

The Football Foundation

Annual Report and Financial Statements

for the year ended 31 May 2008



Football Foundation
football's biggest supporter

Trustees, directors, officers and advisers

Trustees and directors

R F Burden*
R C Scudamore*
Lord Triesman
Rt Hon Richard Caborn MP

*Member of Audit and Remuneration Committee

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Report of the Trustees for the year ended 31 May 2008

The Trustees, who are also directors of the company for the purposes of the Companies Act, present their annual report and the audited financial statements for the year ended 31 May 2008.

The information with respect to Trustees, directors, officers and advisers set out on page 2 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP) “Accounting and Reporting by Charities” issued in March 2005 and the Companies Act 1985.

Status and administration

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

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

The report and consolidated financial statements for the year ended 31 May 2008 relate to the total activities of the two legal entities.

Structure, governance and management

Governing document

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

Trustees

The Trustees are appointed to the Board as follows:

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 Chairman is elected from their number and is also for an open period.



The Trustees who all held office throughout the year and up to the date of signing these financial statements, except as noted, are given below:

R F Burden*

Sir David Richards
(Chairman, resigned 23 September 2008)

R C Scudamore*

G Thompson (resigned 14 May 2008)

Baroness Taylor (resigned 21 November 2007)

Lord Giddens (resigned 17 September 2008)

Lord Triesman (appointed 14 May 2008)

Rt Hon Richard Caborn MP (appointed 12 March 2008)

*Member of Audit and Remuneration Committee

The Trustees would like to express their gratitude to the Trustees who have resigned during the year and in particular to the outgoing Chairman, Sir David Richards and Mr Thompson for their commitment and efforts over the past eight years.

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 has authority for general expenditure up to £25,000. Expenditure in excess of this amount requires the additional approval of the Chairman. The Chief Executive also has delegated authority to approve small grants up to £9,000.

Organisation

The Board of Trustees administers the Foundation and meet bi-monthly.

The Trustees have established committees for specific areas of the Foundation's operations covering the following areas: The Facilities Assessment Panel (FAP) and the Community Assessment Panel (CAP). In addition, the Trustees participate in the Audit and Remuneration Committee and the Risk Management Committee. Each committee has its decisions ratified by the full board.

Following the implementation of the recommendations of the Process Review, which was completed at the end of 2006, the Board has delegated authority to the FAP to award grants of up to £500,000. However; it should be noted that this is still subject to the Board being content with application proposals. Trustees are forwarded copies of all applications ahead of each FAP meeting and retain the power of veto; i.e., should Trustees raise an issue with an application that cannot be answered satisfactorily by the staff prior to or during the FAP meeting, the application is automatically forwarded for consideration by the full Board. All projects over £500,000 are assessed by the FAP and, once the applications have been scrutinised, FAP forward these on to the full Board along with a recommendation.

Trustees and Panel members' induction

New Trustees are given an induction pack, which includes key governance and policy documents. An orientation day is then arranged which includes briefing sessions with each member of the Management Team and the Chief Executive. Areas such as the legal obligations of Trustees, the Foundation's governing documents, its policy and decision making process (including delegated authority levels), financial management and performance are covered. The management of the business, its structure and HR policies are explained.

An introductory session with the Chairman is followed by discussions with other Trustees and Panel Chairmen, and this is timed to take place before a new Trustee's first meeting.

Panel members are recruited on their relevant experience and abilities. Where suitable candidates are not identified recruitment is undertaken by open advertisement. For new Panel members the induction is similar to that of Trustees, but focuses more on the business and remit of the particular panel, its role in the overall grant making process and the obligations of the members.

Internal training and briefing sessions are held for both Trustees and Panel members to widen their knowledge and understanding of the Foundation's work.

Risk management

In light of Corporate Governance guidance contained within the Charities Statement of Recommended Practice, issued in March 2005, the directors have established a Risk Management Committee. The Terms of Reference have been established and a review of the major strategic, business and operational risks to which the Charity and the Group are exposed has been undertaken. Systems are being enhanced to mitigate all those risks and procedures implemented, where outstanding, to minimise the potential impact on the Foundation and the Group should any of those risks materialise.

During the year a plan to identify the stages required to develop a full corporate governance risk management policy was agreed. Subsequently the Management Team, supplemented by members of staff with specialised knowledge such as Information and Communication and Human Resources, have met initially to identify areas of risk. The next stage will be to look at the probability of an event happening that might create a risk for the Organisation, the significance of that risk in terms of impact and appropriate mitigation planning.

As part of the Foundation's risk mitigation strategy it was considered good practice to develop a business continuity management plan. This was aimed at recovering ICT and other operational and support infrastructure from interruptions and restoring the normal mode of operation as quickly and efficiently as possible. The plan is owned by the Director of Business Services and includes key officers responsible for:

- Incidents – staff information cascade.
- Telecommunications infrastructure failure.
- Denial of workplace access – short/long term.
- Key systems infrastructure failure.

The plan also contains a list of key suppliers, individual risk assessment and risk treatment plan along with our IT Business Partner's business continuity procedures.

At the end of 2006, the Foundation completed a full review of its processes, the recommendations from which are still being delivered. A key element of the Process Review is to identify and manage risk, both in terms of managing risk within the organisation and ensuring that grant applicants meet the terms and conditions of awards. Many of the review's 68 recommendations have already been implemented, with the balance being introduced within the next financial year.

The most significant risk faced by the Foundation is the reliance on the three major donors. The Premier League, The Football Association and Government have each committed to providing funding at least at the current level for a further two years, 2008/09 and 2009/10. The Foundation is negotiating with the funders to try and establish a more formal arrangement to give more certainty to core funding beyond 2010 and to smooth out the funding cycle, which currently suffers from all funding agreements expiring at the same time.

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.

Grant making policy

Applications to the Grass Roots Facilities Programme are assessed by FAP. The Programme primarily contributes to the organisation's objective of improving facilities within local communities to influence directly the strategic development of sport in general, and football specifically. This programme offers two levels of funding: grant requests of under £20,000 and grant requests of over £20,000. The Foundation's prime responsibility is to provide new grass roots football facilities and replace or renovate old, dilapidated facilities where necessary for community benefit. These include changing rooms or clubhouses, grass or artificial pitches and multi-use games areas. The Foundation is leading a much needed and long overdue transformation of grass roots football facilities in this country. Nearly £29m each year is allocated to the Facilities Programme and in the main supports the FA's National Game Facilities Strategy, which aims to invest

a further £300m into grass roots football facilities by 2012. To date the Foundation has committed £244m towards the Facilities Programme since 2000.

The Facilities Programme awards grants to projects that:

- Improve facilities for football and other sport in local communities.
- Sustain or increase participation amongst children and adults, regardless of background age, or ability.
- Help children and adults to develop their physical, mental, social and moral capacities through regular participation in sport.

The Facilities Programme aims to target 40% of total investment into the 20% most disadvantaged communities in the country. It also seeks to ensure that at least a third of funded sites are Multi Sport Environments, defined as a third of participants taking part in a sport other than football. This is the key target outcome of the Strategic Review detailed below.

All applications for grants are assessed and judged in line with the objects of the Charity.

