, safe and enjoyable environment in which the game can take place. The scheme offers grants to subsidise the normal cost price of these items, offering recipients a 50% discount.
- **The Mayor of London: Sports Facilities Fund.** This fund is part of the Mayor's commitment to deliver a sporting legacy from the 2012 Olympic and Paralympic Games, aiming to raise participation levels in sport in London through the funding of new or refurbished sports facilities. The money is provided by the Mayor of London and the programme is delivered by the Foundation. The scheme provides grants which help to develop affordable, good quality local facilities within local communities in London.
- **Barclays Spaces for Sports.** This is a community sports programme to develop sports sites around the UK, in partnership with the Foundation. Launched in 2004, the initial phase saw large-scale capital investment into 26 Flagship sites, joint funded with the Foundation, and 178 smaller local sites. The current phase, managed by the Foundation, provides advice and small grants to the existing sites to ensure their long-term sustainability.

STRATEGIC REPORT

The following section examines each scheme in more detail, providing information on grant making policies, decision making processes and key performance indicators.

The Premier League and The FA Facilities Fund

Overall objectives

The PL/FA:FF provides funding to capital projects that will increase participation levels, and which will forge strong links with local professional football clubs. The PL/FA:FF has a strategic target of investing at least 40% of its funding into the 20% most deprived areas of the country.

The PL/FA:FF emerged as the solution to the requirements set by the FPs – The Premier League, The FA and The Government – with respect to the current three-year funding agreement for the period 2013/14 to 2015/2016. This replaced the previous Large Facilities Programme that the Foundation previously delivered on behalf of the FPs.

Grant making policy

Applications to this fund are assessed by the Foundation Grant Management Team before being presented to the PL/FA:FF Assessment Panel, which is made up of representatives of the funding partners and unpaid volunteers who are independent of the Foundation and who provide specific expertise, knowledge and experience. The programme primarily contributes to the organisation's objective of improving facilities within local communities and directly influences the strategic development of sport in general, and football specifically.

The Foundation's primary responsibility, through the PL/FA:FF, is to provide new grassroots football facilities and replace or renovate old, dilapidated facilities where necessary for community benefit.

The Scheme awards grants to projects that:

- Will meet a local need and are, therefore, community-led.
- Are driven by a strong football development plan with clear outcomes.
- Are supported by a robust business plan that will ensure the funded-facility will be financially sustainable throughout its usable life.
- Have strong partnerships with other local sports and organisations.
- Have strong links to local professional football clubs, wherever possible.
- Will sustain or increase participation amongst children and adults, regardless of background, age, or ability.
- Are technically compliant with the Foundation's criteria.
- Have made significant efforts to secure alternative sources of funding.

It also seeks to ensure that at least a third of funded sites are Multi Sport Environments, defined as a third of participants on a third of the funded sites taking part in a sport other than football. This is a requirement of the funding provided by the Government via Sport England. All applications for grants are assessed and judged in line with the objects of the Charity.

The PL/FA:FF aims to target 40% of total investment into the 20% most deprived communities in the country, as detailed in the English Index of Multiple Deprivation 2010. It is recognized that identifying, developing and funding projects

in highly deprived communities is challenging and projects require more time to develop if they are to be successful. Accordingly, the Board has agreed that this should be a three-year target over the period of the current funding agreement, to allow adequate time for the development of new projects that will successfully achieve all the objectives of the PL/FA:FF scheme.

Decision making process

The PL/FA:FF has four thresholds of financial delegation agreed by the Board of Trustees:

- **PL/FA:FF Small Grants Scheme - Up to £10,000.** The Chief Executive and Chair of the PL/FA:FF Panel have been awarded joint delegated financial authority to award grants up to £10,000. Both must agree to the award.
- **Between £10,000 and £100,000.** The Chief Executive and Chair of the PL/FA:FF Panel have been awarded joint delegated financial authority to award grants between £10,000 and £100,000. Both must agree to the award.
- **Between £100,000 and £500,000.** The Board has delegated financial authority to the PL/FA:FF Panel to award grants of up to £500,000². However, this is still subject to the Board being content with application proposals. Trustees are provided with copies of all applications at least one week ahead of each Panel meeting and retain the power of veto; i.e. should Trustees raise an issue with an application that cannot be answered satisfactorily by the Executive prior to or during the Panel meeting, the application will automatically be forwarded for consideration by the full Board.
- **Over £500,000.** Grants of over £500,000 can only be awarded by the Board.

Performance

The Board has agreed a suite of Strategic Performance Indicators (“SPIs”) and targets for the PL/FA:FF as detailed below. Each SPI falls into an annual reporting cycle that is based on either the financial or calendar year, determined by the data collection process for each SPI. SPIs for the 2014 calendar year were reported to the Board in January 2015 and SPIs for the 2014/15 financial year in September 2015.

| Area | Performance Indicator | Target | Reporting year | Current performance |
|---------------------|--|--------|----------------|---------------------|
| Outcomes | In-year percentage increase in number of regular unique football participants across all funded sites | 5% | Calendar | 11% |
| Outcomes | In-year percentage increase in number of regular unique participants from other sports across all funded sites | 5% | Calendar | 26% |
| Targeted investment | Percentage of projects that are Multisport Environments (>33% non-football participants) | 33% | Calendar | 40% |
| Outcomes | Percentage of projects meeting or exceeding development expectations | 90% | Calendar | 86% |
| Efficiency | Percentage of projects that meet their scheduled E2E process time | 70% | Financial | 60% |
| Targeted investment | Percentage of investment into the 20% most deprived areas | 40% | Financial | 31% |
| Outcomes | Percentage of AGP projects that have a pro club link | 50% | Calendar | No data available* |
| Outcomes | Percentage of AGP projects in the 20% most deprived areas that have a pro club link | 80% | Calendar | No data available* |
| Outcomes | Percentage of AGP project opening hours where site is in use | 80% | Calendar | No data available* |

*Data for these SPIs was not available as of January 2015, as PL/FA:FF projects had not been operational for the 2014 calendar year. Performance against these SPIs will be reported for the first time in January 2016.

A total of £28.7m was awarded during 2014/15 via 225 grants, broken down as follows:

- 75 grants over £100,000 with a total value of £26.3m.
- 34 grants of between £10,000 and £100,000 with a total value of £1.9m.
- 116 grants less than £10,000 with a total value of £0.5m.

² Notwithstanding the above financial delegations, all Panel applications over £500,000, or the 20% of applications with the highest grant value, whichever is the greater, are assessed and scrutinised by the Panel and then forwarded to the next Board meeting for final approval by the Trustees.

PL/FA:FF GROW THE GAME

Grant making policy

The Grow the Game (“GtG”) scheme seeks to increase participation levels by creating new football teams. GtG provides grant support for related costs, such as facility hire, kit & equipment, coach education, and coach hire. Up to £1,500 is awarded for each new team created, with no limit on the number of planned teams. £1.9m was ring-fenced from the PL/FA:FF for the GtG scheme for 2014/15.

Projects awarded grants under the GtG scheme may not exceed three years duration. All projects must demonstrate an increase in football participation, through the development of new teams and players; this includes the up-skilling of coaches and volunteers required to support them, to ensure that the teams become self-sustainable.

In 2014, it was agreed that the scheme should be prioritised in line with The FA’s strategic priority groups: people aged between 14 and 25, female players, and people with a disability.

