



**THE FOOTBALL ASSOCIATION  
FINANCIAL ADVISORY COMMITTEE**

**REPORT TO  
THE FOOTBALL ASSOCIATION BOARD AND  
THE INDEPENDENT FOOTBALL COMMISSION**

**2004**

## CONTENTS

1	INTRODUCTION BY THE CHAIR OF THE COMMITTEE .....	3
2	2004 OVERVIEW.....	5
3	2004 WORKSTREAMS UPDATE .....	11
4	PROPOSED WORKSTREAMS FOR 2005.....	23
	APPENDICES .....	24
1	Terms of Reference of The Football Association Financial Advisory Committee.....	24
2	Composition of The FAC during 2004.....	25
3	Submissions from Leagues Represented on FAC .....	26
3.1	FA Premier League .....	26
3.2	Football League.....	31
3.3	Football Conference.....	54
3.4	Southern Football League.....	56
3.5	Northern Premier League .....	59
3.6	Isthmian League .....	61
4	Clubs Entering Insolvency Events during 2004 .....	63
5	Status of FAU Reviews (as at 3 December 2004).....	64
6	Main issues identified by FAU Reviews and how they have been addressed.....	65

## 1 INTRODUCTION BY THE CHAIR OF THE COMMITTEE

This is the second report ('The Report') of The Football Association's ('The FA') Financial Advisory Committee ('FAC' or 'The Committee').

The FAC has met on a quarterly basis through 2004, and continues to focus on its agreed policy to *"promote and protect the financial long-term health and stability of clubs in their communities"*.

The work of The FAC covers a number of policy areas, namely;

- reviewing the work of The FA's Financial Advisory Unit ('FAU');
- consideration of issues raised through the work of The FAU;
- recommending policy changes and procedures on financial and governance issues to The FA Board and the Leagues;
- reporting to the Independent Football Commission ('IFC') on its activities.

Appendix 1 of The Report details the Terms of Reference of The FAC, whilst Appendix 2 details those individuals who have served on The Committee during 2004.

The Report sets out progress on The FAC's key projects for 2004, as identified in last year's report.

We believe that the significant developments reported should be considered as a wide-ranging package of measures that we expect to foster a very positive culture change in the financial governance and regulation of the game.

In 2004, The FAC has;

- carried out a detailed review of all the cash flows in the game;
- established a 'fit and proper' test for club directors, with sanctions directly applicable to directors for breaches;
- established a comprehensive financial reporting requirement for clubs, via the redesigned FA Form A;

- required all club directors to make an annual declaration that their club would be able to fulfil its trading commitments at their present ground for the full season;
- overseen the standardisation of the financial rules between The FA Rule Book and those of the Football Conference ('FC'), Isthmian League ('IL'), Northern Premier League ('NPL') and Southern Football League ('SFL');
- laid the foundations for the establishment of a Guide of Corporate Governance and Good Practice for Football Clubs. This Guide will be issued to clubs in 2005.

The Report also describes the issues that we propose to consider in 2005. It is our view that 2005 should primarily be a year of consolidation. We do not believe that the game should progress further significant changes in this area before the 2004 measures have been given time to establish themselves, and the football authorities have been able to review the effectiveness of these measures.

Significant progress has been made during 2004 in the areas of financial regulation and governance by The FAC and the Leagues. I am grateful for the hard work of The FAU staff which has supported this progress. But we are not complacent and acknowledge that there is further work to be done to achieve all of our objectives. Whilst recognising the continued challenges ahead, I would like to take this opportunity to commend The Committee and its constituent leagues for their achievements to date.

**Kate Barker**  
**Chair, Financial Advisory Committee**

January 2005

## **2 2004 OVERVIEW**

### **2.1 Introduction**

2.1.1 2004 has seen the introduction of some key developments in the area of club finance and governance. This has been as a result of initiatives developed by The FAC and the Leagues during the year.

2.1.2 In 2004 The FAC undertook to consider twelve key workstreams as set out at Section 3. Nine of these workstreams have been completed, one will be completed in early 2005 with the remaining initiatives to be considered during 2005.

2.1.3 During 2004, The FA has met with the IFC on a number of occasions and has issued its response to the recommendations made in their 2003 report. A number of IFC recommendations related to the work of The FAC and FAU and link strongly to the initiatives undertaken by The FAC during 2004 (as detailed in Section 3).

### **2.2 The Football Association Financial Advisory Unit ('FAU')**

2.2.1 The FAU has now been in operation for four years. Its aim is to increase the level of financial awareness at football clubs and improve their finance and governance procedures.

2.2.2 This objective is primarily achieved through The FAU's cyclical review of clubs in The FL, FC, SFL, NPL and IL. The FAU meets with each league's Finance Panel on a quarterly basis to discuss in detail specific matters arising and to propose actions to address any ongoing issues, whether this be with an individual member club or a football-wide initiative.

2.2.3 In addition, The FAU has worked with The FAPL in the development and implementation of the UEFA licence that has been applied for the first time at the highest level of the game in season 2004/2005.

2.2.4 The numbers of clubs visited by The FAU as at December 2004 are shown in Appendix 5 of this report together with the key issues arising from the reviews and how The FA and Leagues have addressed these (Appendix 6).

2.2.5 More recently, The FAU has acted as support to The FAC, particularly through the implementation of its many policy initiatives, which are detailed in the following Sections.

## 2.3 Summary of Developments during 2004 – Governance Regulations

- 2.3.1 The development of a **Fit and Proper Person Test** ('FAPPT') has formed one of the key components of The FAC's work for the 2004 year. The FAPPT will address the views expressed by many observers (including the IFC) that football should regulate the entry into the game of any individuals who wish to take up a directorial position at a member club.
- 2.3.2 Following extensive consultations between The FA, The FAPL and FL, tests have been established in The FAPL and FL from the start of the 2004/05 season, and will be implemented in early 2005 in the FC, SFL, IL and NPL.
- 2.3.3 The FAC is of the opinion that this development is a positive one for the game, placing requirements on potential directors of football clubs that are above and beyond those of normal company law. The requirements of FAPPT recognise the wider responsibilities that directors of clubs have to their stakeholders and the unique place that football holds in society.
- 2.3.4 We would wish, however, to emphasise that, wherever possible, we believe that any FAPPT must be based on absolute measures. For example, an individual should be able to either comply or not comply with the criteria in place. A process governed by interpretation may be open to accusations of inequitable treatment and would be more likely to be open to legal challenge.
- 2.3.5 We reported last year on the poor corporate governance procedures that The FAU had identified at many clubs. Based on The FAU work carried out in 2004, this issue persists. Indeed, The FAC believes that one of the single biggest threats to the long-term future of a club is the dominance of it by one or two key individuals. This is usually exemplified by a reliance on an individual(s) for continued funding and can lead to a breakdown of internal checks and controls within a club.
- 2.3.6 The FAC has therefore committed to producing a **Guide of Corporate Governance and Good Practice for Football Clubs**, covering the specific processes and controls that one would expect to be in place at clubs. We would expect this Guide to highlight to club directors and officials the procedures and practices that are considered to demonstrate best practice in running a football club. The Guide will not be mandatory but will be tailored depending on the level of football a particular club

plays and/or the size of the club. The objective is for clubs to embrace the benefits of good governance rather than have practices imposed through a formal code.

