

The Football Foundation
Annual Report
for the year ended 31 May 2007



Football Foundation
football's biggest supporter



**love
the game**



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Trustees, directors, officers and advisers

Trustees and directors

R F Burden *
Sir David Richards (Chairman)
R C Scudamore *
G Thompson
Baroness Taylor
Lord Giddens

*Member of Audit and Remuneration Committee

Chief Executive

P Thorogood

Secretary

R W Booker

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Report of the Trustees for the year ended 31 May 2007

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 2007.

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 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 2007 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 F.A. 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, all of whom served throughout the year, are listed on page 3.

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 approval of the Chairman. The Chief Executive also has delegated authority to approve small grants up to £9,000 and Community and Education grants up to £20,000.

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 Grant Assessment Panel, The Grass Roots Advisory Group and the Community and Education Panel. In addition, the Trustees participate in the Audit and Remuneration Committee. Each committee has its decisions ratified by the full board.

Following the implementation of the recommendations of the Process Review, the Grant Assessment Panel now has authority to award grants of up to £500,000. However, it should be noted that Trustees are sent copies of the papers before the meeting considers the application and retain the power of veto; ie, should they raise an issue to do with an application that cannot be answered satisfactorily by the staff prior to or during the meeting, the application is forwarded for consideration by the full Board.

Trustees and Panel members' induction

New members 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 usually followed by discussions with other Trustees and Panel Chairmen, and this is timed to take place before a new Trustee's first meeting.

For new Panel members the induction is similar; 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.

Some 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 the light of Corporate Governance guidance contained within the Charities Statement of Recommended Practice issued on 12 October 2000, 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. The first stage was to draw up a business continuity plan.

Business continuity

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 IT and other operational and support infrastructure from interruptions and restoring the normal mode of operation. The plan is owned by the Director of Business Services and includes key officers responsible for:

- Incident – 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. The Foundation has completed a process review, a key element of which will be identifying and managing 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 and The Football Association have each committed to providing funding at least at the current level for a further three years, 2007/08 to 2009/10. The Government has committed to providing funding at least at the current level for a further year and have indicated that they are also likely to provide funding at current levels for an additional three years.

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

Grass Roots facility grants are given to organisations and bodies to improve or create new pitches and changing facilities in parks and schools. The aim is to improve the quality of experience for those playing football at grassroots level, thereby increasing participation.

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

The Foundation aims to target 40% of total investment into the 20% most disadvantaged communities in the country. It also seeks to ensure that at least one other sport, other than football, is played regularly on a third of Foundation funded facilities. This is the key target outcome of the Strategic Review detailed below.

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

All applications for grants are assessed and judged in line with the objects of the Charity. The key criteria that grant applications are required to meet are:

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

The Football Foundation Trading Limited

The Football Foundation Trading Limited has been established to trade and generate funds for The Football Foundation. There are no restrictions on the activities of the Company. The main activity in the Company during 2006/07 was to provide administrative support to The Football Foundation for the Barclays Spaces for Sports Scheme. This was a partnership between Barclays Bank, Groundwork and The Football 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 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 2007 no payment was made (2006: £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 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 2007 is £11,424 (2006: £6,617).

The two directors of the Company, R G Scudamore and G Thompson are also directors of The Football Foundation.

Achievements and performance

In meeting our objectives 5,438 grants were awarded during the year compared with 4,384 grants during 2006.

Modernising facilities

New or improved facilities continue to be the main area of grant aid. For example Southwark Council received £925,000 from The Football Foundation to build the award-winning facilities at Burgess Park Community Sports Ground in South London.

Increasing participation

Intrinsic to all that the Foundation does is increasing participation. A £600,000 Foundation grant has helped Balby Carr Community Sports College develop a new third generation artificial turf pitch, state-of-the-art

changing facilities and professional standard grass pitches. The resulting increased capacity means 81% more male users and 45% more female users can play sport at the site, meaning more local people and school children can stay active and fit.

Strengthening links

Football can be a powerful weapon when tackling the ills of society. Moss Side in Manchester suffers from drugs and gang-related violence, which has claimed the lives of many young men. Added to this a third of all children in Moss Side's primary schools are Somali, which has caused racial tensions, particularly with local young people from the Black communities. Funded with a Foundation grant of £191,541, voluntary sector organisation the Hideaway is using football to reach out to young people who do not use statutory youth provision, and divert young men from the gangs and guns' culture, as well as build bridges between the gangs.