During 2014/15, GtG was delivered via a single funding window. The Foundation worked closely with the County FA Football Development teams to ensure that this funding was directed to where it was most likely to generate the greatest impact in terms of growing new teams in The FA priority groups. The focus is not just on generating a one-off activity but to ensure, through payments on results, that the activity is sustained over time.

Decision making process

The Chief Executive and Head of Grant Management have been given delegated joint financial authority by the Board of Trustees to award grants in respect of applications to the GtG scheme. This is then reported to the Board.

Performance

The Board has set the following Strategic Performance Indicators and targets for GtG:

| Area | Performance Indicator | Target | Reporting year | Current performance |
|----------|---|--------|----------------|---------------------|
| Outcomes | Average number of new participants each year as a result of each Grow the Game grant | 15 | Calendar | 31 |
| Outcomes | Average number of newly qualified coaches each year as a result of each Grow the Game grant | 3 | Calendar | 7 |

- Since inception, £7.6m in grants has been awarded to 1,759 clubs, creating 7,679 new teams, 104,240 new participants and enabling 22,848 coaching courses.
- A total of 710 applications were submitted during the funding window in 2014/15. Of these, 680 were eligible and submitted to the full assessment process.

- Under delegated authority approval, 656 projects were awarded grants worth a total of £1.9m. This is expected to deliver in excess of 18,615 new participants, create 1,234 new teams and enable 5,717 coaching courses to be undertaken.

RESPECT

Grant making policy

The Respect scheme gives all FA affiliated clubs, leagues and schools across England an opportunity to purchase Respect branded items (barriers, boards, vests etc.) at a 50% discount, through a voucher and unit scheme. Each unit has a corresponding allowance of equipment available.

Clubs are entitled to different levels of Respect Equipment (from 2 to 5 units) depending on size and FA Chartered Standard Status. All schools have an entitlement of 2 units.

Decision making process

Applications received from FA affiliated clubs, leagues and schools are only accepted if completed with the correct affiliation numbers for the 2014/15 season, which denotes eligibility. Successful applicants will receive an offer email stating a unique voucher code and value of the grant, which can be redeemed against relevant inventory with selected suppliers. This is then reported to the Board.

Performance

320 grants were awarded during 2014/15 with a total value of £0.1m. This included 407 barriers and 82 boards.

MAYOR OF LONDON: SPORTS FACILITIES FUND

Grant making policy

The Mayor of London: Sports Facilities Fund (“MoL:SFF”) provides funding for new sports facilities or for the refurbishment of current facilities in London, as a legacy from the London 2012 Olympics. The aim of the fund is to raise participation levels in sport across the London boroughs. £6.9m has been committed from the fund to date over five funding rounds, which has created a portfolio in excess of 100 projects.

For Round Five, which was committed in 2013/14, organisations could apply for up to 60% of the total project cost, up to a maximum of £100,000.

Key objectives included:

- Increasing the number of new or refurbished sports facilities in London (by up to 100 facilities); therefore, providing an enhanced infrastructure for sports provision across London.
- Working towards a target of £3.0m “additional partnership

funding” to deliver an overall investment pot of £4.5m.

- 10% of all new users at funded sites to have been previously “inactive”. An “inactive user” is defined as an individual who has participated in less than 30 minutes of moderate intensity exercise in the previous four weeks.

Decision making process

The Board of Trustees has delegated authority to the MoL:SFF Panel to review and make decisions based on recommendations presented to it. This authority has been provided on the basis of the criteria presented to the Board at the outset to ensure that the scheme satisfies and remains within the Foundation’s charitable purpose and objectives. The MoL:SFF Panel is required to report its decisions to the next Foundation Board meeting to ensure that is effectively monitored.

Performance

The Board has set the following Strategic Performance Indicator for the MoL:SFF:

| Area | Performance Indicator | Target | Reporting year | Current performance |
|----------|---|--------|----------------|---------------------|
| Outcomes | Percentage of new participants at Mayor of London funded sites who were previously inactive | 10% | Calendar | 13% |

BARCLAYS SPACES FOR SPORTS SUSTAINABILITY FUND

Grant making policy

The original Barclays Spaces for Sports (“BS4S”) Capital programme delivered more than 3,200 multi-sport facilities across the country.

Barclays provided a Sustainability Fund of £818,000 from 1 January 2013 to 31 December 2015. The aim is to provide sustainability funding, as appropriate, to BS4S-funded sites to ensure that they are sustainable and remain available and in use beyond 1 January 2016.

BS4S sites can apply to the BS4S Sustainability Fund for funding to assist with their sustainability plans, help protect their future and ensure a long-term legacy. The Sustainability Fund provides both capital and revenue funding up to a maximum award of £25,000.

Decision making process

The Board has delegated financial authority to the BS4S Panel to make Sustainability Grant awards based on recommendations presented to them by the Grant Managers. This authority has been provided on the basis of the criteria presented to the Board at the outset to ensure that the scheme satisfies and remains within the Foundation’s charitable purpose and objectives. The BS4S Panel meets on a quarterly basis; it must report all awards that it has made to

the Foundation Board.

Performance

The overall three-year vision for the BS4S Sustainability Fund is: “To establish a clear future for every Barclays Spaces for Sports site, ensuring that at least 75% of them are equipped to remain fully sustainable for the foreseeable future.”

Overall, the BS4S Programme has the following Strategic Performance Indicators:

| Area | Performance Indicator | Target | Reporting year | Current performance |
|----------|--|--------|--|---------------------|
| Outcomes | Percentage of sites that are defined as sustainable for the foreseeable future | 75% | Calendar (End of three year sustainability strategy) | No data available |
| Outcomes | Percentage increase in the number of regular site users | 5% | Calendar (End of three year sustainability strategy) | No data available |
| Outcomes | Average increase in sustainability matrix score | 20% | Calendar (End of three year sustainability strategy) | No data available |

In 2014/15, 21 grants were awarded with a total value of £0.3m.

ACHIEVEMENTS AND PERFORMANCE

Overall grant giving

In meeting its objectives, the Foundation made 1,377 grant awards during 2014/15 compared with 1,890 grants in 2013/14. This amounted to £31.4m grant commitment. The variance in the number of grants committed between 2013/14 and 2014/15 reflects a higher volume of relatively low value Youth goalpost and Respect scheme grants awarded in 2013/14.

Organisational Strategic Performance Indicators

In addition to the scheme specific SPIs, the Board has set two organisational indicators:

| Area | Performance Indicator | Target | Reporting year | Current performance |
|-----------------------|--|---------------|----------------|---------------------|
| Financial | Administrative overheads as a percentage of overall funds committed in year | Less than 10% | Financial | 10.1%* |
| Customer satisfaction | Percentage of applicants who reported that they were at least satisfied with our staff and the overall application process | 90% | Calendar | 93% |

*Actual performance against this financial SPI target should be reviewed on a three-year basis. This reflects the variability of grant commitment on an in-year basis.

FINANCIAL REVIEW

The consolidated statement of financial activities for the year is set out on page 23 of the financial statements. A summary of the financial results and the work of the Charity are set out below.

Income generation

The income of the Foundation is comprised primarily of donations and grants from football and sport related organisations, with an additional amount of interest earned on investments and cash balances. Grants and donations received during the year were £31.1m (2014: £30.0m). There are no other income generating activities carried out by the Charity, although the subsidiary company, FFTL, generated income of £939,790 in the year (2014: £786,681).