2.3.7 The FAC has overseen the **redesign of The FA's Form A**, the annual return submitted by member clubs to The FA. The aim has been to make the information contained within Form A more relevant and useful to The FA for monitoring statutory and financial developments at clubs. All clubs competing in the top six Leagues are now required to submit Form A annually, accompanied by their most recent set of accounts, and, for 2004, their memorandum and articles or constitution.

2.3.8 The FA will record the information provided to build up a database of information on each club. An exercise is already underway to follow up those clubs who have submitted 'out of date' accounts with their Form A. This is frequently seen by The FAU as an early warning of a club in financial distress.

2.3.9 In addition to Form A, directors/committee members have also been required to **certify that they have considered the funding and security of tenure of their club for the forthcoming season**. This certification process has been established to concentrate the minds of those responsible for the management of clubs on their fiduciary responsibilities.

## **2.4 Summary of Developments during 2004 – Financial Regulation**

2.4.1 The FAC believes that if informed decisions are to be made over the financing of football, then a comprehensive mapping of the main cash flows in the game is required. In the course of the year, a sub-committee of The FAC oversaw the preparation of a document entitled '**Cash Flows in the Game**' that mapped key cash flows for the 2002/03 season.

2.4.2 Following a detailed review, it was resolved that the project would be commissioned for a further year, in order to establish meaningful year on year comparatives. The FAC will consider how the document may be put to best use once it has incorporated the further year's documentation.

2.4.3 In addition, the revision of the rules adopted by leagues at FC, SFL, NPL and IL level in the summer of 2004 enabled a number of **standard financial rules** to be introduced. For the first time, rules covering the treatment of specific transactions have been adopted on a consistent basis. For example, each of these leagues now

has the same rules governing the recording of player payments, gate receipts, transfers and directors' loans.

- 2.4.4 An overriding message of the 2003 FAC report was of the financial difficulties being experienced by a large number of clubs across the football pyramid. We reported that 18 clubs had entered some form of insolvency proceedings in the course of the year, with the loss of broadcasting distributions (in the case of FL clubs) and increased player wage costs being major contributory factors.
- 2.4.5 The 2004 calendar year has seen an improvement in the position described above. In the FL, the majority of the ITV digital-era player contracts have come to an end, and the experience of The FAU is that most FL clubs are making significant steps in controlling their wage costs. **The FL's 'Salary Cost Management' system**, now implemented at Leagues 1 and 2, would appear to have had a positive impact upon this. In addition, the FC has reported on the 'salutary' effect that their **Approved Playing Budget** system has had on member clubs' wage costs. Further details are given on these initiatives in Appendix 3.
- 2.4.6 In the course of the calendar year, we have become aware of 4 clubs from the Leagues that have entered an insolvency arrangement. By contrast, 16 clubs entered such arrangements in 2003 (see Appendix 4).
- 2.4.7 **Sporting sanctions**, by way of a points deduction, are now applicable in The FAPL, FL and FC for any club entering an insolvency event. The purpose is to act as a deterrent for clubs that may choose a high-risk financial strategy.
- 2.4.8 Two specific examples are worthy of mention in the context of the current regime that governs clubs entering an insolvency arrangement.
- (i) Northwich Victoria entered administration in September 2004 and invoked the first 'sporting sanction' penalty in English football. Under the rules of the FC, the club was deducted ten points and did not appeal against the decision.
  - (ii) In May 2004, the parent company of Telford United (also a member of the FC) went into administration. With no alternative source of funding to meet ongoing players' contracts, the club itself was placed in liquidation. The club's supporters immediately founded a new club company to represent Telford.



However, this new company was unable to satisfy the creditors of the old entity and meet ongoing financial commitments. In accordance with the rules of the FC, it was not permitted to retain its membership of the league.

The FA National Leagues System Committee resolved that the new entity was a 'reformed' club and would, under the Rules of The Association, be required to drop at least two divisions in the National League structure. The club is now competing in the NPL First Division.

2.4.9 The year has also seen developments in the enforcement of the '**football creditor**' **principle** for clubs seeking to exit administration. The 2003 IFC report recommended a review on the 'current relevance of, and justification for, the football creditor rules'.

2.4.10 Legal challenges were subsequently mounted by the Inland Revenue against the arrangements made by both Wimbledon (now Milton Keynes Dons) and Exeter City. The Inland Revenue's challenge against the Wimbledon arrangement was made on the basis that football creditors would be receiving preferential treatment ahead of the club's other creditors, including the Revenue, who would only receive 30p in the £.

2.4.11 The Court of Appeal rejected the Inland Revenue's challenge on five grounds, chief of which was the comment that;

*'the payment of football creditors could possibly be interpreted not as a payment to non-preferential creditors at all, but simply as one which is required to satisfy the League's lawful requirements and thus preserve the value of the club's business'*

2.4.12 Following the rejection of the Wimbledon challenge, the Inland Revenue issued a notice of discontinuance of proceedings in the Exeter City case.

2.4.13 Although The FAC welcomed the decision to uphold the right of the game to maintain the integrity of its competitions through the protection of the football creditor, it recognises that this remains a much-debated area. The FAC therefore commits to continue to monitor this area and any relevant developments during 2005.

2.4.14 At the highest level of the game, the criteria for the **UEFA licence**, including financial criteria, were applied for the first time. The FAPL administer the process, with The FA acting as licensor.

2.4.15 Seventeen FAPL clubs applied for a UEFA licence for season 2004/2005. Each club met all of UEFA's licensing criteria and those clubs that qualified on sporting merit were issued with a licence to play in this season's competitions. In addition, Millwall met UEFA's requirements to be granted special permission to play in the UEFA Cup.

2.4.16 UEFA requires that the licensing process operated by each national association is subject to audit by UEFA agents. In October 2004 SGS, (an independent accreditation company) audited The FA/FAPL licensing procedures. Very minor issues to the process were identified and these are being addressed.

2.4.17 UEFA is currently re-examining the financial criteria included within their licence process. The FA/FAPL are represented on a working group formed by UEFA to examine and develop the financial criteria.