Barclays Spaces for Sports

The programme has three main strands: large community flagship site grants, sustainability awards to smaller sites identified by Groundwork and coaching pack awards. During the year, 13 (2006: 8) awards to flagship sites were made, 60 (2006: 56) sustainability awards and 1,484 (2006: 1,188) coaching packs were issued. Since the start of the scheme in 2005, 200 sites have been opened, with almost 550,000 users benefiting. In addition over 3,900 coaching packs have been awarded benefiting over 136,000. Through the scheme, the Foundation has delivered more skate board parks and outdoor basketball courts than any other organisation – ever.

Kickz

After a very successful pilot scheme, the Foundation was proud to have joined the Prime Minister, Gordon Brown, on stage to announce an £11 million expansion of the Kickz project. In partnership with the Premier League, Department for Culture, Media and Sport (DCMS) and the police, Kickz has already been rightly praised for its success in cutting anti-social behaviour. Nine major police forces around the country support Kickz; Metropolitan Police, Merseyside, Greater Manchester, Northumbria, West Midlands, Cleveland, Lancashire, Hampshire and South Yorkshire Police.

Kickz is a partnership of 19 Premiership and 11 Football League clubs, offering young people the chance to take

part in sports sessions three nights a week, 48 weeks of the year. Activities include football leagues, tournaments and coaching sessions. Educational sessions are also offered to young people about issues such as healthy lifestyles and the dangers of drug use and carrying weapons.

To date over 4,000 young people have already been engaged in the project. In the areas where the most established projects are being delivered, on average crime is down 27% on the days and at the times when sessions are being delivered. In addition crime often associated with young people such as criminal damage is down on average 31% and minor assault down 26%. Over 250 young people have already achieved accreditation on courses such as The FA Level 1 coaching certificate, Community Sports Leaders Awards and Millennium Volunteers Awards.

20% of Kickz sessions take place in the top 1% most deprived wards in England, 84% in the top 23%. The remaining projects are situated in areas with significant problems that the Indices of Multiple Deprivation rankings can often hide. This includes particularly problematic housing estates located in less deprived wards.

The Football Foundation is investing £4.7 million into the scheme, the Metropolitan Police Service £3 million and £1 million is being funded through the Department for Culture, Media and Sport from the Premier League's good causes fund. Matched funding provided by local bodies will boost the total funds available to more than £11 million over three years.

As a result of the joint investment, Kickz will now be extended to more than 100 projects and 12,000 teenagers in the most deprived areas of the country, more than four times the existing provision.

Meeting operational needs

In 2005 the Foundation reorganised its grant programme delivery structure, drawing together its facilities, community and education and small grants programmes under a single Director of Grant Programmes. The regionalisation of the facilities team has allowed the Foundation to work more closely with Sport England and The Football Association regional staff to ensure a

coordinated and strategic approach to the development of 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. Evidence continues to be provided by the Monitoring and Evaluation Team that the investment made by the Charity is achieving benefit against target.

The Community and Education Team has also been enlarged and refocused along four themes: Health and Wellbeing, Social Inclusion, Education and Lifelong Learning and Equalities. Senior Development Managers (SDMs) will provide the Foundation with advice and guidance in these four key areas to influence Government policy and assist in delivering benefit to areas in most need, especially those hard to reach groups that delivery organisations such as the Foundation and the Government have found difficult to engage with in the past.

The SDMs have the responsibility for developing new projects in line with the Foundation and partner priorities, whilst at the same time, supporting applicants in engaging local partners and providing post award quality assurance and forward planning support.

Going forward, the SDMs will be responsible for raising the profile of both football and the Foundation within their areas of expertise through attendance at conferences, dissemination of emerging research and priorities from stakeholders and building strategic links with key agencies in policy, workforce and project development. This improved approach to project work will ensure better value for money, avoid duplication and ensure all areas of work are well integrated.

Hard to reach groups

To ensure more effective delivery of funding to areas of most need, the Foundation has established a Strategic Investment Group, chaired by Baroness Taylor, which will draw together national delivery and strategic partners, such as Positive Futures, NACRO and The Prince's Trust. With the enhanced staffing structure the Community Team has also been able to develop more of an outreach focus to their work. The team have been providing advice, guidance and support to networks that they have not been able to get as close to in the past. These

include attending nine Youth Justice Board Regional conferences, Positive Futures Regional conferences, FA Regional workshops, National Street Games conference and Asian Network funding day to name a few. This has resulted in engaging far more effectively with the Foundation's target groups.