Turnover generated in the year and prior year by FFTL related to income received from Barclays in respect of the BS4S programme and is to cover the administrative support to the Foundation and to meet the cost of direct scheme expenditure, for example coaching equipment issued for promotional purposes.

Additional income was also received by FFTL during the year as a result of offering organisations use of an online monitoring system (Upshot). This was launched in January 2012, and is used both for Foundation-funded projects (Income attributable from the Foundation: £165,982 (2014: £383,130)) as well as being provided to other organisations for a licence fee.

The movement in funds in the year reflects the balance between income recognised and the grants awarded. Donations from The Football Association and The Premier League are guaranteed over a period of time. These donations are accounted for on a receivable basis in the year in which the income falls due. Funds available to the Foundation from The Government (via Sport England) are drawn down in arrears of spend. All spend must relate to the financial year in question. At 31 May 2015 the available balance was £10.0m; an entitlement to income is triggered prior to the receipt of the funds themselves.

Reserves

It is the Foundation's policy that the aggregate of grants awarded will not exceed known current and future funding. The present Reserves Policy is to hold reserves at a level to fund activities in the event of a major fall in income or unforeseen expenditure while plans to replace income or change activities are put in place. Should there be any indication of a cessation of funding to any major extent the Foundation would have to implement an exit strategy that would allow all grant awards to be honoured, including the provision for sufficient staff to remain in place to meet such a requirement. Given the cyclical nature of the Foundation's funding, the Trustees will investigate with the funders an

approach that will give a greater certainty to future funding and where necessary may include an exit strategy that will ensure operating costs are met. The Foundation reserves policy is reviewed on an annual basis.

Investment powers, policy and performance

Investment powers are governed by the company's Articles of Association, which permit any surplus funds to be invested by the Board of Trustees. The Trustees intend that the real value of the Charity's investments be maintained and enhanced over the long term by investment in a low risk portfolio comprising solely of capital protected cash funds. Decisions on investment purchases and sales are made by the Audit & Remuneration Committee, which the Executive then actions. No social, environmental or ethical considerations are specified. The performance of investments has been in line with Trustees' expectations.

The Group had cash on deposit of £49.9m (2014: £31.5m) at the end of the financial year. These will be used in the coming years to pay grants that the Trustees have authorised and communicated to the recipients. At the end of the financial year there were outstanding grants payable totalling £43.9m (2014: £40.6m). The timing for receipt of income by the Foundation is never certain, so the Trustees' policy is not to commit funds beyond known funding.

As part of the terms and conditions attached to every grant awarded, an applicant agrees and accepts that payments of a grant can only be assured to the extent that the Foundation has available funds.

Changes in tangible assets

The movements in tangible assets during the year are set out in note 11 to the financial statements.

Grants awarded

An analysis of the largest grants awarded during the year can be found in note 26.

Financial risk management

The Foundation's operations expose it to a variety of risks that include liquidity risk and interest rate risk. The Trustees delegate day to day responsibility for managing these risks to the Chief Executive, Chief Operating Officer and Head of Accounting & Finance.

Liquidity risk. Investments and cash are managed to ensure that there are sufficient funds available to meet the liabilities of the Foundation in a timely manner. Given the poor returns available in the investment market at this time and the demand for greater liquidity caused by much improved grant claim payment processes, as funds become available through disposal or maturity they are placed in interest bearing cash deposits as opposed to longer-term investments. Consequently significant levels of funds are held on short-term deposit and are therefore available at short notice. In addition, an overdraft facility of £1.0m is available to address

any short-term liquidity problems.

Interest rate risk. Interest rate risk is managed by exploring the investment options available to the Foundation and investing where the best returns possible can be achieved at the lowest possible risk. Many of the Foundation's investments were purchased at a time when the guaranteed returns were much greater than those available now.

Future activities

The Football Association, The Premier League and The Government (via Sport England) have committed to providing the following funding in the next financial year:

| Funding Partner | 2015/16 (£m) |
|--------------------------|-------------------------|
| The Football Association | 12.0 |
| The Premier League | 7.3 |
| The Government | 10.0 |

Whilst the remit of the Foundation has narrowed to focus on driving participation through facility development, its strategic outcomes remain the same: making a positive impact on local communities through sports participation.

Through employing this strategy, and by harnessing the popularity of the game, the Foundation has been able to ensure that people of all ages, regardless of sex, race, religion or disability have access to a new generation of football-based and, where appropriate, multi-sport, facilities.

The Football Foundation Trading Limited (Reg no: 4202574)

FCTL was established to trade and generate funds for the Foundation. There are no restrictions on the activities of the FCTL. The main activities in the FCTL during 2014/15 were to continue growth in revenue by selling licences to other organisations to use an online monitoring system ("Upshot") developed by the Foundation, and to provide administrative support to the Foundation for the BS4S programme. Upshot was launched in January 2012, and is used both for Foundation-funded projects as well as being provided to other organisations for a licence fee. BS4S will continue to be administered by FCTL until 31 December 2015 under current agreements.

FCTL makes an annual gift aid payment to the Foundation, thereby transferring all of its taxable profits to the Charity. In 2015 no payment was made (2014: £nil) due to FCTL not making a taxable profit.

The development of Upshot provides an online tool to monitor the delivery and impact of Facility and Community based projects. This is being incrementally rolled out to all Foundation-funded projects, as well as to projects across the Third Sector not funded by the Foundation, on a subscription basis.

FCTL makes an annual payment under a royalty agreement of 2% of its annual turnover to the Foundation as consideration for the use of the Charity's name and logos. The payment due to the Charity under this agreement for 2015 is £18,802 (2014: £15,734).

One of the Directors of the FCTL, R C Scudamore, is also a Trustee of the Foundation. The other Director, P J Thorogood, is the Chief Executive of both the FCTL and the Foundation.

PLANS FOR FUTURE PERIODS

The Foundation's core funding is agreed in three-year cycles, with this report relating to the second year of the current 2013-16 cycle. The focus of the Foundation is in the following areas:

Effective delivery of investment

The Foundation has adopted a continuous improvement process to all of its operations, using objective and reflective performance data to identify areas for focus and refinement. This has resulted in a lean and effective delivery mechanism that ensures all investment achieves the best possible results in delivering our strategic objectives. The Foundation has incrementally developed a highly effective suite of live performance metrics that provide medium-term visibility of the likelihood of achieving strategic targets, which, crucially, identifies where performance falls below expectation; thus enabling early remedial action to be taken to raise performance to where it should be. The focus next year will be the utilisation of these performance tools, as well as their enhancement to provide even longer-term and more granular visibility.

Demonstrating impact and value for money to our funders

The Foundation has invested time and effort into creating a comprehensive monitoring capability to assess the impact of its funded projects. This is to ensure that every project has the best chance of reaching its potential in terms of community benefit; thus achieving the greatest possible outcomes from every pound invested. The focus of the forthcoming year will be to employ these tools, wherever possible to the benefit of each funding partner and to use the Foundation's wealth of insight to demonstrate how each Funding Partner's investment has helped them to achieve their own strategic objectives.