## **2.5 Conclusions**

2.5.1 The initiatives introduced by The FAC and the Leagues during 2004 comprise a package of measures that The FAC believe enhances the regulatory environment in which its clubs operate.

2.5.2 We strongly believe that the progress made in the individual areas by both The FAC and the Leagues themselves should not be seen in isolation. Together, we believe they help address many of the governance and finance issues affecting the game at present, although we are not complacent, and acknowledge that in both areas there is further progress to be made. To this end, The FAC sees 2005 primarily as a necessary period of consolidation to allow clubs to adjust to the initiatives introduced. In 2005 The FAC proposes to monitor the success or otherwise of the initiatives and consider certain new proposals as set out at Section 4 of The Report.

### 3 2004 WORKSTREAMS UPDATE

3.1 In its 2003 Report, The FAC made a number of recommendations for action during 2004. Below we summarise these recommendations and the actions that The FAC has taken to date in addressing them.

	<b>2004 Workstream</b>	<b>Implementation to Date</b>	<b>Timetable for Implementation</b>
(i)	<p><b><u>Cash Flow Review</u></b></p> <p>To carry out a detailed review of all the cash flows in the game. There is at present no comprehensive financial model that maps out the sources, flows and use of funds in the game. The FAC believes that such a document is essential to inform any debate about the distribution of the game's wealth, either internally or externally.</p>	<p>A draft document was prepared for The FAC, detailing the cash flows in the game for season 2002/2003, based on publicly available information, together with comparatives for the 2001/02 season.</p> <p>The FAC examined the document, and has requested further analysis of some key cash flows. The FAC has also requested that a third year of analysis (for 2003/2004) be conducted to ensure that the information presented is not seen in isolation. The FAC will then consider how the report may be put to best use.</p>	<p>2002/03 season completed.</p> <p>2003/04 season to be considered in 2005.</p>

	<b>2004 Workstream</b>	<b>Implementation to Date</b>	<b>Timetable for Implementation</b>
(ii)	<p><b><u>Fit and Proper Person Test</u></b></p> <p>To establish a FAPPT for directors, with sanctions directly applicable to directors for breaches.</p>	<p>During the 2003/04 season, The FA, FAPL and FL worked closely in establishing the basic criteria for a FAPPT for club directors. From the summer of 2004, the FL and FAPL established a test for all directors of their clubs. Each of these leagues will administer the test themselves. A FAPPT has also now been established by The FA for the FC, SFL, IL and NPL.</p>	<p>Implemented in full by FAPL and FL.</p> <p>Test for FC, SFL, IL and NPL became effective 1 February 2005.</p>

	<b>2004 Workstream</b>	<b>Implementation to Date</b>	<b>Timetable for Implementation</b>
(iii)	<p><b><u>Annual Return ('revised Form A')</u></b></p> <p>A revision of the current FA Form A, to encompass all clubs from the top six leagues' financial and statutory information and to look at establishing a single, comprehensive financial reporting requirement for clubs, instead of the multiple report demands made of them, and create a database of information to underpin a benchmarking exercise.</p>	<p>The FA's Form A was extensively revised for season 2004/2005. Changes were made to streamline information requests from clubs. The revised return has been extended for completion by all clubs in the top six leagues as well as other FA members. All clubs have submitted the form. For the first time Form A was made available in electronic format for clubs to download from The FA for completion.</p> <p>The form is submitted by 1 July each year (previously 1 October) and requests predominantly statutory information relating to the club. The FAU is currently investigating how the information can be put to best use and how it may be shared with other bodies, such as the leagues.</p>	<p>Fully implemented.</p> <p>Early 2005.</p>

	<b>2004 Workstream</b>	<b>Implementation to Date</b>	<b>Timetable for Implementation</b>
(iv)	<p><b><u>Directors' Certificates</u></b></p> <p>This recommendation was linked to the review of the 'Annual Return' above. The FAC committed to seek to require directors to make an annual declaration that their club would be able to trade at their present ground for the full season, again with directly applicable sanctions.</p>	<p>Included within the 2004 Form A (see 3(iii) above) was a declaration to be made by each club's board to certify that:</p> <ul style="list-style-type: none"> <li>• The directors were committed to the long-term health and stability of the club in the community that it has traditionally been a part;</li> <li>• The board, having undertaken a review of the club's financial position, including a budgetary process and risk assessment, confirm that that there was a reasonable expectation that the club will be able to meet its fixtures for the season; and</li> <li>• The club had security of tenure of its ground for the coming season.</li> </ul> <p>The FAU is currently following up on the small number of clubs that have not adequately completed the certificate with their Form A.</p>	Fully implemented.

	<b>2004 Workstream</b>	<b>Implementation to Date</b>	<b>Timetable for Implementation</b>
(v)	<p><b><u>Guide of Corporate Governance and Good Practice for Football Clubs</u></b></p> <p>The FAC committed to seek to establish a Guide of Corporate Governance and Good Practice for Football, which directors should report against annually. It was felt that this will promote the key principles of the generally applicable Combined Code, but tailored for clubs that are, in the main, small businesses.</p> <p>Subsequently, both the IFC and APFG reports also recommended the introduction of a Code of Corporate Governance.</p>	<p>Following discussions with advisers, The FAU has now established a Terms of Reference for a Corporate Governance guide for clubs. The FAC believe the most effective approach to this project will be to issue a guide that is:</p> <ul style="list-style-type: none"> <li>• Explicit in explaining the benefits of good corporate governance to clubs;</li> <li>• Based on the principles of best practices established in existing codes such as the Combined Code. The FAC considered that there was little to be gained in preparing a code for those clubs (e.g. clubs listed on a stock exchange) where such a code of corporate governance already exists;</li> <li>• Non-mandatory; and</li> <li>• Practical and targeted at clubs at each level of the game, taking into account the size and complexity of the club and the nature of the risks and challenges it faces.</li> </ul>	<p>To be issued to clubs during 2005.</p>

	<b>2004 Workstream</b>	<b>Implementation to Date</b>	<b>Timetable for Implementation</b>
(vi)	<p><b><u>League Budgets</u></b></p> <p>The FAC recommended that during 2004 an exercise be carried out to identify all relevant rules and regulations under which clubs satisfy the leagues and The FA that they have appropriate budgeting systems in place.</p>	<p>Both FL Leagues 1 and 2 and the FC have applied budgetary requirements on clubs. The UEFA licensing criteria that applies to FAPL clubs currently includes budgetary requirements to be implemented at a date to be determined by UEFA.</p> <p>The budgetary requirements introduced to date reflect the size and complexity of clubs at each level. It was apparent that the adoption of a standard club budgeting process across the leagues would be impractical and bureaucratic resulting in little benefit.</p> <p>The FAC have requested that the FL and FC keep them informed of developments in budgetary rules and recommended that the SFL, IL and NPL review the processes adopted by the FL and FC and examine whether these can be used as a basis for budgeting requirements in 2005/06. Our recommended workstreams for 2005 will reflect this.</p>	<p>Completed subject to considering budgetary proposals in 2005 for SFL, IL and NPL.</p>