End-to-end process review

Last year saw the completion of a four month in-depth study of how the Foundation conducts its assessment of grant aid applications, from initial enquiry, through assessment to completion of the facility build. Of the final report's 68 recommendations for improvement 50 have already been implemented. The Performance Management System recommended by the Review has been implemented and it is encouraging to note that even though the new process will take some time to bed in the average time taken to process an application for a capital grant has already fallen by 30%. Moreover, the Foundation has processed 25% more applications worth an additional £3m of grants per quarter, and there has been a 40% increase in the grant value of applications processed each quarter since the introduction of improvements from the Process Review. Significant further improvements in the Foundation's operational performance are expected during the coming year as the full effects of the implementation are felt.

Key performance indicators

The Monitoring and Evaluation Team monitor 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 2005-6 and 2006-7 seasons*:

Participant type	Change
Sports participants	+20.5%
of which female	+27.2%
of which from a BME group	+30.8%
of which with a disability	+94.9%
Football participants	+10.2%
of which female	+19.9%
of which from a BME group	+19.2%
of which with a disability	+94.9%
Coaches	+141.1%
Volunteers	+19.4%

*based on a sample of 297 sites.

This is the first year that comparative figures have been available. On many sites the increases are starting from a very low base, either because it was a new site or underused. Increases will, therefore, naturally be very large. However, we would expect this to settle down in future years as more and more sites come on-stream.

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 2007, 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.

Performance measurement

The Foundation has developed and implemented a Performance Measurement system, which constantly assesses the organisation's effectiveness in the 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 project 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 effective without the need for future large-scale one-off reviews.

A model for all

Seven years of efficient and effective delivery has established the Foundation as, in the words of the then Secretary of State, a 'model for organisations of this type'. In a recent letter Andrew Hind, Chief Executive of the Charity Commission said, 'The Football Foundation represents the forefront of thinking and work in revitalising grass roots sport and harnessing the power of the game within our communities to promote education and social inclusion'.

Future activities

Funding

The Premier League and The Football Association have committed to providing funding at least at the current level for a further three years, 2007/08 to 2009/10. The Government have committed to providing funding at least at the current level for a further year and have indicated that they are also likely to provide funding at current levels for an additional three years.

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 FA'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; maximise the portfolio to meet the Football Association National Game Strategy's Football Development needs while maximising for community and multi sport needs; and generating sufficient applications overall to meet its annual 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 also seeks to link the Facilities Programme with the Community Programme to ensure that maximum community benefit is derived from the facilities that it provides and 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 and Nike to work with other commercial organisations that have funds available for community based work. A recent addition to our portfolio is the Premier League/PFA Community Fund. Premier League/PFA Community Fund

The Premier League/PFA Community Fund is a three-year programme, which will see £12.9m available over three years from September 2007 to Premier League club community schemes, allowing them to continue to deliver projects which genuinely benefit and meet the needs of their local community. The aim is to maintain and further raise the standard of Premier League clubs' community schemes to ensure that they continue to deliver high quality projects and programmes that make a real difference, ideally linked to the outcomes identified in the Foundation's Community Strategy.

Financial review

The consolidated statement of financial activities for the year is set out on page 18 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 £52.8m (2006: £21.9m). There are no income generating activities carried out by the Charity, although the subsidiary company generated income of £603,000 (2006: £489,000) 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 Football 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 donations received and the grants awarded. Certain donations 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 causes the balance of funds to fluctuate significantly. The Foundation will not make any awards of grant aid beyond its current and known future funding.

Due to the timing of donations from The Football Association £10.2m (2006: £nil) and Sport England £20.7m (2006: £3.7m) income in the year was significantly up on the previous year. Donors committed to provide £40m over three years. This is not received uniformly and may result in fluctuations year on year.

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 allowed 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 funding partners have requested an exit strategy that, where it is deemed necessary, will include additional funding on their part to meet operating costs during the wind down period.

Negative funds

The fund deficit in the current and prior year arises as a result of the change in accounting policy for expenditure recognition as this has served to accelerate the timing of expenditure. The Trustees are satisfied that future funding from the Foundation's major donors is sufficiently certain to cover known commitments at the year end.

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.