Generally, the costs associated with a Facilities project, which meets the policy aims of the Foundation, are eligible, and include:

- Provision of facilities for physical recreation for members of the public who need the facilities by reason of social deprivation (e.g. people with disabilities or those from black and ethnic minority communities) or economic circumstances (e.g. large housing estates in deprived parts of the country with little or no social facilities).
- Provision of pitches and facilities for community use, particularly in areas of social deprivation and/or social exclusion.
- Provision of sports equipment, facilities or expertise at schools, universities, colleges and other organisations providing for youth education.
- Grants and other assistance to other charities, schools and colleges where the expenditure will be within the Charity's objects.
- Training of coaches to work with schools, colleges, clubs and youth organisations in the furtherance of their objectives.
- Competence based skills awards for achievement within National Curriculum guidelines (e.g. courses aimed at teaching or coaching children, young people or the disabled but are outside curriculum time).

Each application should demonstrate a need for the project in terms of broader strategic issues and that the project has links with national or local initiatives or policies. In particular, the application should demonstrate how it relates to The Football Association's National Game Strategy 2008-2012.

Applications to the Community Programme are assessed by CAP. The Programme includes large Community Scheme grants and the Small Grants Scheme.

All applications for the Community Scheme use football to assist in the development of communities and the people who share them, including encouraging physical activity, drugs awareness courses, anti-racism activities and the development of numeracy and literacy schemes amongst school children and adults alike. Most of the activities funded under the Community Programme are based on physical activity and sports participation and a significant proportion of the community budget goes towards increasing opportunities to play football, especially among under-represented groups, such as the disabled, girls and women, Black and Minority Ethnic (BME) and other socially disadvantaged communities. Funded projects must contribute to one or more of the recently developed Community Programme Strategic objectives:

- Preventing and reducing offending.
- Promoting respect amongst communities and bringing people together through football.
- Improving educational attainment and lifelong learning.
- Encouraging personal development from participation in football and sport through to volunteering, training and employment.
- Tackling the rise of obesity in children and adults.
- Improving the mental health and wellbeing of children and adults.
- Tackling regional health inequalities in life expectancy and chronic illness.

The principle objective of the Small Grants Scheme is to support groups and organisations that aim, "to assist projects that aim to increase participation in grass roots football by supporting the costs associated with providing new activity."

The Junior Kit Scheme provides free kit and equipment to clubs and schools, and the Foundation's Goalpost Safety Scheme awards grants to replace unsafe goalposts across the country.

The Football Foundation Trading Limited

The Football Foundation Trading Limited has been established to trade and generate funds for the Foundation. There are no restrictions on the activities of the Company. The main activity in the Company during 2007/08 was to provide administrative support to the Foundation for the Barclays Spaces for Sports Scheme. This was a partnership between Barclays Bank, Groundwork and the Foundation, providing £30m over three years to create or improve sports facilities in communities across the UK. Although the project was due to be completed in August 2007 the ongoing revenue funding to maintain the sites, drawn from the original budget of £30m, will continue to be administered by the Football Foundation Trading Limited.

The Charity's wholly owned trading subsidiary carries out non-charitable trading activities for the Group. The Company makes an annual gift aid payment to the Foundation, thereby transferring all of its taxable profits to the Charity. In 2008 no payment was made (2007: £nil) due to the Football Foundation Trading Limited not making a taxable profit.

In addition to its trading activities the Company also developed the Register of English Football Facilities. On 4 April 2001 the Foundation agreed to make a grant of £2,295,000 to the Football Foundation Trading Limited to compile a comprehensive register of football facilities in England as a context for developing an objective rationale for prioritising and generating grass roots football projects. Although the register was completed during 2002/03 it continues to be improved and enhanced. The 24,000 sites listed on the register enable people to locate their nearest clubs and see the facilities on offer.

The Company is currently investigating the development of an on-line tool that will allow grant aided organisations to enter key data through the internet. This will not only provide key information more efficiently it should also reduce costs as many of the tools currently being used are significantly more expensive than the level of the charges being considered within the development.

The Company 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 2008 is £4,947 (2007: £11,424).

One of the directors of the Company, R G Scudamore, is also a director of the Foundation. On 14 May 2008 G Thompson resigned as a director of the Company. The other director P Thorogood is the Chief Executive of both the Company and the Foundation.

Achievements and performance

In meeting our objectives, 4,096 grants were awarded during the year compared with 5,438 grants in the previous year. The reduction in grant number is as a direct result of the closure during the year of the coaching pack scheme, which has resulted in excess of 1,300 grants per annum in the past. The reduction in the number of grants awarded, has not, however, resulted in a reduction of the total amount granted. On the contrary, the value of grants awarded in this financial year has significantly exceeded the last financial year; see consolidated statement of financial activities on page 16.

Modernising facilities

The provision of new or refurbished facilities continues to be the Foundation's key contribution to the increase in stock of quality sports sites. For example Wallsend Boys Club operates over 20 teams around North Tyneside. Due to a lack of quality facilities the teams had to play in various locations around the area. With the help of an £850,000 Foundation grant towards a £1.2m project the Club were able to level and improve the drainage of the existing pitches and provide a six changing room pavilion.

Increasing participation

The Foundation's most important measure of performance is increased participation. For example Longhill Ward Community Association was awarded £443,774 towards a new changing room and pitch drainage project back in 2004. The development work has had a dramatic impact on participation on the site.

Matches are no longer called off due to water-logging and more players are able to play regularly as they can now change in comfort and safety. Since completion, participation at the site has increased by 192% overall, with female participation increasing by 345%.

Strengthening links

The Foundation uses the power of football to engage with socially excluded young people. For example working with Her Majesty's Prison and Youth Offending Institute Ashfield, the Foundation is providing a grant of £282,000 towards a £455,000 project that will offer a comprehensive package of sport for young people aged 15-18 at the prison. The aim is to focus on trying to support young offenders so that they do not re-offend once they are released.

Barclays Spaces for Sports

The programme has delivered 200 multi-use sports facilities in the most deprived areas of the country. All sites are now fully operational and offering opportunities for over 25 different sports, including football, basketball, tennis, BMX and skateboarding. On average, over 69,000 users are attracted each week. 4,045 coaching packs have been awarded benefiting over 141,365 people.

The majority of the £30m budget has now been spent on the capital build for the 200 sites, both flagship and local. Of the budget £5m has been set aside to provide a revenue fund to sustain and develop the sites through to 2010. The Foundation will administer this revenue development through providing grants from the fund (£50,000 each for flagship projects and £20,000 each for local sites). This commitment runs until at least September 2010. Two people, a Programme Manager and Programme Officer, are employed by the Foundation for this period to manage and administer this on-going commitment. They will also have the responsibility of supporting the projects by creating exit strategies once the current funding runs out. These posts and sustainability requirement had always been factored into the overall programme budget by Barclays.

Kickz

Following a successful pilot programme in London, it was agreed to extend the programme from September 2008, to be funded by:

- £4.7m from the Foundation;
- £3m from the Metropolitan Police – towards two projects in each of the 32 London boroughs; and
- £1m through the DCMS from the Premier League's Good Causes fund to add projects through clubs outside London.

The Foundation's funding would be split, match-funding the £3m provided by the Met police for the London projects, with the remaining £1.7m for projects outside London. This year has seen a significant growth in number of individual projects being delivered in separate locations, with the number of projects rising from 25 to 90. 31 professional clubs are now delivering the Programme, including all 2007/2008 Premier League clubs. One third of Year 1 Kickz projects are based in the top 5% most deprived areas in the country, with over three quarters based in the top 20% most deprived areas, and 90% in the top 30%.