	<b>2004 Workstream</b>	<b>Implementation to Date</b>	<b>Timetable for Implementation</b>
(vii)	<p><b><u>Licensing</u></b></p> <p>The FAU was to review possibility of rolling out a 'licensing' system to leagues below The FAPL and to report to The FAC outlining the feasibility of implementing a licensing system and the steps that would need to be taken to achieve this.</p>	<p>UEFA licensing now applies to those clubs wishing to play in UEFA competitions.</p> <p>Domestically, The FAC believes that a licensing system may already exist through the current rules of The FA and the Leagues. The benefits that licensing can bring may therefore be achieved through the initiatives introduced to date. The FAC will continue to monitor this position during 2005.</p>	<p>To be reviewed in 2005.</p>

	<b>2004 Workstream</b>	<b>Implementation to Date</b>	<b>Timetable for Implementation</b>
(viii)	<p><b><u>Rules Review</u></b></p> <p>The FAC resolved to examine the steps to be taken to achieve consistency between the rules of each of the top six leagues in relation to financial matters and seek to create a consistency between them.</p>	<p>The recommendations for financial best practice made by The FAU were agreed by The FA Council and duly incorporated for the first time on a consistent basis into The FA Handbook and the FC, SFL, IL and NPL Rule Books for the 2004/05 season. These included:</p> <ul style="list-style-type: none"> <li>• The formal introduction of minimum criteria for transfer of FA Membership by a full or associate member club;</li> <li>• Clearer guidelines over payments to players and transfer arrangements;</li> <li>• A requirement that all loans extended to the Club (including those from directors) should be documented and retained by the club; and</li> <li>• The specification of documentation to ensure that gate receipts are properly and fully accounted for.</li> </ul>	<p>Implemented through the FC, SFL, IL and NPL rule revisions 2004.</p>

	<b>2004 Workstream</b>	<b>Implementation to Date</b>	<b>Timetable for Implementation</b>
(ix)	<p><b><u>Change in Club Ownership</u></b></p> <p>The FAC committed to examine the possibility of requiring new owners of clubs to provide credible proof of funding plans before approving the takeover of clubs.</p>	<p>The FAU prepared a proposal paper on the process governing the change in ownership of club companies for consideration by each of the six senior leagues.</p> <p>Following consideration of the responses from the Leagues, The FAC decided that any regulation in this area would be above and beyond the general provisions of Company Law. Any rule restricting private share transactions between two parties could well be open to legal challenge.</p> <p>Members also indicated that they believed the current package of measures should be given time to bed in before a decision on further regulation in this area was made.</p>	<p>Position to be considered further in 2005. Opinion to be sought on the possibility of a legal challenge to any regulation in this area.</p>

	<b>2004 Workstream</b>	<b>Implementation to Date</b>	<b>Timetable for Implementation</b>
(x)	<p><b><u>Agents</u></b></p> <p>It was agreed that The FAC would oversee the development of regulations concerning the work of agents, including;</p> <ul style="list-style-type: none"> <li>• to require the identification of agents, directors, managers and other coaching staff involved in any transfer or contract negotiation;</li> <li>• to require that each certify to any direct or indirect benefit from any transaction; and</li> <li>• to allow complete access to the records of all such persons to verify the statements, subject to a 'just cause' being established before a tribunal.</li> </ul>	<p>The Compliance Department of The FA has produced draft regulations following extensive consultation with stakeholders.</p> <p>It was not possible to finalise the regulations prior to the January transfer window as originally envisaged. Therefore the intention is to seek the final approval of The FA's board and Council (together with the approval of FIFA) with a view to implementing the regulations prior to the summer transfer window.</p>	<p>Summer transfer window 2005.</p>

	<b>2004 Workstream</b>	<b>Implementation to Date</b>	<b>Timetable for Implementation</b>
(xi)	<p><b><u>Independent Review of FAU</u></b></p> <p>We suggested that an independent review of the workings of the Financial Advisory Unit be conducted, based on The FAU Annual Report 2004.</p>	<p>The FAC has resolved that all participatory leagues will be asked to report on the role of The FAU in assisting them and their member clubs.</p>	<p>Early 2005.</p>

	<b>2004 Workstream</b>	<b>Implementation to Date</b>	<b>Timetable for Implementation</b>
(xii)	<p><b><u>Mutuals</u></b></p> <p>The FAC committed to examine the possibility of rule changes to be put in place in Leagues (where necessary) to permit clubs to be mutuals.</p>	<p>Only one league, the FL, specifies the corporate structure that a member must have – its Article 4.1 states that ‘A member club must be a company incorporated under the Companies Acts’.</p> <p>The FL has stated that they do not wish to revise this ruling, as the Industrial and Provident Societies Act governs mutuals. Entities governed by this Act are currently not permitted by law to enter insolvency arrangements.</p> <p>The FL has noted, however, that this rule does not preclude the ability of mutuals to own clubs via their shareholding in a limited company.</p>	Fully implemented.

## 4 PROPOSED WORKSTREAMS FOR 2005

4.1 As the Chair of The FAC makes clear in her introduction, The Committee believe that significant progress has been made in implementing change in the last year.

4.2 Our key message would be that 2005 should be a year of consolidation, and of allowing the measures taken in 2004 to 'bed down'. An inevitable consequence of this will be the continued monitoring and evaluation of the initiatives introduced during 2004, most notably:

- the preparation of a further year of a cash flows in the game report, with concentration on the areas requiring further analysis as identified by The FAC;
- the monitoring of the effectiveness of the operation of initiatives introduced in 2004 such as The FAPPT;
- the collation and use of the data submitted via the Form A;
- the rolling-out of the Corporate Governance Guide for clubs;
- the obtaining of legal opinion on regulating change in ownership of clubs;
- consideration of budgetary measures for clubs in the SFL, IL and NPL;
- licensing consideration; and
- the effectiveness of budgetary measures undertaken by the Leagues.