The Group has cash on deposit of £29.3m (2006: £12.1m) and investments in bonds, equities and cash of £69.5m (2006: £70.1m) 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 £106.3m (2006: £102.4m). 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 – 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 ongoing objectives on page 5. It has already awarded a number of grants in line with these priorities during 2007/08.

Having already implemented the findings of the Process Review, the Foundation has undertaken a Strategic Review, which will build on the good organisation that already exists to ensure that grant aid funding is distributed as effectively, efficiently and accurately to ensure that it benefits those in greatest need and to meet the Foundation's strategic targets.

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 41 to 28 weeks. Over the next few years the Foundation will aim to reduce the time by one third.

Building on the knowledge of seven years' grant awards and the information provided by the Register of English Football Facilities, the Foundation will continue to work with its partners to identify those areas of the country most in need of facilities. The Strategic Investment Group formed last year will continue to help the Foundation target hard to reach groups.

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 2007 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 2007 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

Consolidated statement of financial activities

for the year ended 31 May 2007 (including an income and expenditure account)

	Notes	Restricted Funds 2007 £'000	Unrestricted Funds 2007 £'000	Total Funds 2007 £'000	Restated Total Funds 2006 £'000
Incoming resources from generated funds					
Voluntary income:					
Grants and donations	2	1,767	50,989	52,756	21,897
Activities for generating funds:					
Trading income	3	-	603	603	489
Investment income					
Interest and dividends	4	-	1,068	1,068	1,834
Other incoming resources		-	92	92	10
Total incoming resources		1,767	52,752	54,519	24,230
Resources expended					
Costs of generating funds:					
Trading costs in subsidiary company		-	(600)	(600)	(505)
Charitable activities:					
Grants payable	5,6	(1,767)	(54,481)	(56,248)	(57,575)
Governance costs	6b	-	(509)	(509)	(465)
Total resources expended		(1,767)	(55,590)	(57,357)	(58,545)
Net expenditure before other recognised gains and losses/net resources expended	7	-	(2,838)	(2,838)	(34,315)
Gains on revaluation of investment assets	13	-	2,484	2,484	3,484
Net movement in funds		-	(354)	(354)	(30,831)
Reconciliation of funds:					
Fund balances brought forward	17	-	(6,544)	(6,544)	24,287
Fund balances carried forward	17	-	(6,898)	(6,898)	(6,544)

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 2007

	Notes	Group		Charity	
		2007 £'000	Restated 2006 £'000	2007 £'000	Restated 2006 £'000
Fixed assets					
Intangible assets	11	-	-	-	-
Tangible fixed assets	12	1,329	1,720	497	558
		1,329	1,720	497	558
Current assets					
Investments	13	69,485	70,093	69,485	70,093
Debtors	14	4,134	15,591	4,273	15,676
Cash on deposit		29,341	12,051	29,341	12,051
		102,960	97,735	103,099	97,820
Creditors: amounts falling due within one year	15	(101,209)	(97,292)	(100,749)	(96,772)
Net current assets		1,751	443	2,350	1,048
Total assets less current liabilities		3,080	2,163	2,847	1,606
Creditors: amounts falling due after one year	16	(9,978)	(8,707)	(9,486)	(7,888)
Net liabilities		(6,898)	(6,544)	(6,639)	(6,282)
Capital and reserves:					
Funds retained within a non-charitable subsidiary	3	(259)	(262)	-	-
Restricted income funds	17	-	-	-	-
Unrestricted income funds:					
Unrestricted income funds		(12,904)	(10,063)	(12,904)	(10,063)
Revaluation reserve		6,265	3,781	6,265	3,781
Total unrestricted funds		(6,639)	(6,282)	(6,639)	(6,282)
Total funds	17	(6,898)	(6,544)	(6,639)	(6,282)

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 21 December 2007 by:

R C Scudamore
Trustee

Consolidated cash flow statement

for the year ended 31 May 2007

	Notes	2007 £'000	Restated 2006 £'000
Net cash inflow/(outflow) from operating activities	19	13,172	(14,399)
Returns on investments and servicing of finance			
Interest received		1,068	1,834
Total returns on investments and servicing of finance		1,068	1,834
Capital expenditure and financial investment			
Net proceeds/(expenditure) on sale/(purchase) of investments	13	3,092	(16,622)
Purchase of tangible fixed assets	12	(97)	(491)
Sale of tangible fixed assets	12	5	32
Total capital expenditure and financial investment		3,000	(17,081)
Net cash inflow/(outflow) before financing		17,240	(29,646)
Increase/(decrease) in cash in the year	20	17,240	(29,646)

Notes to the financial statements

for the year ended 31 May 2007

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.