Sustainability of existing projects

As part of the above monitoring capability, the Foundation invests staff resources into providing ongoing advice and guidance to all projects. This not only helps to improve the outcomes achieved, but also helps to ensure their long-term sustainability, reducing the likelihood of needing additional 'subsidy' investment in the future. This is a key focus for the Foundation in the coming year, as the well-publicised

'squeeze' on the public purse will inevitably reduce the amount of financial subsidy for sports sites, making long-term sustainability more challenging. The Foundation has created various support resources to help projects to achieve sustainability, and so the continued deployment of this support, along with ongoing monitoring, will seek to minimise the impact of any local authority and other financial cuts.

Attracting additional funds

The Foundations' Board of Trustees will continue to seek additional investment opportunities from new funders to help achieve the Foundations' strategic objectives. To do this, the Foundation will continue to present itself as an efficient and effective delivery mechanism for grassroots capital investment.

PRINCIPAL RISKS AND UNCERTAINTIES

The business, its management and execution of the company's strategy are exposed to a number of risks; these risks are identified and mitigated where possible. Within the work of the Foundation, there are broadly three types of risk:

- **Strategic risks.** Strategic risks are major concerns such as reputational risk, or the risk that the Foundation will fail to deliver on a major strategic target and/or objective. They are more often external issues with high impact which require a response plan to mitigate the effects of the risk event happening, as controlling the occurrence is outside the Foundation's sphere of influence. The Foundation's risk assessment process analyses these risks to get to the root cause of the risk and then considers appropriate management responses. These are collated into the Strategic Risk Register, which is monitored regularly by the Executive Management Team. From January 2015, it was agreed that the Strategic Risk Register should be presented at every Board meeting.
- **Operational risks.** Operational risks are part of day-to-day management and Department Heads and Team Managers are expected to articulate an understanding of the risks in their area of operation, together with an explanation as to how they are being managed. Each manager prepares a risk and control framework annually, and monitors it constantly throughout the year. Whilst each risk is 'owned' by the relevant Department Head, any risks which increase significantly in terms of either Likelihood or Impact are escalated to the Executive Management Team, which manages them as a part of the Strategic Risk Management process.
- **Project risks.** These are risks arising from a particular programme or project and are managed as part of the grant-giving governance for that activity; they are regularly reviewed and monitored. This is part of good project governance and management.

The Foundation's Risk Register contains two sections: Strategic Risk, and a series of Operational Risks, from each of the Foundation's teams. As described below, Strategic Risk is managed by the Executive Management Team and Board; whereas Operational Risk is managed by the Teams and Operations Group, with the exception of escalated Operational Risks that need to be referred 'up the chain'.

The review process for each type of risk is summarised as follows:

- **Project risks.** These are highlighted at the point of grant assessment in terms of financial risk, construction risk, and development outcomes risk. These are then monitored and mitigated throughout the project's life through the comprehensive project monitoring and evaluation processes.
- **Strategic risk management.** The Executive Management Team reviews and updates the Strategic Risk Register quarterly, and carries out a full refresh annually. This, together with the fully refreshed Operational Risk Matrices, is forwarded in full to the Board for approval each year.
- **Operational risk management.** Each of the Departmental Risk Matrices is reviewed by departmental teams at their weekly meetings. Any risks that need to be escalated are then highlighted to the Management Team and/or Board as required. Each matrix also undergoes formal review and updating each quarter, and is then forwarded to the Executive Operations Group for consideration. Each matrix is also fully refreshed once a year, during the team planning process.

Board responsibilities – all risks ultimately sit with the Board, and any (Operational or Strategic risks) that require a Board-level action will be escalated to the next available meeting, or by correspondence as necessary. This is over and above the Board's responsibility to review and approve the overall risk register annually, and receiving visibility of the Strategic Risk Register at each meeting.

By order of the Board

D McDermott
Company Secretary

21 September 2015
Reg no: 3876305

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE FOOTBALL FOUNDATION

REPORT ON THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 May 2015 and of the group's incoming resources and application of resources, including its income and expenditure and the group's cash flows 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.

This opinion is to be read in the context of what we say in the remainder of this report.

WHAT WE HAVE AUDITED

The group financial statements and parent charitable company financial statements (the "financial statements"), which are prepared by The Football Foundation, comprise:

- the group and parent charitable company balance sheet as at 31 May 2015;
- the group statement of financial activities for the year then ended;
- the group cash flow statements for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the Trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Annual Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations

we require for our audit; or

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

TRUSTEES' REMUNERATION

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE TRUSTEES

As explained more fully in the Statement of Trustees' responsibilities, the Trustees 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members and Trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

John Minards (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

5 October 2015



CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MAY 2015

| | | Restricted funds 2015 £'000 | Unrestricted funds 2015 £'000 | Total funds 2015 £'000 | Total funds 2014 £'000 |
|---|--------------|--|--|---------------------------------------|------------------------------|
| | Notes | | | | |
| Incoming resources | | | | | |
| Incoming resources from generated funds | | | | | |
| Voluntary income: | | | | | |
| Grants and donations | 2 | 886 | 30,180 | 31,066 | 30,008 |
| Activities for generating funds: | | | | | |
| Trading income | 3 | - | 1,032 | 1,032 | 787 |
| Investment income | 4 | - | 181 | 181 | 217 |
| Other incoming resources | | - | 410 | 410 | 386 |
| Total incoming resources | | 886 | 31,803 | 32,689 | 31,398 |
| Resources expended | | | | | |
| Costs of generating funds: | | | | | |
| Trading costs in subsidiary company | 5 | - | (857) | (857) | (850) |
| Charitable activities: | | | | | |
| Grants payable | 5,6 | (886) | (31,560) | (32,446) | (28,921) |
| Governance costs | 6b | - | (185) | (185) | (160) |
| Total resources expended | | (886) | (32,602) | (33,488) | (29,931) |
| Net incoming / (outgoing) resources before other recognised gains and losses | 7 | - | (799) | (799) | 1,467 |
| Other recognised gains and losses | | | | | |
| Realised Gain/(Loss) on investments | 13 | - | 39 | 39 | - |
| Unrealised Gain/(Loss) on revaluation of investments | 13 | - | - | - | 68 |
| Net movement in funds | | - | (760) | (760) | 1,535 |
| Fund balances brought forward at 1 June | 17 | - | 14,246 | 14,246 | 12,711 |
| Fund balances carried forward at 31 May | 17 | - | 13,486 | 13,486 | 14,246 |

All incoming resources and resources expended are derived from continuing activities. The Company had no gains or losses other than those included in the net movement in funds above, therefore no separate statement of total recognised gains and losses has been presented. There is no difference between the net movement in funds and its historical cost equivalent. The notes on pages 18 to 31 form part of these financial statements.