4.3 Nevertheless, The FAC has considered certain areas that it considers may be worthy of addressing in the course of 2005. These include:

- The issue of whether leagues should require through their regulations a consistent level of security of tenure for their member clubs, and guidance over what form such security should take, in order to enable clubs to best protect their grounds;
- An examination of the possibility of introducing training for new directors of clubs; and
- The promotion of regional gatherings of finance professionals working at football clubs to increase awareness of current issues and share best practice, recognising that some work is already undertaken in this area by the leagues.

## **APPENDICES**

### **Appendix 1 - Terms of Reference of The Football Association Financial Advisory Committee**

The Terms of Reference established for The FAC are as follows;

'To review and assess the adequacy of financial controls in football. In exercising this, the committee shall consider the following;

- (a) The adequacy of corporate governance at each level of the game
- (b) The overall financial health of clubs
- (c) The manner in which any applicable policy for dealing with insolvent clubs has been observed
- (d) Consideration and regulation of material transactions
- (e) Applications from a club to significantly change their interest in their stadia

The committee shall report to the Board.'

*NB – These Terms of Reference were established as an FA Council Standing Order (Number 52).*



## Appendix 2 - Composition of The FAC during 2004

The members of The FAC during 2004 have comprised:

- Kate Barker, (Chair), Bank of England (Independent Member)
- Dan Corry, Executive Director, New Local Government Network, (Independent Member)
- Mark Palios, Chief Executive, FA (Until August 2004)
- Richard Scudamore, Chief Executive, FAPL
- Peter Heard, Director, FL
- Bill King, Chairman, The FC
- Alan Turvey, Chairman, The IFL
- John Bagguley, Chairman, Finance Panel, The NPL
- David Nessling, Director, SFL, replaced by Brian McCarthy, Director, SFL, in September 2004
- Bill Coad, FA Council member, Cambridgeshire FA

Peter McCormick (Legal Adviser, FAPL) and Javed Khan (Director of Finance, FAPL) have represented Richard Scudamore on The FAC during the course of the year.

## **Appendix 3 - Submissions from Leagues Represented on FAC**

### **3.1 FA Premier League**

#### **Progress Report on Financial Management and Governance Initiatives by The FA Premier League (FAPL)**

##### **Central Knowledge and Expertise**

The Board of The FAPL, together with the Finance Director and other senior executives, have developed expertise and a high level of understanding of the financial circumstances of FAPL Clubs that is a good resource for the Clubs to draw on. This expertise is deployed amongst all 20 FAPL Clubs in a number of ways including regular meetings between Club Finance Directors and through both formal and informal information exchanges.

A combination of FAPL's Rules and Regulations, including the requirements of the UEFA Licensing system, means that FAPL Clubs supply considerable information to FAPL in order to enable them to obtain a licence to participate in UEFA competitions and to participate in the League.

FAPL has recently instituted, through the Director of Finance, a number of workstreams with Clubs which include:

- (i) Guidance to Clubs on the new International Financial Reporting Standards
- (ii) Consultation with Clubs on Phase 2 & 3 of UEFA Licensing Financial Criteria covering club budgeting and positive net assets
- (iii) Revised guidance on uniform presentation and minimum disclosure in Club accounts

##### **Code of Corporate Governance**

- All our Clubs comply with existing company law. In addition The FAPL offers guidance and promotes best practice to Clubs on all financial and governance issues.

## Appendix 3

### Submissions from Leagues Represented on FAC

#### 3.1 FA Premier League (continued)

- Those Clubs that are listed on the London Stock Exchange must comply with the listing rules and the 'combined code' as defined by the Financial Services Authority or otherwise explain any departures from the code.
- Our remaining Clubs adhere to strict reporting requirements and robust accounting systems implemented by professionally qualified staff to produce accounting information that is mandatory under company law.
- All our member Clubs hold Annual General Meetings where their annual accounts are passed. Shareholders, including fans, have an opportunity to question the Directors on any matters raised in the accounts. The accounts are filed at Companies House.
- We have worked with the Financial Reporting Review Panel and the Accounting Standards Board to develop guidance notes for Clubs on the production of their financial statements. These also provide guidance on the disclosure of transactions relating to amortisation of players' registrations and profit/loss on the sale of players in the context of the different formats as specified by the Companies Act.
- For the last five years, The FAPL has been organising quarterly meetings of Clubs' Chief Finance Officers. This process encourages discussion and debate on financial issues of common concern including technical developments on Financial Reporting and Taxation, and encourages the dissemination of best practice between clubs. The meetings are attended regularly by a Partner from Deloitte, and by other members of the firm, from time to time, to present various Financial Reporting and Taxation updates.
- These processes have combined to bring a clarity and uniformity to our Clubs' accounts, despite their differing business models, which in turn aids those who wish to compare and contrast the Clubs' finances.

## **Appendix 3**

### **Submissions from Leagues Represented on FAC**

#### **3.1 FA Premier League (continued)**

- FAPL under its Rules already requires Club directors to supply considerable information to FAPL in the form of annual Directors Reports and generally throughout the season. All material transactions between Clubs and agents exceeding £25,000 in value must be reported and all compensation payments and other transactions related to a transfer must be registered with FAPL. Each Director of a Club must sign the relevant Report.

We believe The FAPL is in a strong position to advise and self-regulate in this matter and do not see the need or merit of a further code to be initiated by any other body.

#### **Current Relevance of, and Justification for, the Football Creditor Rules**

We believe the football authorities have good arguments in favour of the Football Creditors Rules that are in the best interests of all other Clubs. These include the fact that the Rules do not encourage the preference of one group of creditors over another, but merely which creditors need to be satisfied in order to retain the sporting status that a Club has; the desire to stop Clubs obtaining a sporting advantage over another Club by speculating and defaulting on major debts; the need to protect the interests of Clubs and players that operate in a closed trading environment where they cannot seek alternative customers or partners with whom to transact and the need to avoid the domino effect of Clubs defaulting upon each other and thus endangering the financial future of another Club.

#### **Fit and Proper Person Test**

Rule D.2 of The FAPL Rule book states that:

A person shall be disqualified from acting as a Director if:

- either directly or indirectly he is involved in or has any power to determine or influence the management or administration of another Club or Football League club; or

## **Appendix 3**

### **Submissions from Leagues Represented on FAC**

#### **3.1 FA Premier League (continued)**

- either directly or indirectly he holds or acquires any interest in 10 per cent or more of any class of Shares of a Club while he either directly or indirectly holds any interest in any class of Shares of another Club; or
- he becomes prohibited by law from being a Director; or
- he is convicted on indictment of an offence set out in the Appendix 12 Schedule of Offences; or
- he makes an Individual Voluntary Arrangement or becomes the subject of an Interim Bankruptcy Restriction Order, a Bankruptcy Restriction Order or a Bankruptcy Order; or
- he is a Director of a Club which, while he has been a Director of it, has suffered 2 or more unconnected Events of Insolvency; or
- he has been a Director of two or more (Premier League) Clubs or (non Premier League) clubs each of which, while he has been a Director of them, has suffered an Event of Insolvency.