All 14 professional football clubs in London now deliver Kickz, following the recent introduction of Barnet and Dagenham & Redbridge. Those London clubs with the relevant expertise and capacity are delivering up to seven individual projects in multiple London boroughs. 62 projects are currently being delivered in London. This is only two projects short of achieving two in each of the 32 London boroughs.

Premier League/PFA Community Fund

From September 2007, the Foundation has been managing and administering the PL/PFA Community Fund, a three-year programme, funded by the Premier League and the Professional Footballer's Association (PFA). This money is ring-fenced for community work delivered entirely through the community schemes at Premier League clubs. The funding seeks to build on the excellent and varied nature of work already being delivered by Premier League club community schemes whilst also ensuring some standardisation across all schemes by supporting clubs to improve their standards of delivery and monitoring of impact. Premier League clubs community schemes are the only beneficiaries of this funding, enabling them to deliver projects which will genuinely benefit and meet the needs of their local community.

Since the Programme began, all 20 club community schemes have been assessed and have passed the Fit for Purpose standard for the 2007/08 season.

All 20 clubs claimed a £20,000 Central Initiatives grant for this initial season, which they used towards the costs of delivering a range of extra activities on behalf of the Premier League, PFA and the Foundation, including the Premier League schools tournament, the Prince's Trust Football Initiative, Sports Relief, Creating Chances, Playing for Success, Premier League Reading Stars, Your Game, Kick It Out, Level Playing Field, and Annual Audit.

15 clubs received transitional assistance support, totalling £124,203 for last season, using the funding for items or services such as acquiring charitable status, purchasing laptops or office equipment, IT support and software installation, monitoring systems, employing bid writers to assist in application writing and refurbishing their community offices.

Two rounds of project assessment have already taken place with £6,441,593 in grant-aid committed to 11 education and life-long learning projects, 9 health and wellbeing projects, 7 social inclusion projects and 5 equalities projects. A total of £3,728,412 of partnership funding has already been secured by the Premier League/PFA Community Fund. Sources of this partnership funding include Primary Care Trusts, Local Authorities and Housing Associations.

Meeting operational needs

In 2007 the Foundation restructured its Community and Facilities programmes delivery structure, and disbanded the team responsible for managing the Small Grants Scheme. This allowed the organisation to create a regional structure of seven Community Programme Managers and seven Facilities Programme Managers who each have the responsibility to manage the Small Grants and the larger Community and Facility grants schemes for their region. This also allows the Programme

Managers to work together in each region to ensure that facilities are built in the most appropriate areas and that community use of these facilities is maximised. As part of the restructure six Technical Advisors have also been appointed into the regions to assist the Facilities Programme Managers in all technical and design elements of the Facilities programme.

The regionalisation of both the Facilities and Community Teams has allowed the Foundation to work more closely with The Football Association and various key stakeholders, such as Sport England's Regional Sports Boards and Regional Development Agencies. The Foundation will also work closely with other national delivery partners, Local Authorities and other Sporting National Governing Bodies to ensure a coordinated and strategic approach. This will develop the concept of driving multi sports projects through football, with a view to meeting Government and The Football Association targets for participation, health, education and social inclusion.

The Community Team has also researched, developed and launched the Community Programme Strategy. This document demonstrates what football and sport is best placed to contribute to on the community agenda and provides a real focus for the programme based on evidence and research. Government, football and sport priorities as well as previous Foundation investment has been considered in the strategy as well as the key social agendas under the Foundation's four themes of education and lifelong learning, social inclusion, health and wellbeing and equalities. The strategy identifies seven outcomes, highlighted earlier on page eight of this report that all applications must aim to address. With the enhanced staffing structure the Community Team has also been able to develop more of an outreach focus to their work, providing advice, guidance and support to networks that they have not been able to get as close to in the past. These include a Strategic Investment Group meeting specifically with minority groups and organisations (Stonewall, Help the Aged and English Federation of Disability Sport are a few examples) as part of the Equalities strategy consultation work. The results of this engagement process will feed directly into the Equalities Strategy which will be launched later in 2008.

The Senior Development Managers also provide organisational advice and guidance across all grant streams but particularly for the Premier League/PFA Community Fund. This ensures that all investment is linked to the Community Programme Strategy outcomes, thus contributing to what football and sport is best placed to address and assist the groups in the greatest need.

Key performance indicators

The Monitoring and Evaluation Team monitors every Facilities project on an annual basis. Every project completes a survey to determine the number and breakdown of the site users, as well as other factors such as hire costs, organisation accreditation, and volunteer development. The table below summarises the changes in regular site users between the 2006/07 and 2007/08 seasons*:

Participant type	Change
Sports participants	+19.1%
of which female	+21.7%
of which from a BME group	+23.1%
of which with a disability	+76.3%
Football participants	+12.1%
of which female	+20.0%
of which from a BME group	+14.4%
of which with a disability	+76.3%
Coaches	+129.0%
Volunteers	+17.9%

*based on a sample of 371 matched sites.

In addition, a nominated representative of every completed project is required to attend a workshop with the Foundation and The Football Association staff to assess how much of their football development plan has been delivered, update any targets, and plan for the future. Each is then graded according to their achievements against the expectations at the point of grant offer. In 2008, over 90% of projects were at least meeting expectations, and over 50% were exceeding them. The remaining 10% that were underperforming were given individual plans to remedy the issues uncovered. This suggests that Foundation projects are predominantly of good quality, and what is being assessed at the time of grant award is ultimately being delivered, if not exceeded. This programme is being piloted for Community projects in late 2008, with a view to rolling out a full process from January 2009.

Performance measurement

The Foundation has developed and implemented a Performance Measurement System, which constantly assesses the effectiveness of the organisation's grant giving process. This serves three main purposes:

- Identifies applications that are moving through the process slower than target time, allowing staff to focus on taking remedial action.
- Accurately projects future expenditure over the next year; predicting when applications will be approved, and when they will draw down grants.
- Identifies sections of the process that are not working as efficiently as they should be, prompting further analysis and subsequent improvement.

The system is part of a move towards a culture of continuous improvement of processes, making the organisation increasingly more effective and efficient without the need for future large-scale one-off reviews.

A unique partnership

The Secretary of State for Culture, Media and Sport Andy Burnham said: "the Football Foundation has shown itself to be a massive force for good in the last eight years, increasing opportunities for young people to get involved in our national game and other sports, whether as players or coaches. It has also dramatically improved many sports facilities for communities up and down the country.

"This unique partnership is a shining example of what can be done when the governing bodies of sport work in partnership with Government to deliver a streamlined investment programme into grass roots sport. The challenge now is for the Foundation to build on their good work in providing a new generation of facilities and continue to invest in development projects and coaching opportunities in order to increase participation. We look forward to continuing this winning partnership for many years to come."

Future activities

Funding

The Premier League, The Football Association and Government have each committed to providing funding at least at the current level for a further two years, 2008/09 and 2009/10.

Strategic review

Having completed the Process Review to make sure that the Foundation's processes are as effective and efficient as possible, attention was then turned towards conducting a Strategic Review of the Foundation to consider how it should prioritise its efforts in the future, what it should look like, where it should sit in relation to the football industry, Government and other key organisations and stakeholders and how and in what areas it should grow.