BALANCE SHEETS AS AT 31 MAY 2015

| | Notes | Group | | Charity | |
|---|-------|-----------------|----------|-----------------|----------|
| | | 2015 | 2014 | 2015 | 2014 |
| | | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Intangible fixed assets | 12 | 436 | 371 | 115 | 31 |
| Tangible fixed assets | 11 | 752 | 889 | 752 | 716 |
| Total fixed assets | | 1,188 | 1,260 | 867 | 747 |
| Current assets | | | | | |
| Stocks and work in progress | | 31 | 158 | 31 | 158 |
| Debtors: Amounts falling due within one year | 14 | 6,963 | 831 | 7,233 | 1,403 |
| Investments | 13 | - | 21,913 | - | 21,913 |
| Cash at bank and in hand | | 49,884 | 31,520 | 49,750 | 31,464 |
| Total current assets | | 56,878 | 54,422 | 57,014 | 54,938 |
| Creditors: Amounts falling due within one year | 15 | (44,701) | (41,312) | (44,530) | (41,186) |
| Net current assets | | 12,177 | 13,110 | 12,484 | 13,752 |
| Debtors: Amounts falling due after one year | 14 | 121 | - | 687 | 598 |
| Total assets less current liabilities | | 13,486 | 14,370 | 14,038 | 15,097 |
| Creditors: Amounts falling due after one year | 16 | - | (124) | - | (124) |
| Net assets | 18 | 13,486 | 14,246 | 14,038 | 14,973 |
| The funds of the Charity | | | | | |
| Unrestricted income funds | | 14,038 | 14,885 | 14,038 | 14,885 |
| Funds retained within a non-charitable subsidiary | 17 | (552) | (727) | - | - |
| Revaluation reserve | | - | 88 | - | 88 |
| Total unrestricted income funds | 17 | 13,486 | 14,246 | 14,038 | 14,973 |
| Total Charity funds | 17,18 | 13,486 | 14,246 | 14,038 | 14,973 |

The financial statements on pages 18 to 31, which comprise the consolidated statement of financial activities, the group and Charity balance sheets, the consolidated cash flow statement and the related notes were approved by the Board of Trustees and signed on its behalf on 21 September 2015 by

G Hoffman
Chairman

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2015

| | Notes | 2015 £'000 | 2014 £'000 |
|--|-------|----------------|---------------|
| Net cash (outflow) / inflow from operating activities | 19 | (3,579) | 23,708 |
| Returns on investments and servicing of finance | | | |
| Interest received | | 181 | 217 |
| Total returns on investments and servicing of finance | | 181 | 217 |
| Capital expenditure and financial investment | | | |
| Purchase of investments | 13 | - | (6,825) |
| Sale of Investments | 13 | 21,952 | - |
| Purchase of intangible fixed assets | 11 | (70) | - |
| Purchase of tangible fixed assets | | (120) | (136) |
| Total capital income / (expenditure) and financial investment | | 21,762 | (6,961) |
| Net cash inflow before financing | | 18,364 | 16,964 |
| Increase in cash in the year | 21 | 18,364 | 16,964 |



NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared on a going concern basis in accordance with applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in March 2005, Charities Act 2011 and the Companies Act 2006. A summary of the principal group accounting policies, which have been applied consistently unless stated, is set out below.

BASIS OF ACCOUNTING

The financial statements are prepared in accordance with the historical cost convention except for investments which have been included at redemption value where this is guaranteed.

BASIS OF CONSOLIDATION

The consolidated statement of financial activities, the consolidated balance sheets and the consolidated cash flow statement include the financial statements of the Charity and its subsidiary undertaking made up to 31 May 2015. The subsidiary has been consolidated on a line by line basis. Intra group transactions and profits are eliminated fully on consolidation.

The Charity has adapted the Companies Act formats to reflect the Charities SORP and the special nature of the Charity's activities. No separate SOFA has been presented for the Charity alone as permitted by Section 408 of the Companies Act 2006 and paragraph 397 of the 2005 SORP. The amount of the net incoming resources for the year dealt with in the Charity's financial statements is disclosed in note 10.

INCOMING RESOURCES

Voluntary income, including donations and grants that provide core funding or are of a general nature are included in the statement of financial activities on the following bases:

All grants and donations received are recognised when the Foundation is entitled to funds, where there is certainty of receipt and the amount can be reliably quantified. Donations from The Football Association, The Premier League and the Government (via Sport England) are accounted for in the year to which the funders have indicated that the income is for. Grants and donations to the restricted fund are recognised on a receivable basis, where there is signed funding agreement and there is commitment by the Foundation of such funds to the agreed programme.

Income from commercial trading activities is recognised as earned (as the related goods and services are provided). Investment income is recognised on a receivable basis.

Additional income is received by FFTL from sales of Upshot software licenses. Income in relation to Upshot licenses is recognised when the conditions attached to the income have been met. Upshot licenses require annual delivery of the service associated with the license. So in practice this means that one year of license income is recognised in the year to which the license relates. Where license contracts span more than one year, a proportionate amount of license income is recognised in the financial year of the when the contract commences with the remainder being deferred to future periods.

RESOURCES EXPENDED

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

Charitable activities include expenditure associated with sport related grants and include both the direct and support costs relating to these activities.

Governance costs include those incurred in the governance of the Charity and its assets and are primarily associated with constitutional and statutory requirements.

Support costs include the central functions of finance, human resources, information technology, external relations and general administration, and have been allocated to activity cost categories on a basis consistent with the use of resources.

OPERATING LEASES

Rental costs are recognised in the statement of financial activities on a straight line basis. This includes an initial 'rent free period' with appropriate costs accrued over this period which will later be offset against the actual costs incurred.

RECOGNITION OF LIABILITIES

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

FUND ACCOUNTING

The funds of the charity have been segregated as follows: Restricted Funds consist of donations and grants received, for which the donor or grant giver has specified the purposes for which the resources can be utilised. Outgoing resources on restricted funds reflect the appropriate expenditure that has been charged to those funds.

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

PENSION COSTS

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

TANGIBLE ASSETS AND DEPRECIATION

Capitalisation and replacement

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

Depreciation

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

| | Years |
|---------------------------------------|--------------|
| Fixtures and fittings – straight line | 10 |
| Computer software – straight line | 7 |
| Computer equipment – straight line | 4 |

INTANGIBLE ASSETS

Intangible assets represent development costs and are capitalised when there is a readily ascertainable market value for the asset being developed, consistent with the requirements of FRS 10. Those costs are amortised on a straight line basis over 7 years, in line with the depreciation period for computer software.

INVESTMENTS

These are stated at the Trustees' best estimate of market value which is the guaranteed return on redemption or market value where this is higher.

RELATED PARTY TRANSACTIONS

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

DEFERRED TAXATION

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

IRRECOVERABLE VALUE ADDED TAX

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

2. VOLUNTARY INCOME

| Group | 2015 £'000 | 2014 £'000 |
|---|-----------------------------|---------------|
| Unrestricted | | |
| The Football Association | 12,810 | 13,000 |
| Premier League | 7,300 | 7,300 |
| Government funds managed by Sport England | 10,000 | 10,000 |
| Barclays Spaces for Sports | 70 | 135 |
| | 30,180 | 30,435 |
| Restricted | | |
| Playsport London | 875 | (577) |
| English Schools Football Association | 11 | - |
| Nike | - | 120 |
| Extra time (Comic Relief) | - | 30 |
| | 886 | (427) |
| Total donations | 31,066 | 30,008 |

3. SUBSIDIARY UNDERTAKING

The subsidiary undertaking of the Charity, The Football Foundation Trading Limited ("FFTL"), is a company registered in England and Wales (no. 4202574) in which the Charity holds 1 £1 ordinary share representing 100% of the issued share capital.

FFTL administers a significant part of the Barclays Spaces for Sports programme and the Register of English Football Facilities ("REFF"), which provides a detailed register of all football playing fields within England. The other main activity in FFTL during 2014/15 was to continue to grow revenue from offering organisations use of an online monitoring system ("Upshot"). Upshot was launched in January 2012, and is used both for Foundation-funded projects as well as being provided to other organisations for a licence fee. The development of Upshot provides an online tool to monitor the delivery and impact of Facilities and Community based projects.