#### **Insolvency Policy**

After much debate, The FA Premier League has approved new Rules relating to insolvency events suffered by its member Clubs designed partly to focus greater attention on proper financial management and partly to assist and protect the integrity of the competition and counter any perceived unfair advantages that may be created by a Company Voluntary Arrangement. The League accepts that each case will be different and must be judged on its own merits taking into account the law and the need to protect the interests of football, The FAPL and its member Clubs. Therefore the policy must retain sufficient flexibility to take all factors into account.

The new Rules provide for the suspension of a Club that enters an insolvency event (defined in the Rules) with the ability for the Board to postpone the suspension in the interests of the competition. During suspension or while the suspension is postponed, the Board has the power to use any funds appertaining to the Club suffering the insolvency event that the Board controls, as it may think fit for the benefit of the Club's football creditors.

## **Appendix 3**

### **Submissions from Leagues Represented on FAC**

#### **3.1 FA Premier League (continued)**

Upon a Club suffering an event of insolvency, a sporting sanction is applied whereby such a Club suffers an automatic deduction of nine points scored or to be scored in the League competition. Limited grounds for appeal exist under these circumstances. Essential protocols have been agreed between The FA Premier League and the Football League for the operation of the insolvency policy with regard to promotions and relegations.

The effect of The FAPL's insolvency policy is that:

1. It should encourage the prudent financial management of Clubs; and
2. It should go some way towards removing the injustice which would result from a Club wiping out its debts as a consequence of the transfer of its share in the Company to a new company

## Appendix 3

### Submissions from Leagues Represented on FAC

#### 3.2 Football League

##### The Football League Limited

##### Financial Advisory Committee – Update

This paper will highlight the areas in which, during the past twelve months, The Football League has further developed regulations and processes concerning the good corporate governance of its members. Where appropriate, it will also provide a brief update on those topics discussed in the 2003 Report.

The Football League believes that it has made significant progress in respect of the implementation of governance initiatives within the professional game. It is important that those measures already introduced, together with the areas outlined below, are given time to take effect at which point a review of the overall position can be carried out before proceeding with any further regulation in this area.

##### Salary Cost Management Protocol

The Football League has previously described how it introduced the first systematic attempt by English professional football to tackle the problem of spiralling wage inflation in the domestic game through the salary cost management protocol.

Following its introduction in season 2003/04 to League Two (formerly Division Three), the League has now modified its application in two respects: -

- Those clubs in League Two who are unable to demonstrate compliance with the protocol have voluntarily agreed to have an embargo on further playing registrations imposed until such time as they can comply; and
- The protocol has been expanded to League One (formerly Division Two), initially on a voluntary basis.

A copy of the revised protocol is annexed hereto, marked **A**.

## **Appendix 3**

### **Submissions from Leagues Represented on FAC**

#### **3.2 Football League (continued)**

##### **Agents**

At an Extraordinary General Meeting held in September 2003, The Football League amended its Regulations to introduce reporting requirements in respect of a club's dealings with Agents with effect from 1 January 2004.

The League published its first report in July 2004. A copy of that report is annexed hereto marked **B**.

Further, The Football League continues to take an active role in the development of revised Agents Regulations under Football Association Rules.

##### **Insolvency Policy**

Following the introduction of Sporting Sanctions (effective from 10 May 2004), no Football League Club has entered into insolvency proceedings \*. Further, since the last report, we have seen the application of the 'Football Creditor' rule, which requires clubs to honour debts within the game, successfully upheld in both the High Court and Court of Appeal (in the case of Wimbledon Football Club). Together, these measures maintain sporting integrity in the event of insolvency and the League will continue to apply them rigorously.

##### **Fit and Proper Persons Test**

Following extensive consultations within the game as a whole, and amongst The Football League's constituent members, The Football League introduced football's first 'Fit and Proper Persons Test' at its Annual General Meeting in June 2004.

This Test provides that certain individuals will be prevented from holding positions of authority within Football League Member Clubs.

A copy of the Regulations as introduced at the Annual General Meeting are annexed hereto marked **C**.

*\* Since the preparation of this submission, it is noted that Wrexham, of League One, entered administration and were subject to a ten-point deduction in line with the Sporting Sanctions rules. This decision was upheld on appeal.*



## **Appendix 3**

### **Submissions from Leagues Represented on FAC**

#### **3.2 Football League (continued)**

The Football League continues to monitor the effectiveness of the Test and has appointed a Working Party to discuss further enhancement of it and to put forward recommendations to The Football League

Board. Proposals to extend the test to cover individuals who have received a custodial sentence of 12 months or more will be considered by the Football League's Member Clubs at their December meeting.

#### **Ground Ownership**

The issue of ground ownership and the ability of clubs to continue trading at a ground within their own conurbation remains one of the more difficult areas of regulation given the fact that many club grounds are no longer in the control of the entity that is registered as a member of The Football League.

The Football League continues to look into this area but recognises that it is necessary to maintain a balance between: -

- a) Ensuring the Club's presence in the community with which it is traditionally associated; and
- b) not introducing regulations which place Clubs in an invidious position when it comes to renegotiating existing lease terms.

#### **Football League Corporate Governance**

The Football League appointed its first independent non-executive director in January 2004. The Board propose to move forward with the appointment of a second independent non-executive director in early 2005. Each appointment is for a period of two years, thus providing for retirement by rotation each year.

When a second non-executive director is appointed, one third of The Football League's Board of Directors will have no affiliation to member clubs when including the Independent Chairman.

**FOOTBALL LEAGUE ENCLOSURE A**  
**SALARY COST MANAGEMENT PROTOCOL**

FOREWORD

ITV Digital's demise in early 2002 brought into stark focus the loss of substantial amounts of television income due to the League for season's 2002/03 and 2003/04. For League 1 and 2 clubs alone this "loss" has resulted in an annual reduction in central League distributions of c£300k and c£200k respectively (having offset the income received from BSkyB and the Football Foundation grant income).