A key requirement of the Foundation's new strategy was to engage at a local and regional level to understand, on an ongoing basis, the local and regional need. For the Facilities Programme, the strategy called for a diversification of the supply chain of projects into the Foundation. The Foundation aims to achieve this by enhancing the management of the pre-application process and the engagement of locally focussed partners and organisations. This, together with the football projects identified and developed through The Football Association's regional facilities management structure, will support the Foundation by generating a sufficiently diverse project portfolio that allows the Foundation to meet its current objective to invest 40% of its investment into the 20% most deprived wards; to ensure that 33% of facilities funding contributes to multi-sport (non-football) activity; to maximise the portfolio to meet The Football Association National Game Strategy's Football Development needs, while making the most of available funding for community and multi sport needs; and

generating sufficient applications overall to meet its annual commitment and spend targets.

By engaging with the various key stakeholders, such as Sport England's Regional Sports Boards, Regional Development Agencies and national delivery partners and by establishing dedicated, regionally based Foundation teams, the potential exists for the Foundation to influence directly the strategic development of sport in general, and football specifically. Through this strategy, and by harnessing the popularity of the game, this will enable the Foundation 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 Foundation's new strategy specifically seeks to link the Facilities Programme with the Community Programme to make sure that activity takes place on Foundation funded facilities to meet the local need and ensure that maximum community benefit is derived from them. The strategy seeks to ensure that community projects reflect the priorities developed by the Community Team. This will also ensure that the Foundation delivers on its second and third mission objectives to create opportunities and build communities.

New income streams

The Foundation is building on the success of its work with Barclaycard, Barclays Bank, Nike and Premier League/PFA Community Fund to work with other commercial organisations that have funds available for community-based work. We are currently working with British Telecom PLC to develop a new partnership, building on the very successful Playing for Success programme.

Financial review

The consolidated statement of financial activities for the year is set out on page 16 of the financial statements. A summary of the financial results and the work of the Charity is 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 cash balances. Donations received during the year were £66m (2007: £47.3m). There are no income generating activities carried out by the Charity, although the subsidiary company generated income of £247,000 (2007: £603,000) in the year. Turnover generated in the year and prior year by the Football Foundation Trading Limited related to income received from Barclays in respect of the Barclays Spaces for Sports scheme and is to cover the administrative support to the Foundation. It also included income received from Barclays to meet the cost of direct scheme expenditure, for example coaching packs issued for promotional purposes.

The movement in funds in the year reflects the balance between income recognised and the grants awarded. Donations from

The Football Association and Premier League are guaranteed over a period of time. However, there is no specific date on which the Foundation becomes entitled to these funds before the end of that period. These donations are therefore recognised on receipt which can cause the balance of funds to fluctuate significantly. Funds available to the Foundation from the Sport England Lottery Funds can only be drawn down in arrears of spend. At 31 May 2008 the available balance was £27.8m. The actual recognition of income has been adjusted as set out in note 1 to the financial statements in response to the fact that entitlement to certain 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 were 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.

Negative funds

The fund deficit in the current year is due to commitments having been made against known future funding. The Trustees are satisfied that future funding from the Foundation's major donors is sufficiently certain to cover known commitments at the year end and the Foundation will not make any awards of grant aid beyond its current and known future funding.

Investment powers, policy and performance

Investment powers are governed by the company's Articles of Association, which permit the surplus funds to be invested by the Board of Directors. The Trustees intend that the real value of the Charity's investments be maintained and enhanced over the long term by investment in a low risk portfolio comprising solely of cash funds. The brief to the Chairman, Chief Executive and Director of Business Services, who have delegated authority in such matters, is that they should select a balanced investment return from income and capital, with low risk. No social, environmental or ethical considerations are specified. The performance of the investments has been in line with Trustees' expectations.

It is the Foundation's policy to invest only in capital protected bonds. However, mindful of the potential risks to investments in the current financial markets, a review of longer term investments with our investment managers has been undertaken. All three, Barclays Capital, UBS Laing Cruickshank and Merrill Lynch have confirmed that there are no issues identified with any of our investments. All investments will continue to be closely monitored.

During the year the Barclays Bank EPRA three-year note costing £20m was sold for £18.29m. The note had been badly affected by the credit crisis and the generally poor outlook for commercial property and there was little prospect of receiving any more than the initial purchase price on maturity. Trustees, therefore, agreed to sell this investment and invest the proceeds into a bond that is guaranteed to produce at least £20m on maturity with a reasonable prospect of a premium.

The Group has cash on deposit of £5.6m (2007: £29.3m) and investments in bonds of £68.3m (2007: £69.5m) 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 £111.1m (2007: £106.3m). The timing for receipt of income by the Foundation is never certain, so the Trustees' policy is not to commit funds beyond known funding.

Changes in fixed assets

The movements in fixed assets during the year are set out in notes 11 and 12 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 and Director of Business Services.

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. A significant level of funds is held on short term deposit and is therefore available at short notice.

Interest rate risk – this 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. The Foundation is reviewing its investment policy to ensure it can maximise return without jeopardising the liquidity required to meet commitments. This revised policy will be presented to the Trustees in the next financial year.

Plans for future periods

The Foundation intends to maintain its current grant making activity over the categories set out in the on-going objectives on page seven. It has already awarded a number of grants in line with these priorities during 2008/09.

Having already implemented the findings of the Process Review and restructured to deliver the revised strategy, the Foundation, is hopefully, entering a period of stability, whereby it will build on recent improvements and focus on continuously improving its performance.

The implementation of the recommendations of the Process Review has already started to have an impact on the time taken between the initial interest shown by grant applicants, the grant award and the completion of the project. The average time taken to process an application from receipt to offer has already been reduced from 45 to 19 weeks. Over the next few years the Foundation will aim to reduce the time by one third.

Building on the knowledge of eight years' grant awards, information provided by the Register of English Football Facilities, and a more regionalised structure, the Foundation will continue to work with its partners to identify those areas of the country most in need of facilities and ensure that maximum activity takes place on them to meet local needs.



Statement of Trustees' responsibilities in respect of the Annual Report and the financial statements

The Trustees, who are also directors of the Company for the purpose of company law, are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The Trustees are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Charity and Group and of the net outgoing resources, including the income and expenditure, of the Charity and Group for that period. In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees confirm that they have complied with the above requirements in preparing the financial statements.

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

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

Statement of disclosure of information to auditors

So far as each Trustee is aware, there is no relevant audit information of which the Charity's auditors are unaware, and he/she has taken all the steps they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of the information.

Auditors

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

By order of the board



R W Booker
Company Secretary

Independent auditors' report to the members of the Football Foundation

We have audited the Group and parent Charity financial statements ("the financial statements") of the Football Foundation for the year ended 31 May 2008 which comprise the Group statement of financial activities, the Group and Charity balance sheets, the Group cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Trustees and auditors

The responsibilities of the Trustees (who are also the directors of the Football Foundation for the purposes of company law) for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Trustees is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and other transactions is not disclosed.