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

| | | |
|--|-----------------------------|---------------|
| | 2015 £'000 | 2014 £'000 |
| Turnover | 940 | 787 |
| Research and development tax credit | 92 | - |
| Administrative expenses | (857) | (850) |
| Profit / (loss) of subsidiary | 175 | (63) |
| | 2015 £'000 | 2014 £'000 |
| Intangible assets | 321 | 340 |
| Tangible assets | - | 173 |
| Current assets | 371 | 93 |
| Current liabilities | (678) | (735) |
| Liabilities falling due after one year | (566) | (598) |
| Net liabilities | (552) | (727) |

4. INVESTMENT INCOME

| Group | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|
| Interest receivable on cash on deposit | 181 | 217 |
| | 181 | 217 |

5. ANALYSIS OF RESOURCES EXPENDED

| Group | Direct staff costs £'000 | Other direct costs £'000 | Support costs £'000 | 2015 Total £'000 | 2014 Total £'000 |
|--------------------------------|--------------------------------|--------------------------------|---------------------------|------------------------|------------------------|
| Awarding of grants | | | | | |
| Grants payable (see note 26) | 605 | 29,062 | 2,779 | 32,446 | 28,921 |
| Governance Costs (see note 6b) | 105 | 53 | 27 | 185 | 160 |
| Trading costs | 379 | 432 | 46 | 857 | 850 |
| | 1,089 | 29,547 | 2,852 | 33,488 | 29,931 |

Support costs are further analysed in note 6.

6. ALLOCATION OF SUPPORT COSTS AND ANALYSIS OF GOVERNANCE COSTS

A. ALLOCATION OF SUPPORT COSTS

| Group | Grant payable £'000 | Governance costs £'000 | Trading costs £'000 | 2015 Total £'000 | 2014 Total £'000 |
|--------------------------------|---------------------------|------------------------------|---------------------------|---------------------|---------------------|
| Indirect staff costs | 1,349 | - | - | 1,349 | 1,624 |
| Travel and meetings | 72 | 1 | - | 73 | 73 |
| Office and premises | 1,214 | 23 | 46 | 1,283 | 1,118 |
| Public relations and marketing | 78 | 2 | - | 80 | 77 |
| Recruitment and training | 42 | 1 | - | 43 | 67 |
| Consultancy | 18 | - | - | 18 | 20 |
| Accountancy and professional | 6 | - | - | 6 | 9 |
| | 2,779 | 27 | 46 | 2,852 | 2,988 |

The support costs have been allocated by taking the trading costs directly from the overhead costs shown in the subsidiary accounts and distributing the remaining costs using the percentage of total employee time spent on governance related work.

B. ANALYSIS OF GOVERNANCE COSTS

| Group | 2015 | 2014 |
|--------------------------------|--------------|-------|
| Activity: | £'000 | £'000 |
| External audit | 39 | 29 |
| Direct staff costs | 105 | 93 |
| Apportionment of support costs | 27 | 22 |
| Trustee Board Costs | 14 | 16 |
| | 185 | 160 |

7. NET (OUTGOING) / INCOMING RESOURCES BEFORE OTHER RECOGNISED GAINS AND LOSSES

| Group | 2015 | 2014 |
|---|--------------|-------|
| | £'000 | £'000 |
| Net (outgoing) / incoming resources before other recognised gains and losses is stated after charging: | | |
| Depreciation on tangible assets | 165 | 179 |
| Amortisation on intangible assets | 97 | 76 |
| Rents payable under operating leases | 592 | 464 |
| Auditors' remuneration for: | | |
| Audit services | 45 | 37 |
| Taxation and other services | 17 | 18 |

The Charity incurred audit costs of £38,640 including VAT (2014: £29,040) and taxation and other services costs of £5,650 (2014: £4,350). Audit costs of £6,600 excluding VAT incurred by the trading subsidiary are included within the trading costs.

8. EMPLOYEE INFORMATION

| Group | 2015 | 2014 |
|--|---------------|--------|
| | Number | Number |
| The average monthly number of persons employed by the Group during the year was: | | |
| Development | 1 | 1 |
| Sales | 4 | 4 |
| Administration | 46 | 53 |
| Administration | 51 | 58 |
| | | |
| Group | 2015 | 2014 |
| | £'000 | £'000 |
| Staff costs (for the above persons) | | |
| Wages and salaries | 2,052 | 2,341 |
| Social security costs | 215 | 247 |
| Other pension costs | 130 | 136 |
| Redundancy | - | 14 |
| | 2,397 | 2,738 |

The Foundation operates a defined contribution scheme contributing 8% of gross salaries on behalf of employees. Pension costs to the Foundation were £110,300 (2014: £125,152) for the financial year.

The number of employees whose emoluments exceeded £70,000 was:

| Group and Charity | 2015 Number | 2014 Number |
|--------------------------|------------------------|----------------|
| £70,001 - £80,000 | 1 | - |
| £90,001 - £100,000 | - | 1 |
| £100,001 - £110,000 | 1 | 1 |
| £190,001 - £200,000 | 1 | - |
| £200,001 - £210,000 | - | 1 |

For those staff whose emoluments exceeded £70,000, pension contributions amounting to £27,000 (2014: £31,000) were paid for the provision of money purchase benefits. No Trustee received any remuneration from the Charity during the year. Richard Caborn is a Trustee of the Foundation and during the financial year he was reimbursed with £358 for expenditure incurred on behalf of the Foundation.

Indemnity insurance for Directors'/Trustees' liability has been purchased by the Group at a cost of £4,000.

9. TAXATION

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

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

FCTL is registered for VAT, and consequently all its income and expenditure is recorded net of VAT. FCTL gift aids all of its taxable profits to the Charity, resulting in no liability to corporation tax.

No deferred tax asset has been recognised on the losses arising in FCTL on the basis that sufficient profits cannot be guaranteed at this stage of the Company's development and historical deficits brought forward exceed profits generated to date.

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

The incoming resources attributable to the Charity were £31.7m (2014: £30.6m). The net outflowing resources for the year attributable to the Charity were £0.8m (2014: £1.5m net inflowing resources)

11. TANGIBLE ASSETS

| Group | Fixtures and fittings | Computer equipment | Assets under construction | Total |
|---------------------------------|-----------------------|--------------------|---------------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| At 1 June 2014 | 717 | 2,976 | 261 | 3,954 |
| Additions | - | 18 | 102 | 120 |
| Transfer to intangible assets | - | - | (92) | (92) |
| At 31 May 2015 | 717 | 2,994 | 271 | 3,982 |
| Accumulated depreciation | | | | |
| At 1 June 2014 | 401 | 2,664 | - | 3,065 |
| Charge in year | 68 | 97 | - | 165 |
| At 31 May 2015 | 469 | 2,761 | - | 3,230 |
| Net book value | | | | |
| At 31 May 2015 | 248 | 233 | 271 | 752 |
| At 31 May 2014 | 316 | 312 | 261 | 889 |

Assets in the course of construction relate to Club Upshot.

| Charity | Fixtures & fittings | Computer equipment | Assets under construction | Total |
|---------------------------------|---------------------|--------------------|---------------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | |
| At 1 June 2014 | 700 | 660 | 91 | 1,451 |
| Additions | - | 18 | 90 | 108 |
| Transfer from FFTL | - | - | 182 | 182 |
| Transfer to intangible assets | - | - | (92) | (92) |
| At 31 May 2015 | 700 | 678 | 271 | 1,649 |
| Accumulated depreciation | | | | |
| At 1 June 2014 | 383 | 352 | - | 735 |
| Charge in year | 68 | 94 | - | 162 |
| At 31 May 2015 | 451 | 446 | - | 897 |
| Net book value | | | | |
| At 31 May 2015 | 249 | 232 | 271 | 752 |
| At 31 May 2014 | 317 | 308 | 91 | 716 |