At the same time (and even before the ITV Digital contract was entered into) player wage costs have escalated significantly as illustrated below:

	1997/98 salary costs (£m)	2002/03 salary costs (£m)	Annual growth Rate (%)
FAPL clubs	172.7	537.1	25.5
Championship clubs	73.1	148.8	15.2
<b>League 1 clubs</b>	<b>29.9</b>	<b>45.4</b>	<b>8.8</b>
<b>League 2 clubs</b>	<b>15.1</b>	<b>24.7</b>	<b>10.4</b>

As far as Leagues 1 (Division 2) and 2 (Division 3) are concerned over the six-year period from 1997/98 player wage costs have been:

	League 1	League 2
1997/98	£29.9m	£15.1m
1998/99	£37.9m	£17.7m
1999/00	£37.7m	£20.7m
2000/01	£38.5m	£22.3m
2001/02	£43.9m	£24.5m
2002/03	£45.4m	£24.7m

In the 2002 close season a Best Practice Working Party was established to consider issues surrounding player wage costs and the contractual arrangements entered into between the employer and the employee with the intention of disseminating best practice amongst the clubs.

The principle of salary cost management was outlined to clubs at Oxford on 22 November 2002.

At the League's Annual General Meeting held in June 2003 a regulation change was introduced to provide that in the event of a player's contract of service extending over more than one season it must specify the rate of basic remuneration to be paid relative to the divisional status of the club.

On 6 December 2002 The Football Foundation, through the Football Stadia Improvement Fund, offered The Football League £20m of grant funding as replacement for broadcasting income, £10m for 2002/03 and £10m for the 2003/04 season.

A number of conditions were laid down by the Foundation governing the grant funding including:

- Clubs confirming their intention to remain within the Football League, save for normal promotion and relegation, at least until the conclusion of the 2005/06 season;
- On an annual basis clubs confirming their ability to conclude their fixtures for that season

Such confirmation to include cash flow forecasts for the period ending 31 May and such forecasts to be accompanied by an auditor's letter of comfort.

The £10m in respect of 2002/03 was received in December 2002 and has been distributed to those clubs who satisfied the conditions laid down in Andy Williamson's letter to Club Chairmen dated 28 November 2002.

The £10m due in respect of 2003/04 was received in August 2003. An additional condition was placed on the League and its clubs in respect of the 2003/04 grant funding in that the League was required to introduce a mechanism to control the level of player wages or, should this prove impossible in time for the start of season 2003/04, determine individual salary targets for clubs expressed as a percentage of turnover.

In June 2003, the League introduced a pilot salary cost management system into League 2 (Division 3) for 2003/04 which is being extended into League 1 (Division 2) for 2004/05.

The pilot system for 2003/04 imposed a limit of 60% on player wages and 75% on total salary costs and those levels are being continued into 2004/05 for both Leagues 1 and 2.

As the pilot scheme was not being applied in either The Championship or League 1 in 2003/04, in order to qualify for the 2003/04 grant, individual salary targets expressed as a percentage of turnover had to be agreed with clubs on an individual basis and until such time as a target was agreed between the League and a club, that club would not be eligible to qualify for grant funding in respect of season 2003/04.

Further, in the event that any targets established for season 2003/04 are not met by individual clubs, then the grant provided for that season will become repayable by the club concerned.

For 2004/05, League 2 clubs have agreed to continue to follow the Salary Cost Management Protocol and for the first time League 1 clubs have also agreed to the introduction of the Protocol.

**In addition, following the League 2 Club meeting held at Carden Park on 10 June 2004, League 2 Clubs have agreed to the introduction of a form of flexible embargo in cases where Clubs are not adhering to the requirements of the Salary Cost Management Protocol. A summary of how this system will operate is set out in the Appendix.**

The following Salary Cost Management System supporting documentation forms supported by the explanatory notes that follow them forms the basis of each clubs individual submissions for 2004/05.

## Salary Cost Management Protocol (“SCMP”) – 2004/05

### Introduction of a form of flexible embargo in cases where clubs are not adhering to the requirements of the SCMP.

This will result in a club having to take measures to address its playing staff base (in terms of numbers and/or cost) if it wishes to be active in the transfer market.

Set out below is a summary of how the system will operate in practice.

Date	Note	Action	Outcome	Action
30 June 2004	1	Issue forms for completion (04/05)		
31 July 2004	2	Submission deadline	Club meets 60% target Club exceeds 60% target Club fails to submit the required information	No action Embargo Embargo
31 December 2004	3	Issue update forms for completion		
31 January 2005	4	Update submission deadline	Club meets 60% target Club exceeds 60% target Club fails to submit the required information	No action Embargo Embargo
30 June 2005	6	Issue forms for completion (05/06)		
31 July 2005	7	Submission deadline	Club meets 60% target Club exceeds 60% target Club fails to submit the required information	No action Embargo Embargo

- *The notes refer to the processes to be adopted and these are set out in the Appendix.*
- *It should be noted that all submissions will be mandatory.*

I would like particularly to draw to your attention items 5.1 and 7.1 overleaf which provide for the completion of a self certification form in respect of any new players to be registered from 31 January and mechanisms by which clubs who deliberately furnish misleading information will be dealt with.

## **Embargos**

The imposition of an embargo will apply to any attempt to extend contracts, register new players or enter into (or extend) loan agreements.

Embargos imposed under the SCM Protocol will be lifted at any time (save for the situation outlined at 7.1 in the Appendix) provided that a club demonstrates that it can meet the 60% target. Information to be provided in such instances must reach the League's offices at least five days in advance of the date from which the club would want the embargo lifting.

The only exemptions to the embargo will be:

- a) where it is intended to "bring one in and get one out". These will only be allowed where the club's registered playing squad is 24 or fewer and the salary cost of the player coming in is no more than 75% of that of the outgoing player (based upon the average annual earnings over the term of the remaining period of the leaving player's contract), and
- b) where the club needs to renew the contract of an Under 24 year old for the purposes of maintaining the compensation value in that player (clubs are required to offer not less favourable terms).

Where any information supplied is subsequently proved to have been misleading the full range of disciplinary sanctions, or any combination of them, as provided for within the Regulations will be available to the League.

## **Processes** (The notes below cross reference to the table set out above)

- 1 Forms will be issued to all clubs to report their 2004/05 budgets against their actual/forecast outturn for 2003/04.

1.1 As part of the reporting process clubs will be asked to confirm whether their 2003/04 figures are actuals or forecast.

2.1 Where actual figures are confirmed the 2003/04 figures will then be reviewed against the club's original submissions to determine whether they have complied with the "SCM Protocol" for 2003/04.

2.2 Clubs will be advised in writing whether the League

- a) is satisfied and confirms the club grant will not be repayable;
- b) is not yet satisfied and intends to visit the club and/ or seek further information, or
- c) is not satisfied and the grant is repayable.

2.3 For League 1 and 2 clubs the 2004/05 figures will be reviewed to establish whether the 60% target has been met or not and clubs will be advised in writing that

- a) the target has been met and is agreed;
- b) further information is required, or
- c) the target has not been met.