We read the Report of the Trustees and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent charitable company's affairs as at 31 May 2008 and of the Group's incoming resources and application of resources, including the Group's income and expenditure and cash flows, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Trustees is consistent with the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

6 November 2008.

Consolidated statement of financial activities

for the year ended 31 May 2008 (including an income and expenditure account)

	Notes	Restricted funds 2008 £'000	Unrestricted funds 2008 £'000	Total funds 2008 £'000	Restated Total funds 2007 £'000
Incoming resources from generated funds					
Voluntary income:					
Grants and donations	2	14,790	51,231	66,021	47,250
Activities for generating funds:					
Trading income	3	-	247	247	603
Investment income					
Interest and dividends	4	-	1,438	1,438	1,068
Other incoming resources		-	-	-	92
Total incoming resources		14,790	52,916	67,706	49,013
Resources expended					
Costs of generating funds:					
Trading costs in subsidiary company	5	-	(296)	(296)	(600)
Charitable activities:					
Grants payable	5, 6	(14,790)	(67,343)	(82,133)	(56,248)
Governance costs	6b	-	(488)	(488)	(509)
Total resources expended		(14,790)	(68,127)	(82,917)	(57,357)
Net expenditure before other recognised gains and losses/net resources expended	7	-	(15,211)	(15,211)	(8,344)
(Loss)/gain on revaluation and disposal of investment assets	13	-	(1,488)	(1,488)	2,484
Net movement in funds		-	(16,699)	(16,699)	(5,860)
Reconciliation of funds:					
Fund balances brought forward	17	-	10,969	10,969	16,829
Fund balances carried forward	17	-	(5,730)	(5,730)	10,969

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

Balance sheets

as at 31 May 2008

	Notes	Group		Charity	
		2008 £'000	Restated 2007 £'000	2008 £'000	Restated 2007 £'000
Fixed assets					
Intangible assets	11	-	-	-	-
Tangible fixed assets	12	1,051	1,329	532	497
		<u>1,051</u>	<u>1,329</u>	<u>532</u>	<u>497</u>
Current assets					
Investments	13	68,269	69,485	68,269	69,485
Debtors	14	32,803	22,001	33,142	22,140
Cash on deposit		5,689	29,341	5,531	29,341
		<u>106,761</u>	<u>120,827</u>	<u>106,942</u>	<u>120,966</u>
Creditors: amounts falling due within one year	15	<u>(93,531)</u>	<u>(101,209)</u>	<u>(93,048)</u>	<u>(100,749)</u>
Net current assets		<u>13,230</u>	<u>19,618</u>	<u>13,894</u>	<u>20,217</u>
Total assets less current liabilities		<u>14,281</u>	<u>20,947</u>	<u>14,426</u>	<u>20,714</u>
Creditors: amounts falling due after one year	16	<u>(20,011)</u>	<u>(9,978)</u>	<u>(19,848)</u>	<u>(9,486)</u>
Net (liabilities)/assets		<u>(5,730)</u>	<u>10,969</u>	<u>(5,422)</u>	<u>11,228</u>
Capital and reserves					
Funds retained within a non-charitable subsidiary	3	(308)	(259)	-	-
Restricted income funds	17	-	-	-	-
Unrestricted income funds:					
Unrestricted income funds		(10,199)	4,963	(10,199)	4,963
Revaluation reserve		4,777	6,265	4,777	6,265
Total unrestricted funds		<u>(5,422)</u>	<u>11,228</u>	<u>(5,422)</u>	<u>11,228</u>
Total funds	17	<u>(5,730)</u>	<u>10,969</u>	<u>(5,422)</u>	<u>11,228</u>

The financial statements, which comprise the consolidated statement of financial activities, the balance sheets, the consolidated cash flow statement and the related notes were approved by the board of Trustees and signed on its behalf on 5 November 2008 by:



Roger Burden
Trustee

Consolidated cash flow statement

for the year ended 31 May 2008

		2008	Restated 2007
	Notes	£'000	£'000
Net cash (outflow)/inflow from operating activities	19	(24,678)	13,172
Returns on investments and servicing of finance			
Interest received		<u>1,438</u>	1,068
Total returns on investments and servicing of finance		<u>1,438</u>	<u>1,068</u>
Capital expenditure and financial investment			
Sale of investments	13	79,389	58,292
Purchase of investments	13	(79,661)	(55,200)
Purchase of tangible fixed assets	12	(164)	(97)
Sale of tangible fixed assets	12	<u>3</u>	<u>5</u>
Total capital expenditure and financial investment		<u>(433)</u>	<u>3,000</u>
Net cash (outflow)/inflow before financing		<u>(23,673)</u>	17,240
(Decrease)/increase in cash in the year	20	<u>(23,673)</u>	<u>17,240</u>

Notes to the financial statements

for the year ended 31 May 2008

I. Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in March 2005, and the Companies Act 1985. A summary of the principal group accounting policies, which have been applied consistently unless stated, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention except for investments which have been included at market value.

In prior periods donations have been accounted for on a cash receipts basis. Certain donations, principally relating to those from Sport England, are only received after the Foundation has paid the related grant. This has historically created a reported deficit, which is in effect a timing difference.

Following the issuance of The Statement of Principles (SoP) for public interest entities by the ASB in June 2007, the trustees have reconsidered the accounting policies for appropriateness as required by FRS 18, specifically with regard to recognition of donations from the principal donors. The SoP provides additional guidance on the recognition of assets and when an entity has access to future economic benefit. Applying this guidance, the trustees have concluded that the Foundation has control of the economic benefit when they make the grant offer to an applicant as payment triggers receipt from the donor. This therefore satisfies the SORP's income recognition criteria of entitlement and certainty of receipt, earlier than previously recognised (which was on a cash receipts basis) for certain of its income. The financial statements have therefore been restated to reflect the most appropriate income recognition profile.

The effect of these changes is to (i) increase income recognised in the current year by £4.6m (2007: reduction of £5.5m) (ii) increase debtors by £22.5m (2007: increase of £17.9m), (iii) increase total funds at 1 June 2006 by £23.4m.

Basis of consolidation

The consolidated statement of financial activities, the consolidated balance sheet and the consolidated cash flow statement include the financial statements of the Charity and its subsidiary undertaking made up to 31 May 2008. The subsidiary has been consolidated on a line by line basis. Intra group transactions and profits are eliminated fully on consolidation.

The Charity has availed itself of Paragraph 3(3) of Schedule 4 of the Companies Act 1985 and adapted the Companies Act formats to reflect the special nature of the Charity's activities. No separate SOFA has been presented for the Charity alone as permitted by Section 230 of the Companies Act 1985 and

paragraph 397 of the SORP. The amount of the net outgoing resources for the year dealt with in the Charity's financial statements is disclosed in note 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 donations received to unrestricted funds are recognised when the Foundation is entitled to funds, where there is certainty of receipt and the amount can be reliably quantified. Donations to the restricted fund have been included on a receivable basis as the funding bodies commit to the donations as the related grants payable are authorised by the Foundation.

Income from commercial trading activities includes income received from Barclays in respect of the Barclays Spaces for Sports scheme to cover the administrative support to the Foundation. It also includes income received from Barclays to meet the cost of direct scheme expenditure, for example coaching packs issued for promotional purposes. Income is recognised as earned (as the related goods and services are provided).

Investment income is recognised on a receivable basis.

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 central functions; 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.

Irrecoverable VAT

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

Operating lease

Rental charges are charged to the statement of financial activities on a straight line basis over the term of the lease.