12. INTANGIBLE FIXED ASSETS

| Group | Total £'000 |
|---------------------------------|------------------------|
| Cost | |
| At 1 June 2014 | 556 |
| Additions | 70 |
| Transfer from tangible assets | 92 |
| At 31 May 2015 | 718 |
| Accumulated amortisation | |
| At 1 June 2014 | 185 |
| Charge in year | 97 |
| At 31 May 2014 | 282 |
| Net book value | |
| At 31 May 2015 | 436 |
| At 31 May 2014 | 371 |
| Charity | Total £'000 |
| Cost | |
| At 1 June 2014 | 44 |
| Additions | 12 |
| Transfer from tangible assets | 92 |
| At 31 May 2015 | 148 |
| Accumulated amortisation | |
| At 1 June 2014 | 13 |
| Charge in year | 20 |
| At 31 May 2015 | 33 |
| Net book value | |
| At 31 May 2015 | 115 |
| At 31 May 2014 | 31 |

Intangible assets primarily comprise development costs for the Upshot online monitoring system.

13. INVESTMENTS

| Group and Charity | 2015 | 2014 |
|--------------------------------|-----------------|---------------|
| | £'000 | £'000 |
| At 1 June | 21,913 | 15,020 |
| Purchase of Asset | - | 6,825 |
| Disposal proceeds | (21,952) | - |
| Realised loss on disposal | 39 | - |
| Unrealised gain on revaluation | - | 68 |
| As at 31 May | - | 21,913 |

During the year the Foundation transferred all funds held with Julius Baer to Barclays Bank PLC.

14. DEBTORS

| | Group | | Charity | |
|---|--------------|-------|----------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts falling due within one year: | | | | |
| Amounts owed by subsidiary undertaking | - | - | 507 | 608 |
| Amounts owed by The Football Stadium Improvement Fund | 98 | 1 | 98 | - |
| Other debtors | 213 | 224 | 70 | 189 |
| Prepayments and accrued income | 6,652 | 606 | 6,558 | 606 |
| | 6,963 | 831 | 7,233 | 1,403 |

No interest is charged on subsidiary undertaking (The Football Foundation Trading Limited) balances and there is no fixed repayment date.

| | Group | | Charity | |
|--|--------------|-------|----------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| | £'000 | £'000 | £'000 | £'000 |
| Amounts falling due after one year: | | | | |
| Loan to subsidiary undertaking | - | - | 566 | 598 |
| Loan to Arnold Town | 121 | - | 121 | - |
| | 121 | - | 687 | 598 |

The Board of Directors of the parent charitable company have approved a loan to enable development of online monitoring and evaluation software (Upshot). This is unsecured with no fixed repayment date and bears interest at the Bank of England base rate.

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Charity | |
|--|---------------|---------------|---------------|---------------|
| | 2015 £'000 | 2014 £'000 | 2015 £'000 | 2014 £'000 |
| Trade creditors | 207 | 271 | 173 | 213 |
| Amounts owed to The Football Stadia Improvement Fund | - | 191 | - | 191 |
| Taxation and social security costs | 66 | 9 | 66 | 9 |
| Grants payable | 43,865 | 40,506 | 43,865 | 40,506 |
| Other creditors | 34 | 9 | 1 | - |
| Accruals and deferred income | 529 | 326 | 425 | 267 |
| | 44,701 | 41,312 | 44,530 | 41,186 |

16. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

| | Group | | Charity | |
|----------------|---------------|---------------|---------------|---------------|
| | 2015 £'000 | 2014 £'000 | 2015 £'000 | 2014 £'000 |
| Grants payable | - | 124 | - | 124 |
| | - | 124 | - | 124 |

17. FUNDS

| Group | 2014 Balance £'000 | Incoming resources £'000 | Resources expended £'000 | Transfer between reserves £'000 | Gain on disposal of investments £'000 | 2015 Balance £'000 |
|---|--------------------------|--------------------------------|--------------------------------|--|--|--------------------------|
| Unrestricted funds | | | | | | |
| General reserve | 14,885 | 30,771 | (31,745) | 88 | 39 | 14,038 |
| Revaluation reserve | 88 | - | - | (88) | - | - |
| Funds retained within a non-charitable subsidiary | (727) | 1,032 | (857) | - | - | (552) |
| Restricted funds | | | | | | |
| Play Sport London | - | 875 | (875) | - | - | - |
| English Schools FA | - | 11 | (11) | - | - | - |
| Total funds | 14,246 | 32,689 | (33,488) | - | 39 | 13,486 |

| Charity | 2014 Balance £'000 | Incoming resources £'000 | Resources expended £'000 | Transfer between reserves £'000 | Gain on disposal of investments £'000 | 2015 Balance £'000 |
|-------------------------------|-----------------------------------|---|---|--|--|-----------------------------------|
| Unrestricted funds | 14,885 | 30,771 | (31,745) | 88 | 39 | 14,038 |
| General reserve | | | | | | |
| Revaluation reserve | 88 | - | - | (88) | - | - |
| Restricted funds | | | | | | |
| Play Sport London | - | 875 | (875) | - | - | - |
| English Schools FA | - | 11 | (11) | - | - | - |
| Total funds | 14,973 | 31,657 | (32,631) | - | 39 | 14,038 |

18. ANALYSIS OF THE NET ASSETS BETWEEN FUNDS

| Group | Unrestricted funds £'000 | Restricted funds £'000 | Balance 2015 £'000 |
|---|---|---------------------------------------|-----------------------------------|
| Intangible fixed assets | 436 | - | 436 |
| Tangible fixed assets | 752 | - | 752 |
| Net current assets | 12,177 | - | 12,177 |
| Debtors: Amounts falling due after one year | 121 | - | 121 |
| Net assets | 13,486 | - | 13,486 |

| Charity | General fund £'000 | Restricted funds £'000 | Balance 2014 £'000 |
|---|-----------------------------------|---------------------------------------|-----------------------------------|
| Intangible fixed assets | 115 | - | 115 |
| Tangible fixed assets | 752 | - | 752 |
| Net current assets | 12,484 | - | 12,484 |
| Debtors: Amounts falling due after one year | 687 | - | 687 |
| Net assets | 14,038 | - | 14,038 |

19. RECONCILIATION OF NET (OUTGOING) / INCOMING RESOURCES TO NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES

| Group | 2015 £'000 | 2014 £'000 |
|---|----------------|---------------|
| Continuing activities | | |
| Net movements in funds for the year | (760) | 1,535 |
| Amortisation of intangible assets | 97 | 76 |
| Depreciation of tangible assets | 165 | 179 |
| Investment income | (181) | (217) |
| Gain on revaluation of investments | - | (68) |
| Gain on disposal of investments | (39) | - |
| Increase/(decrease) in debtors | (6,253) | 21,035 |
| Increase in creditors | 3,265 | 1,236 |
| Decrease/(increase) in stocks | 127 | (68) |
| Net cash (outflow)/inflow from operating activities | <u>(3,579)</u> | <u>23,708</u> |