The Foundation has made a change to its grant accounting. Previously grants payable have been recognised in the statement of financial activities only when the recipient had confirmed their acceptance of the offer. However, the conditions for the grant to be paid are not onerous, and are almost invariably met, and therefore the Trustees have concluded that a constructive obligation is created when the grant offer letter is issued and that a creditor and the associated expense should be recognised at this point. The effect of this change is to accelerate expenditure.

In addition, expenditure in relation to coaching packs and Junior Kit Scheme has previously only been recognised when invoices are received from suppliers following presentation of a voucher. The Trustees have concluded that in fact the obligation exists when they issue the vouchers and therefore an exercise has been carried out to quantify the value of vouchers issued but not claimed at each balance sheet date.

The combined effect of these changes is to (i) reduce the resources expended in the current year by £7.8m (2006: £1.0m) (ii) increase creditors by £1.6m (2006: £9.4m) (iii) reduce fund balances at 1 June 2006 by £10.5m.

In addition the classification between governance and grants payable has been revised following a review of activities. There is no net impact on resources expended, see note 6b for detail.

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 2007. 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 Football 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 2002/03 a restricted fund was established to account for donations received from the Big Lottery Fund (formerly New Opportunities Fund), and for grants awarded from this source of funding.

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

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

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 Football Foundation will receive its initial grant funding from The Football Association, The F.A. Premier League and the Government.

Investments

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

Deferred capital grants

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

Related party transactions

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

Deferred taxation

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

2. Voluntary income

Group	2007	Restated 2006
	£'000	£'000
Unrestricted		
The Football Association	10,187	-
F.A. Premier League	12,188	12,188
Sport England	20,675	3,658
Barclays Spaces for Sports	7,720	3,658
England and Wales Cricket Board	51	-
Gift aid payment from The Football Stadia Improvement Fund	168	416
	50,989	19,920
Restricted		
Nike	62	-
Kickz	1,165	-
Big Lottery Fund (formerly New Opportunities Fund)	-	406
Nike Stand Up Speak Up	39	861
Sport England: CCDP	501	710
	1,767	1,977
Total donations	52,756	21,897

Gift aid payment from related entity has been reclassified from investment income to donations in the current year.

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. Under the arrangement Barclays will provide £15m over three years from 1 October 2004, in grants, sponsorship and a management fee to cover the cost of the operation, to locate, assess and supervise suitable projects of community benefit. In appropriate cases capital projects will be jointly funded by The Football Foundation. The Company also administers the Register of English Football Facilities (REFF), which provides a detailed register of all football facilities 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:

	2007 £'000	2006 £'000
Turnover	603	489
Administration expenses	(928)	(840)
Release from deferred capital grants	328	328
Profit/(loss) of subsidiary	3	(23)

Turnover includes £242,000 (2006: £158,000) for services to the Charity.

	2007 £'000	2006 £'000
Tangible fixed assets	831	1,161
Current assets	79	20
Current liabilities	(677)	(623)
Liabilities falling due after one year	(492)	(820)
Net liabilities	(259)	(262)

4. Investment income

	2007 £'000	2006 £'000
Interest receivable on cash on deposit	1,052	1,834
Dividends receivable	16	-
	1,068	1,834

5. Analysis of costs of charitable activities

Group	Direct staff costs	Other direct costs	Support costs	2007 Total	Restated 2006 Total
Activity:	£'000	£'000	£'000	£'000	£'000
Awarding of grants					
Grants payable (see note 26)	918	53,455	1,875	56,248	57,575
Governance	292	106	111	509	465
Trading costs	281	283	36	600	505
	1,491	53,844	2,022	57,357	58,545

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	Governance	Trading	2007 Total	Restated 2006 Total
Activity:	£'000	£'000	£'000	£'000	£'000
Indirect staff costs	629	-	-	629	394
Travel and meetings	112	18	-	130	74
Office and premises	836	93	36	965	712
Public relations and marketing	110	-	-	110	139
Recruitment and training	91	-	-	91	104
Consultancy	97	-	-	97	101
	1,875	111	36	2,022	1,525

6b. Analysis of governance costs

Group	2007	Restated 2006
Activity:	£'000	£'000
External audit	37	25
Accountancy and professional services	16	21
Legal and other professional fees	47	92
Interest and charges	6	2
Direct staff costs	292	247
Apportionment of support costs	111	78
	509	465

Following a review during the year, the activities reported within governance have been refined and the prior year figure has been restated to be on a consistent basis. As a result £1,434,000 has been reclassified to grants payable in the comparatives.