Recognition of liabilities

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

Fund accounting

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

During 2005/06 two new schemes were established that operate as restricted funds – Nike Re-Use a Shoe and Stand Up Speak Up.

During 2006/07 the Kickz Programme was established and is operated as a restricted fund.

During 2007/08 the Premier League/PFA Community Fund Programme was established and is operated as a restricted fund.

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

Pension costs

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

Tangible fixed assets

Capitalisation and replacement

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

Depreciation

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

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

Intangible assets – goodwill

The goodwill shown in note 11 arose from the acquisition of assets from The Football Trust. The goodwill has been amortised

over a period of four years, being the period over which the Foundation received its initial grant funding from The Football Association, the Premier League and the Government.

Investments

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

Deferred capital grants

In 2002, the subsidiary company received a capital grant from the Foundation relating to the costs of developing the Register of English Football Facilities (REFF). This grant is being released to the profit and loss account over 7 years to match the annual depreciation charge on REFF.

Related party transactions

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

Deferred taxation

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

2. Voluntary income

Group	2008 £'000	Restated 2007 £'000
Unrestricted		
The Football Association	12,187	10,187
Premier League	12,188	12,188
Government – Sport England	9,567	15,169
Government – Exchequer	15,000	-
Other	171	-
Barclays Spaces for Sports	2,046	7,720
England and Wales Cricket Board	-	51
Gift aid payment from The Football Stadium Improvement Fund	72	168
	<u>51,231</u>	<u>45,483</u>
Restricted		
Nike	98	62
Kickz	3,579	1,165
Nike Stand Up Speak Up	-	39
Sport England: CCDP	4,250	501
Premier League/PFA Community Fund	6,863	-
	<u>14,790</u>	<u>1,767</u>
Total donations	<u><u>66,021</u></u>	<u><u>47,250</u></u>

3. Subsidiary undertaking

The subsidiary undertaking of the Charity, Football Foundation Trading Limited (FFTL), is a company registered in England and Wales in which the Charity holds one £1 ordinary share representing 100% of the issued share capital. The Company administers a significant part of the Barclays Spaces for Sports project. The Company also administers the Register of English Football Facilities (REFF), which provides a detailed register of all football playing fields within England.

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

	2008	2007
	£'000	£'000
Turnover	247	603
Administration expenses	(624)	(928)
Release from deferred capital grants	328	328
(Loss)/profit of subsidiary	(49)	3

Turnover includes £224,000 (2007: £158,000) for services to the Charity.

	2008	2007
	£'000	£'000
Tangible fixed assets	519	831
Current assets	187	79
Current liabilities	(850)	(677)
Liabilities falling due after one year	(164)	(492)
Net liabilities	(308)	(259)

4. Investment income

Group	2008 £'000	2007 £'000
Interest receivable on cash on deposit	1,438	1,052
Dividends receivable	-	16
	<u>1,438</u>	<u>1,068</u>

5. Analysis of costs of charitable activities

Group	Direct staff costs £'000	Other direct costs £'000	Support costs £'000	2008 Total £'000	2007 Total £'000
Activity:					
Awarding of grants					
Grants payable (see note 26)	1,117	78,925	2,091	82,133	56,248
Governance	272	117	99	488	509
Trading costs	129	95	72	296	600
	<u>1,518</u>	<u>79,137</u>	<u>2,262</u>	<u>82,917</u>	<u>57,357</u>

Support costs are further analysed in note 6.

6. Allocation of support costs and analysis of governance costs

6a. Allocation of support costs

Group	Grant funding £'000	Governance £'000	Trading £'000	2008 Total £'000	2007 Total £'000
Indirect staff costs	666	-	-	666	629
Travel and meetings	113	11	-	124	130
Office and premises	788	88	72	948	965
Public relations and marketing	225	-	-	225	110
Recruitment and training	125	-	-	125	91
Consultancy	174	-	-	174	97
	<u>2,091</u>	<u>99</u>	<u>72</u>	<u>2,262</u>	<u>2,022</u>

6b. Analysis of governance costs

Group	2008 £'000	2007 £'000
Activity:		
External audit	34	37
Accountancy and professional services	19	16
Legal and other professional fees	53	47
Interest and charges	11	6
Direct staff costs	272	292
Apportionment of support costs	99	111
	<u>488</u>	<u>509</u>

7. Net expenditure before other recognised gains and losses

Group	2008 £'000	Restated 2007 £'000
Net expenditure before other recognised gains and losses is stated after charging / (crediting):		
Depreciation on tangible assets	440	470
(Gain)/loss on disposal of tangible fixed assets	(1)	14
Amortisation of deferred capital grants	(328)	(328)
Auditors' remuneration for:		
Audit services	40	44
Taxation and other services	24	18
	<u>24</u>	<u>18</u>

Indemnity insurance for directors' / trustees' liability has been purchased by the Group at a cost of £9,135 (2007: £7,894).

The Charity incurred audit costs of £34,230 (2007: £36,742) and taxation and other services costs of £18,506 (2007: £16,038). Audit costs of £6,000 incurred by the trading subsidiary are included within the trading costs.

8. Employee information

Group	2008 Number	2007 Number
The average number of persons employed by the Group during the year was:		
Administration	<u>58</u>	<u>47</u>

Group	2008 £'000	2007 £'000
Staff costs (for the above persons)		
Wages and salaries	1,863	1,726
Social security costs	202	205
Pension costs	119	109
Ex-gratia payment	-	79
	<u>2,184</u>	<u>2,119</u>

Charity	2008 Number	2007 Number
The average number of persons employed by the Group during the year was:		
Administration	53	39

Charity	2008 £'000	2007 £'000
Staff costs (for the above persons)		
Wages and salaries	1,751	1,530
Social security costs	192	179
Pension costs	112	94
Ex-gratia payment	-	79
	2,055	1,882

The number of employees whose emoluments exceeded £60,000 were:

Group	2008 Number	2007 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£80,001 - £90,000	2	1
£90,001 - £100,000	-	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	1	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	1

For those staff whose emoluments exceeded £60,000, pension contributions amounting to £39,406 (2007: £34,687) were paid for the provision of money purchase benefits. No trustee/director received any remuneration from the Charity during the year. The Chairman was reimbursed £392 (2007: £2,888) for out of pocket expenses incurred whilst carrying out his duties. An additional £622 (2007: £nil) was paid to other trustees/directors in the form of reimbursement for travel expenses.

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.

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

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

10. Net outgoing resources dealt with in the Charity's financial statements

The net outgoing resources for the year attributable to the Charity were £15,162,000 (2007 restated: £8,347,000).