20. ANALYSIS OF CHANGES IN NET FUNDS DURING THE YEAR

| Group | At 31 May 2014 £'000 | Cash flow £'000 | At 31 May 2015 £'000 |
|------------------|----------------------------|--------------------|----------------------------|
| Net cash: | | | |
| Cash on deposit | 31,520 | 18,364 | 49,884 |
| Net funds | <u>31,520</u> | <u>18,364</u> | <u>49,884</u> |

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

| Group | 2015 £'000 |
|---------------------------------|----------------------|
| Increase in cash | 18,364 |
| Change in net funds: | |
| Net funds at 1 June 2014 | 31,520 |
| Net funds at 31 May 2014 | <u>49,884</u> |

22. OPERATING LEASES

Annual commitments in respect of land and buildings under operating leases:

| | 31 May 2015 | 31 May 2014 |
|--------------------------------|--------------------|-------------|
| Group | £'000 | £'000 |
| Operating leases which expire: | | |
| Within one year | 17 | 16 |
| Two to five years | 592 | 464 |
| After five years | - | - |
| | 609 | 480 |

23. COMMITMENTS

All grant commitments have been recognised once a grant offer letter has been issued.

24. CAPITAL

The Charity is a company limited by guarantee. Each member has undertaken to contribute £1 to the assets of the company to meet its liabilities if called on to do so. The total amount guaranteed by members at 31 May 2015 is £2 (2014: £2).

25. RELATED PARTY TRANSACTIONS

The Charity has taken advantage of the exemption provided by Financial Reporting Standard No. 8 on Related Party Transactions from disclosing transactions with entities, 100% of whose voting rights are controlled within the Group, and where consolidated financial statements are publicly available.

Mr R C Scudamore is the Executive Chairman of The Premier League. The Premier League donated £7.3m (2014: £7.3m) to the Foundation during the year.

Mr P D G McCormick OBE is the Chairman of the Legal Advisory Group to The Premier League.

Mr R F Burden is a Director of The Football Association. Mr J P B Hall was an employee of The Football Association. The Football Association donated £12.8m (2014: £13.0m) to the Foundation during the year. In addition, Mr R F Burden is Chairman of Gloucestershire FA, however he is not involved in the decision-making process for any grants relating to that region.

Ms R Chester is the Chief Operating Officer of Sport England. The Government (via Sport England) donated £10.0m (2014: £10.0m) to the Foundation during the year.

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

26. GRANTS PAID DURING THE FINANCIAL YEAR

Grants awarded during the financial year amounted to £31.4m (2014: £25.2m). A list of the 75 largest grants awarded during the year is provided below. Each of these organisations received at least one grant in the financial year. The grants payable disclosed exclude grant delivery costs amounting to £3.4m (2014: £3.7m). No grant has been made to any individual.

GRASSROOTS GRANTS AWARDED AND ACCEPTED (£):

| | | | | | |
|--------|--|---------|--------|---|---------|
| G82202 | Sheffield City Council | 750,000 | G81792 | Broadgreen International School | 269,093 |
| G81439 | Bath And North East Somerset Council | 550,000 | G81782 | Watford FC's Community Sports | 250,916 |
| G81790 | Manchester Communication Academy | 547,855 | G82196 | Cheshire West and Chester Council | 250,640 |
| G82197 | Anfield Sports and Community Centre Ltd | 529,240 | G81829 | Bedfordshire East Multi Academy Trust | 241,908 |
| G81648 | Aylestone Park FC | 524,282 | G81651 | Wodson Park Trust | 237,163 |
| G81448 | Wiltshire Council | 500,000 | G81776 | Lewes Community FC | 235,139 |
| G81449 | Wiltshire Council | 500,000 | G81661 | King Edward VI College | 233,323 |
| G82064 | Trent Vale Community Sports Association | 500,000 | G81794 | Douai Park Recreation Association | 229,731 |
| G82203 | Sheffield City Council | 500,000 | G82179 | Ilminster Tn FC & Ilminster Tn Council | 224,690 |
| G81657 | Enfield Grammar school | 499,286 | G81783 | Westfield Community Technology College | 223,088 |
| G82184 | Norfolk County Football Association Ltd | 498,789 | G81681 | Whetstone Wanderers Youth FC | 216,724 |
| G81662 | CTC Kingshurst Academy | 492,000 | G81442 | Belper Leisure Centre Limited | 207,221 |
| G81787 | St.Helens Local Authority | 492,000 | G82488 | Crick Parish Council | 201,123 |
| G81788 | Eastwoodbury Lane Centre | 471,415 | G81746 | Leeds Maccabi FC | 177,967 |
| G82183 | Ashford Borough Council | 469,678 | G81784 | Pitch Perfect (Northumberland) Ltd | 144,893 |
| G81800 | Middlesbrough Football Club Foundation | 447,142 | G82209 | Hyndburn Borough Council | 139,567 |
| G81652 | North Birmingham Academy | 443,091 | G81690 | Cheshire East Council | 137,424 |
| G81778 | Greensward Academy | 422,840 | G81822 | Rugby Town Juniors FC | 100,000 |
| G81653 | The Axe Valley Community College | 417,550 | G81758 | Crigglestone Sports Club | 100,000 |
| G81654 | Bolton Lads & Girls Club FC | 400,000 | G81822 | Rugby Town Juniors FC | 100,000 |
| G81655 | The States Of Jersey | 400,000 | G82315 | Brampton Rovers AFC | 100,000 |
| G81785 | Dorothy Stringer High School | 399,479 | G81723 | Little Oakley Memorial Association | 99,999 |
| G82655 | Newman University FC | 399,300 | G81445 | Irchester United FC | 99,990 |
| G82651 | Langton Green CSA LTD | 384,500 | G81656 | Durkar Devils JFC | 99,568 |
| G81791 | Castleford Academy | 376,928 | G82021 | Castletown FC | 99,175 |
| G82208 | Market Bosworth Sports Club | 370,582 | G81674 | Lowton Church of England High School | 98,907 |
| G81643 | Staffordshire County Council | 342,803 | G81467 | Ewyas Harold Group Parish Council | 96,822 |
| G81789 | Laurence Jackson School | 335,283 | G81699 | Moston JFC | 96,434 |
| G82649 | Hurley Kings FC | 330,700 | G81634 | Ac Hoylake FC | 94,429 |
| G82178 | Chelmsford City Council | 330,591 | G77325 | Ide Hill FC | 91,260 |
| G81645 | City of York council | 322,000 | G81522 | St John Centre Limited | 80,000 |
| G82656 | Sandwell Academy Trust | 320,445 | G81698 | Spelthorne Borough Council | 79,690 |
| G81773 | Homsea School & Language College | 316,386 | G81677 | Rastrick Junior FC | 77,117 |
| G82204 | Huish Episcopi Academy | 302,408 | G81539 | High Halden Parish Council | 76,330 |
| G81781 | Chinnor Parish Council | 290,761 | G81663 | Calderdale Metropolitan Borough Council | 72,663 |
| G82193 | London Borough of Ealing | 288,034 | G81759 | Nailsea United FC | 59,400 |
| G82494 | Woodley Town Council | 277,200 | G81731 | Rushmoor Borough Council | 56,875 |
| G82198 | Cheshire West and Chester Council | 269,439 | | | |

Total **£21,411,276**

27. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party of The Football Foundation.