7. Net expenditure before other recognised gains and losses

Group	2007 £'000	2006 £'000
Net expenditure before other recognised gains and losses is stated after charging / (crediting):		
Depreciation on tangible assets	470	470
Loss on disposal of tangible fixed assets	14	3
Amortisation of deferred capital grants (note 16)	(328)	(328)
Auditors' remuneration for:		
Audit services	37	25
Taxation and other services	18	30
	18	30

Indemnity insurance for directors' / trustees' liability has been purchased by the Group at a cost of £9,135 (2006: £7,894).

8. Employee information

Group	2007 Number	2006 Number
The average number of persons employed by the Group during the year was:		
Administration	47	36
	47	36

Group	2007 £'000	2006 £'000
Staff costs (for the above persons)		
Wages and salaries	1,726	1,336
Social security costs	205	140
Pension costs	109	85
Ex-gratia payment	79	30
	2,119	1,591

The ex-gratia payment in the year was made to the former Head of Administration; the payment in 2006 was made to the former chief executive.

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

Group	2007 Number	2006 Number
£60,001 - £70,000	1	2
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£90,001 - £100,000	-	-
£100,001 - £110,000	-	1
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	1	-

For those staff whose emoluments exceeded £60,000, pension contributions amounting to £34,687 (2006: £25,848) 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 £2,888 (2006: £1,680) for out of pocket expenses incurred whilst carrying out his duties. No other trustee/director has received 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 £2,841,000 (2006 restated: £34,292,000).

11. Intangible fixed assets

Group and Charity	Negative goodwill £'000
Cost	
At 1 June 2006 and 31 May 2007	343
Amortisation	
At 1 June 2006 and 31 May 2007	(343)
Net book value	
At 31 May 2007 and 31 May 2006	-

12. Tangible fixed assets

Group	Fixtures & fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 June 2006	418	2,762	81	3,261
Additions	51	31	15	97
Disposals	(11)	(15)	(15)	(41)
At 31 May 2007	458	2,778	81	3,317
Depreciation				
At 1 June 2006	34	1,478	29	1,541
Charge in year	45	409	16	470
Disposals	(2)	(6)	(15)	(23)
At 31 May 2007	77	1,881	30	1,988
Net book amount				
At 31 May 2007	381	897	51	1,329
At 31 May 2006	384	1,284	52	1,720

Charity	Fixtures & fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 June 2006	394	467	81	942
Additions	51	31	15	97
Disposals	(11)	(15)	(15)	(41)
At 31 May 2007	434	483	81	998
Depreciation				
At 1 June 2006	24	331	29	384
Charge in year	43	81	16	140
Disposals	(2)	(6)	(15)	(23)
At 31 May 2007	65	406	30	501
Net book amount				
At 31 May 2007	369	77	51	497
At 31 May 2006	370	136	52	558

13. Investments

Group and Charity	2007 £'000	2006 £'000
At 1 June	70,093	49,987
Additions	55,200	73,143
Disposals	(58,292)	(56,521)
Net revaluation gains	2,484	3,484
At 31 May	69,485	70,093

The investments above relate to bonds (2007: £69,485,000, 2006: £62,153,000), equities (2007: £nil, 2006: £7,933,000) and cash (2007: £nil, 2006: £7,000) and are stated at their market value as at 31 May 2007, other than a £20m investment with Barclays Bank which is valued at £19,390,000 and a £8,888,000 investment in Barclays Bank which is valued at £8,825,784. The terms of these investments state that the capital is 100% guaranteed, therefore the notional loss at the year end has not been recognised. The historical cost of investments was £68.7m (2006: £63.3m). All investments are held in the UK and Ireland.