11. Intangible fixed assets

Group and Charity	Negative goodwill £'000
Cost	
At 1 June 2007 and 31 May 2008	343
Amortisation	
At 1 June 2007 and 31 May 2008	(343)
Net book value	
At 31 May 2008 and 31 May 2007	-

12. Tangible fixed assets

Group	Fixtures & fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 June 2007	458	2,778	81	3,317
Additions	39	125	-	164
Disposals	-	(3)	-	(3)
At 31 May 2008	497	2,900	81	3,478
Depreciation				
At 1 June 2007	77	1,881	30	1,988
Charge in year	49	375	16	440
Disposals	-	(1)	-	(1)
At 31 May 2008	126	2,255	46	2,427
Net book value				
At 31 May 2008	371	645	35	1,051
At 31 May 2007	381	897	51	1,329

Charity	Fixtures & fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 June 2007	434	483	81	998
Additions	19	125	-	144
Disposals	-	(3)	-	(3)
At 31 May 2008	453	605	81	1,139
Depreciation				
At 1 June 2007	65	406	30	501
Charge in year	44	47	16	107
Disposals	-	(1)	-	(1)
At 31 May 2008	109	452	46	607
Net book value				
At 31 May 2008	344	153	35	532
At 31 May 2007	369	77	51	497

13. Investments

Group and Charity	2008 £'000	2007 £'000
At 1 June	69,485	70,093
Additions	79,661	55,200
Disposals	(79,389)	(58,292)
Net revaluation (loss)/gain	(1,488)	2,484
At 31 May	68,269	69,485

The investments above relate to bonds and are stated at their market value as at 31 May 2008. Set out below are the investments whose terms state that the capital is 100% guaranteed, therefore the notional loss at the year end has not been recognised as it is not the trustees intention to sell these before maturity.

- £2,500,000 investment with UBS Wealth Management market value of £2,410,750
- £5,500,000 investment with Merrill Lynch market value of £5,081,174
- £18,290,000 investment with Barclays Bank market value of £17,540,110
- £8,888,000 investment with Barclays Bank market value of £8,851,559
- £5,000,000 investment with Barclays Bank market value of £4,675,000
- £5,100,000 investment with Barclays Bank market value of £4,944,450
- £5,100,000 investment with Barclays Bank market value of £4,917,420
- £5,000,000 investment with Barclays Bank market value of £4,622,500.

In addition a £6,205,000 investment with Merrill Lynch, valued at £5,731,493 is included at £6,515,215, the guaranteed return at maturity at June 2010. The historical cost of investments was £67.6m (2007: £68.7m). All investments are held in the UK and Ireland.

During the year the Barclays Bank EPRA 3-year note costing £20,000,000 was sold for £18,290,000. The note had been badly affected by the credit crisis and the generally poor outlook for commercial property and there was little prospect of receiving any more than the initial purchase price on maturity. Trustees, therefore, agreed to sell this investment and invest the proceeds into a bond that is guaranteed to produce at least £20,000,000 on maturity with a reasonable prospect of a premium

Material investment holdings comprised:

	2008		2007	
	Value £'000	Percentage of investment portfolio	Value £'000	Percentage of investment portfolio
BNP Paribas 100% protected 5-year Instalment Note Linked Basket Index November 2010	5,398	7%	5,039	7%
Bear Sterns 100% protected 18 month Up & Out call out note November 2008	2,500	4%	2,908	4%
Merrill Lynch GBP 3-year Global Equity Bond 105% Jun 03 2010	6,515	10%	-	-
Merrill Lynch 3-year Global Equity Bond 100% protected Dec 2010	5,500	8%	-	-
Merrill Lynch 5-year Permal Basket Note 100% min zero % Sep 15 2010	-	-	5,447	8%
Merrill Lynch 3-year Global Equity Note 100% protected June 2010	-	-	6,142	9%
Barclays 5-year 100% protected equity note August 2011	8,888	13%	8,888	13%
Barclays 3-year ICI 100% protected note January 2011	18,290)	28%)	-)	-)
Barclays 3-year Trendstar 100% protected note March 2011	5,000	7%	-	-
Barclays 4-year 100% protected commodity note January 2012	5,100	7.5%	-	-
Barclays 2-year Twin Win 100% protected note January 2010	5,100	7.5%	-	-
Barclays Morgan Stanley 3-year FTSE 350 100% protected note January 2012	5,000	7%	-	-
Barclays 3-year EPRA 100% protected equity linked note December 2009	-	-	20,000	29%
Barclays 3-year FTSE 100% protected equity note December 2009	-	-	20,000	29%

(Loss)/gain on revaluation and disposals of investments

	2008 £'000	2007 £'000
Net loss on sale of investments	(1,255)	-
Revaluation movement	(233)	2,484
Net movement for the year	<u>(1,488)</u>	<u>2,484</u>

14. Debtors

	Group		Charity	
	2008	Restated 2007	2008	Restated 2007
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Amounts due from subsidiary undertaking	-	-	368	217
Amount due from Sport England for the CCDP	4,047	2,105	4,047	2,105
Accrued income	22,434	17,867	22,434	17,867
Premier League/PFA Community Fund	2,738	-	2,738	-
Kickz	2,770	650	2,770	650
Other debtors	311	350	289	276
Prepayments and accrued income	327	112	320	107
Amount due from The Football Stadia Improvement Fund	176	917	176	918
	32,803	22,001	32,142	22,140

No interest is charged on subsidiary undertaking balances.

15. Creditors: amounts falling due within one year

	Group		Charity	
	2008	Restated 2007	2008	Restated 2007
	£'000	£'000	£'000	£'000
Bank overdraft	71	50	71	46
Grants payable	91,218	96,813	91,218	96,813
Taxation and social security costs	11	100	11	100
Trade creditors	201	144	195	139
Other creditors	186	162	45	50
Accruals and deferred income	1,516	3,612	1,508	3,601
Capital grant	328	328	-	-
	93,531	101,209	93,048	100,749

16. Creditors: amounts falling due after one year

	Group		Charity	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Grants payable	19,848	9,486	19,848	9,486
Deferred income (see below)	163	492	-	-
	<u>20,011</u>	<u>9,978</u>	<u>19,848</u>	<u>9,486</u>

	2008 £'000	2007 £'000
Deferred capital grant		
Opening balance at 1 June	819	1,147
Release of deferred capital grant	(328)	(328)
Closing balance at 31 May	<u>491</u>	<u>819</u>

Represented by:

Deferred capital grant due within one year	328	327
Deferred capital grant due after more than one year	163	492
	<u>491</u>	<u>819</u>

17. Funds

Group	Restated 2007 Balance £'000	Incoming resources £'000	Resources expended £'000	Transfers, investment loss £'000	2008 Balance £'000
Unrestricted fund					
Charity funds	11,228	52,669	(67,831)	(1,488)	(5,422)
Subsidiary funds	(259)	247	(296)	-	(308)
General reserve	10,969	52,916	(68,127)	(1,488)	(5,730)
Restricted funds					
Kickz	-	3,579	(3,579)	-	-
PL/PFA	-	6,863	(6,863)	-	-
CCDP	-	4,250	(4,250)	-	-
Nike	-	98	(98)	-	-
Total funds	<u>10,969</u>	<u>67,706</u>	<u>(82,917)</u>	<u>(1,488)</u>	<u>(5,730)</u>

Charity	Restated 2007 Balance £'000	Incoming resources £'000	Resources expended £'000	Transfers, investment gains £'000	2008 Balance £'000
Unrestricted fund					
General reserve	11,228	52,669	(67,831)	(1,488)	(5,422)
Restricted funds					
Kickz	-	3,579	(3,579)	-	-
PL/PFA	-	6,863	(6,863)	-	-
CCDP	-	4,250	(4,250)	-	-
Nike	-	98	(98)	-	-
Total funds	<u>11,228</u>	<u>67,459</u>	<u>(82,621)</u>	<u>(1,488)</u>	<u>(5,422)</u>