Material investment holdings comprised:

	2007		2006	
	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	5,039	7%	5,005	%
BNP Paribas 100% protected 5-year Interest Bearing Equity linked Note May 2010	-	-	5,166	%
Bear Sterns 100% protected 18 month Up & Out call out note November 2008	2,908	4%	-	-
Merrill Lynch 5-year Permal Basket Note 100% min zero % Sep 15 2010	5,447	8%	5,167	%
Merrill Lynch GBP 5 year Global Equity 100% min zero % Jun 03 2010	-	-	5,439	%
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%	-	-
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%	-	-
Barclays FTSE 3 year split ELNE Equity Linked Note	-	-	10,000	14%
Barclays FTSE Growth Equity Linked Note	-	-	10,000	14%
Barclays FTEPRA Growth Equity Linked Note	-	-	20,000	29%

14. Debtors

	Group		Charity	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Amounts falling due within one year				
Amounts due from subsidiary undertaking	-	-	217	104
Amount due from Big Lottery Fund	-	10,092	-	10,092
Amount due from Sport England for the CCDP	2,105	2,943	2,105	2,943
Kickz	650	-	650	-
Other debtors	350	2,444	276	2,432
Prepayments and accrued income	111	112	107	105
Amount due from The Football Stadia Improvement Fund	918	-	918	-
	4,134	15,591	4,273	15,676

No interest is charged on subsidiary undertaking balances.

15. Creditors: amounts falling due within one year

	Group		Charity	
	2007 £'000	Restated 2006 £'000	2007 £'000	Restated 2006 £'000
Bank overdraft	50	-	46	-
Grants payable	96,813	94,492	96,813	94,492
Taxation and social security costs	100	69	100	69
Trade creditors	144	-	139	-
Other creditors	162	744	50	233
Accruals and deferred income	3,940	1,987	3,601	1,978
	101,209	97,292	100,749	96,772

16. Creditors: amounts falling due after one year

	Group		Charity	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Grants payable	9,486	7,888	9,486	7,888
Deferred income (see below)	492	819	-	-
	9,978	8,707	9,486	7,888

Deferred capital grant	2007	2006
	£'000	£'000
Opening balance at 1 June	1,147	1,475
Release of deferred capital grant	(328)	(328)
Closing balance at 31 May	819	1,147
Represented by:		
Deferred capital grant due within one year	327	328
Deferred capital grant due after more than one year	492	819
	819	1,147

17. Funds

Group	Restated 2006 Balance	Incoming resources	Resources expended	Transfers, investment gains	2007 Balance
	£'000	£'000	£'000	£'000	£'000
Unrestricted fund					
General reserve	(6,544)	52,752	(55,590)	2,484	(6,898)
Restricted funds					
Kickz	-	1,165	(1,165)	-	-
Nike Stand Up Speak Up	-	101	(101)	-	-
CCDP	-	501	(501)	-	-
Total funds	(6,544)	54,519	(57,357)	2,484	(6,898)

Charity	Restated 2006 Balance	Incoming resources	Resources expended	Transfers, investment gains	2007 Balance
	£'000	£'000	£'000	£'000	£'000
Unrestricted fund					
General reserve	(6,282)	52,149	(54,990)	2,484	(6,639)
Restricted fund					
Kickz	-	1,165	(1,165)	-	-
Nike Stand Up Speak Up	-	101	(101)	-	-
CCDP	-	501	(501)	-	-
Total funds	(6,282)	53,916	(56,757)	2,484	(6,639)

18. Analysis of the net assets between funds

Group	General fund £'000	Restricted funds £'000	Balance 2007 £'000
Tangible fixed assets	1,329	-	1,329
Net current assets	1,751	-	1,751
Long term liabilities	(9,978)	-	(9,978)
Net liabilities	(6,898)	-	(6,898)

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

Group	2007 £'000	Restated 2006 £'000
Continuing activities		
Net outgoing resources for the year	(354)	(30,831)
Depreciation of tangible fixed assets	470	470
Amortisation of deferred capital grant	(328)	(328)
Interest income	(1,068)	(1,834)
Loss on disposal of fixed assets	14	3
Gain on revaluation of investment assets	(2,484)	(3,484)
Decrease in debtors	11,457	8,666
Increase in creditors	5,465	12,939
Net cash inflow/(outflow) from operating activities	13,172	(14,399)

20. Analysis of changes in net funds during the year

Group	At 1 June 2007	Cashflow	At 31 May 2007
Net cash:			
Cash on deposit	12,051	17,290	29,341
Bank overdraft	-	(50)	(50)
Net funds	12,051	17,240	29,291

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

Group	
Increase in cash	17,240
Change in net funds	17,240
Net funds at 1 June 2006	12,051
Net funds at 31 May 2007	29,291

22. Operating leases

Commitments in respect of land and buildings under operating leases:

	31 May 2007	31 May 2006
Operating leases which expire:		
Within one year	250,000	250,000

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 2007 is £2 (2006: £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 F.A. Premier League respectively. The F.A. Premier League donated £12,187,500 (2006: £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 £10,187,500 (2006: £nil) to The Football Foundation during the year.