18. Analysis of the net assets between funds

Group	General fund £'000	Restricted funds £'000	Balance 2008 £'000
Tangible fixed assets	1,051	-	1,051
Net current assets	13,230	-	13,230
Long term liabilities	(20,011)	-	(20,011)
Net liabilities	<u>(5,730)</u>	<u>-</u>	<u>(5,730)</u>

19. Reconciliation of net outgoing resources to net cash inflow/(outflow) from operating activities

Group	2008 £'000	Restated 2007 £'000
Continuing activities		
Net outgoing resources for the year	(16,699)	(5,860)
Depreciation of tangible fixed assets	440	470
Amortisation of deferred capital grant	(328)	(328)
Interest income	(1,438)	(1,068)
(Gain)/loss on disposal of fixed assets	(1)	14
Loss/(gain) on revaluation and disposals of investments	1,488	(2,484)
(Increase)/decrease in debtors	(10,802)	16,963
Increase in creditors	2,662	5,465
Net cash (outflow)/inflow from operating activities	<u>(24,678)</u>	<u>13,172</u>

20. Analysis of changes in net funds during the year

Group	At 1 June 2007 £'000	Cashflow £'000	At 31 May 2008 £'000
Net cash:			
Cash on deposit	29,341	(23,652)	5,689
Bank overdraft	(50)	(21)	(71)
Net funds	<u>29,291</u>	<u>(23,673)</u>	<u>5,618</u>

21. Reconciliation of net cash flow to movement in net funds

Group	
Decrease in cash	<u>(23,673)</u>
Change in net funds	(23,673)
Net funds at 1 June 2007	29,291
Net funds at 31 May 2008	<u>5,618</u>

22. Operating leases

Commitments in respect of land and buildings under operating leases:

	At 31 May 2008	31 May 2007
Operating leases which expire:		
Within one year	<u>250,000</u>	<u>250,000</u>

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 2008 is £2 (2007: £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, 90% or more of whose voting rights are controlled within the Group, and where consolidated financial statements are publicly available.

Sir David Richards and Mr R C Scudamore are the Chairman and Chief Executive of the Premier League respectively. The Premier League donated £12,187,500 (2007: £12,187,500) to the Football Foundation during the year.

Mr G. Thompson is the Chairman, and Sir David Richards and Mr R. Burden are directors of The Football Association. The Football Association donated £12,187,500 (2007: £10,187,500) to the Football Foundation during the year.

Mr Burden is a season ticket holder of West Bromwich Albion FC. During 2007/08 the Club received a grant award totalling £124,166 under the Community scheme for the delivery of football based project to engage 16 year olds and above who are not in education, employment or training. Mr Burden did not take part in the decision making process for the award of this grant.

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

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

26. Grants payable

Grants payable amounted to £82,133,000 (2007: £56,248,000). A list of the largest 100 grants awarded during the year is provided below. Each of these organisations received one grant in the year. The grants payable disclosed exclude grant delivery costs amounting to £745,810 (2007: £634,169). No grant has been made to any individual.

Facilities grants awarded:

	£		£
The Royal National College for the Blind	1,000,000	London Borough of Richmond Upon Thames	617,941
Sir Bernard Lovell School	1,000,000	Ibstock United	617,074
Warrington Borough Council	1,000,000	Harborough Town	610,921
Rutherford AFC	1,000,000	Guthlaxton College	604,634
Gosforth Fields Sports Association	1,000,000	Stockport MBC	571,023
Writhlington School	984,904	Lealands Sports College	568,696
University of Kent	982,797	Keswick FC	547,971
Rothwell Juniors FC	959,668	Filey Boys & Girls Sports Club Ltd	545,342
Elmbridge Borough Council	949,500	Hummersknott School and Language College	536,770
Broad oak School	900,000	Middlesbrough Football Community Project	510,367
Arnold Town Football Club	891,576	London Borough of Hillingdon	500,000
Wallsend Boys Club	850,000	Stafford Town FC	497,375
East Herts Council (EHC)	827,565	Tavistock College	492,818
Coventry City Council	800,000	Fawley Parish Council	492,319
Tavistock Community Football Club	790,859	Grange Park Parish Council	484,986
City of London	790,600	Barnsley Rugby Club	474,618
Liverpool City Council	780,069	Corpus Christi Catholic Sports College	454,056
Tameside Metropolitan Borough Council	740,580	Wythenshawe Town Football Club	431,105
Maplesden Noakes School	704,438	Rushmoor Borough Council	425,542
Sports Huntingdon	668,592	Mascalls School	424,590
Silsden Association Football Club	663,596	Bingham Town Council	417,545
Vane Tempest Sports and Social Welfare C	659,169	Manton Colliery Athletic Club & Institute	414,448
Peterlee Town Council	650,000	Knaresborough Celtic JFC	413,894
Rawlins College	635,828	London Borough of Havering	412,347
Rawlett Community Sports College	625,932	Doncaster Metropolitan Borough Council	407,592
Ludlow Town Football Club	405,473	York Railway Institute	325,321
Staplehurst Parish Council	390,000	Hull City Council	308,564
Hinchingbrooke School	386,459	Hemsby Parish Council	305,144
Abbey Rangers Football Club	384,718	Kidlington Parish Council	303,599
Ruddington PC	372,388	Glossopdale Community College	298,387
London Borough of Brent	362,990	Colchester Athletic FC	291,896
Lynn Grove VA High School	358,080	Castle Donington Parish Council	290,888
St Clere's School	356,493	North Hertfordshire District Council	289,691
Alder Sports Club	346,541	Sibley Parish Council	288,931
Penryn College	343,277	Barrowby Parish Council	288,552
Jubilee Primary School	339,313	Plymstock School	279,400
Cottenham Village College	336,670	Taunton Deane Borough Council	266,328
Manor School and Sports College	335,574	Taunton Deane Borough Council	266,328
Bishops Lydeard AFC	330,357	Wittering Parish Council	261,663
The London Borough of Haringey	327,964		
Total			42,770,636

Community grants awarded:

	£		£
Street League	1,000,000	Manchester Metropolitan University	269,075
The Prince's Trust	470,504	Nacro Operations North	263,481
Walsall FITC Programme	283,577	National Literacy Trust	255,796
HMP & YOI Ashfield	282,071	Brighton and Hove Albion FC FITC	250,000
Salmon Youth Centre	281,355	Comic Relief	250,000
Total			<u>3,605,859</u>

Community Club Development Programme grants awarded:

	£		£
Arnold Town Football Club	300,000	Sports Huntingdon	300,000
Silsden Association Football Club	300,000	Rothwell Juniors FC	250,000
Rutherford AFC	300,000	Harborough Town	250,000
Barnsley Rugby Club	300,000		
Total			<u>2,000,000</u>

Premier League /PFA Community Fund grants awarded:

	£		£
Manchester United Foundation	304,925	Blackburn Rovers Community Trust	300,000
Birmingham City FC Football in The Community	300,000	Middlesbrough Football Community Project	300,000
Total			<u>1,204,925</u>

In addition, grants for kit and equipment costing a total of £872,004 (2007: £989,632) were awarded to 2,127 (2007: 2,400) junior football teams. In addition 466 (2007: 1,500) coaching packs costing £444,974 (2007: £677,104) were also awarded.



FUNDING PARTNERS

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