Mr Burden is also a season ticket holder and shareholder of West Bromwich Albion FC. During 2006/07 the Club received an award of £47,500 under the Kickz scheme for the delivery of football based social inclusion programmes in challenging communities. Mr Burden did not take part in the decision making process for the award of this grant.

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

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

26. Grants payable

Grants payable amounted to £56,248,000 (2006: £57,575,000). A list of the largest 50 grants awarded during the year is provided below. Each of these organisations received one grant in the year. The grants payable disclosed exclude grant delivery costs amounting to £634,169 (2006: £261,453). No grant has been made to any individual.

Grass roots grants awarded:

	£		£
Kingston University	1,000,000	Abbeydale Community Association	426,400
Westminster City Council	1,000,000	Pembury Parish Council	386,506
London Borough of Newham	992,211	Cottingham Young People's Sports Foundation	377,279
Failsworth School	984,295	Stockton Town Football Club	372,853
Calne Town Council	950,581	Liverpool City Council	362,020
London Borough of Bexley	924,834	Moseley Rugby Club	361,864
Stratford Town Football Club	918,500	North Tyneside Council	360,000
Sittingbourne Community College	886,000	West Lancashire District Council	349,370
Medway Council	815,470	Sandy Town Council	343,021
Staffordshire County Council	797,813	Bacton United '89 YFC	339,265
St John Fisher Catholic School	717,665	Easingwold Town FC	337,696
Worcester City Council	705,855	Braunton School/Community Coll.	335,391
Eversley Sports Association	666,556	South Park Sport Association	328,734
Hipperholme and Lightcliffe High School	647,252	Fareham Borough Council	319,950
Strode College	630,797	Joseph Whittaker Sports College	319,400
Nottingham City Council	608,850	Ashford Borough Council	319,293
Blythe Valley Borough Council	575,275	Crewe Alexandra FITC	317,849
Hitchin Town Community FC	565,589	Carre's Grammar School	309,649
Northampton Borough Council	501,000	Huntingdonshire District Council	307,651
East Lindsey District Council	499,777	Edwinstowe Parish Council	293,781
Lakenheath Parish Council	496,841	Worplesdon Football Club	288,565
Blue Coat CE School	491,410	Alconbury Sports and Social Club	286,551
New Saints Football Club	445,038	The Knights Templar School	283,250
Castle Community College	428,847	Redhouse Farm Football Club	277,548
Orwell High School	274,163	Clock Face Miners AJFC	272,118
Total			25,800,623

Community grants awarded:

	£		£
BBC Your Game	900,000	Fitzrovia Youth in Action	228,249
South Of England Foundation	250,000	Leeds United FC FITC	222,541
London Active Communities	249,000	London Active Communities	219,500
Crime Concern Trust Ltd.	246,128	Show Racism the Red Card	219,188
Clubs For Young People	246,103	Limbless Association	218,955
Durham County FA	243,464	The London Playing Fields Association	212,034
London Sports Action Zone	240,000	The National Deaf Children's Society	211,646
Portsmouth FITC	231,376	National Literacy Trust	205,437
Total			<u>4,343,621</u>

Barclays Spaces for Sports grants awarded:

	£		£
Arsenal Football Club	300,000	Blackburn Rovers	300,000
Crystal Palace Football Club	300,000	Everton Football Club	300,000
Middlesbrough Football Club	300,000	Reading Football Club	300,000
Sheffield United Football Club	300,000	Sunderland AFC	295,909
Portsmouth Football Club	300,000		
Total			<u>2,695,909</u>

Other grants awarded:

Nike Stand Up Speak Up grants awarded:	£38,958
KICKZ grants awarded:	£1,125,000

In addition, grants for kit and equipment costing a total of £989,632 (2006: £725,800) were awarded to almost 2,400 (2006: 2,100) junior football teams. In addition almost 1,500 (2006: 1,200) coaching packs costing £677,104 (2006: £606,258) were also awarded.

www.footballfoundation.org.uk



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