2.4 Any League 2 club that has not been advised it has met the target by 14 August 2004 will have an embargo imposed upon it until such time as the League has advised the club that the target has been met.

3.1 Update forms will be issued for completion.

4.1 The League will require all clubs to submit revised figures by 31 January 2005 and the procedures outlined at 2.3 and 2.4 will again be followed.

5.1 From 31 January 2005 onwards any club wishing to register any player to compete for the club during 2004/05 and whose submitted player cost percentage to turnover exceeds 55% shall be required to complete a self-certification form on club letterhead and signed by an authorised signatory stating that having made due enquiry of the club's current and anticipated financial outturn for the year the club will not breach the 60% target.

6.1 Forms will be issued to all clubs to report their 2005/06 budgets against their actual/forecast outturn for 2004/05.

6.2 Where actual figures are confirmed the 2004/05 figures will then be reviewed against the club's original submissions to determine whether they have complied with the "SCM Protocol" for 2004/05.

7.1 Where the League believes, having made due enquiry of the club, that the club has furnished inaccurate or misleading information in either its final submissions or on any projections then the League reserves the right to charge the club with misconduct under its own regulations.



## **FOOTBALL LEAGUE ENCLOSURE B**

### **THE FOOTBALL LEAGUE AGENTS FEES REPORT**

**January 1 – June 30, 2004**

#### **INTRODUCTION**

At an Extraordinary General Meeting in September 2003 the member clubs of The Football League passed changes to the Regulations aimed at introducing transparency to the area of payments to agents.

Those Regulations came into effect on January 1, 2004 requiring clubs to disclose to The League any payment due to an agent arising out of any of the following transactions:

- New Registrations/Transfers
- Updated Contracts
- Contract Cancellations
- Loan Transfers

The Regulations cover not only payments made by the clubs direct to agents, but also any arrangement whereby the clubs reimburse payments to agents made by other clubs or the players themselves.

The table shows the amounts each Club has committed to pay to agents during the six-month period to the June 30, 2004, together with a breakdown of the number of player transactions conducted by that club

## Executive Summary

### The Football League (overall)

- In the six-month period between January 1, 2004 and June 30, 2004 Football League clubs engaged in 963 player transactions (new registrations/player transfers, contract updates, contract cancellations and loans).
- Clubs committed to pay a fee to an agent in 12% of these transactions (119). In 844 transactions no agent was used.
- League clubs committed to spend a total of £1,412,437 on agents' fees during this period.
- Of this £1,333,937 was committed to be paid to agents by the signing club and £78,500 committed to be paid by the player's previous club for the agents' involvement in severance arrangements.
- 38 clubs committed to pay for the services of a licensed agent.
- 34 clubs did not pay agents.

### Division One<sup>1</sup>

- In Division One there were 301 player transactions, 61 involved the use of an agent (20%).
- Clubs committed to spend a total of £1,131,189 on agents' fees during this period.
- 18 clubs committed to pay for the services of a licensed agent.
- 6 clubs did not pay to use the services of a licensed agent (Crewe Alexandra, Crystal Palace, Preston North End, Sunderland, Watford and Wimbledon).

### Division Two<sup>2</sup>

- In Division Two there were 322 player transactions, 40 involved the use of an agent (12%).
- Clubs committed to spend a total of £240,168 on agents' fees during this period.
- 14 clubs committed to pay for the services of a licensed agent.
- 10 clubs did not pay to use the services of a licensed agent (Blackpool, Brighton & Hove Albion, Chesterfield, Colchester United, Grimsby Town, Oldham Athletic, Port Vale, Rushden & Diamonds, Wrexham and Wycombe Wanderers).

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<sup>1,2,3</sup> The Football League Agents Fees Report applies to the period January 1 – June 30, 2004 and uses the divisional names that applied during that period for reference purposes. Division One has now been renamed The Football League Championship, Division Two is Football League 1 and Division Three is Football League 2.

### **Division Three<sup>3</sup>**

- In Division Three there were 340 player transactions, 18 involved the use of an agent. (5%)
- Clubs committed to spend a total of £41,080 on agents' fees during this period.
- 6 clubs committed to pay for the services of a licensed agent. (Cheltenham Town, Huddersfield Town, Hull City, Leyton Orient, Macclesfield Town and Swansea City)
- 18 clubs did not pay to use the services of a licensed agent.

Summary of Club by Club Transactions and Agents Fees for the period January 1, 2004 to June 30, 2004

	New Reg / Tfr	Updated Contract	Cancelled Contract	Loans	Total Transactions	Total Amount Paid to Agents	£
<b>Division One</b>							
Bradford City							
Burnley	1	2	2	6	11	5,000	
Cardiff City	4	0	1	3	8	12,000	
Coventry City	4	4	0	3	11	45,000	
Crewe Alexandra	7	1	1	8	17	21,500	
Crystal Palace	5	3	1	9	18	0	
Derby County	0	0	0	5	5	0	
Gillingham	12	3	2	5	22	279,000	
Ipswich Town	6	2	0	6	14	28,750	
Millwall	7	2	0	2	11	37,125	
Norwich City	8	6	1	8	23	5,000	
Nottingham Forest	4	3	0	1	8	92,442	
Preston North End	3	3	0	13	19	40,000	
Reading	4	1	0	3	8	0	
Rotherham United	4	0	0	6	10	9,500	
Sheffield United	3	1	0	5	9	18,000	
Stoke City	6	3	1	5	15	100,500	
Sunderland	3	1	1	3	8	500	
Walsall	3	0	1	5	9	0	
Watford	10	8	1	2	21	23,372	
West Bromwich Albion	1	3	0	2	6	0	
West Ham United	3	0	1	5	9	25,000	
Wigan Athletic	8	2	1	7	18	243,500	
Wimbledon	5	1	0	2	8	145,000	
<b>Division Total</b>	<b>9</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>13</b>	<b>0</b>	
	<b>120</b>	<b>49</b>	<b>15</b>	<b>117</b>	<b>301</b>	<b>1,131,189</b>	

	New Reg / Tfr	Updated Contract	Cancelled Contract	Loans	Total Transactions	Total Amount Paid to Agents	£
<b>Division Two</b>							
AFC Bournemouth	1	0	1	5	7	3,000	
Barnsley	13	0	0	13	26	60,618	
Blackpool	4	2	0	8	14	0	
Brentford	7	1	0	6	14	7,500	
Brighton & Hove Albion	5	0	0	4	9	0	
Bristol City	6	0	1	1	8	11,900	
Chesterfield	8	0	2	5	15	0	
Colchester United	6	2	0	4	12	0	
Grimsby Town	6	3	1	9	19	0	
Hartlepool United	5	5	0	6	16	16,050	
Luton Town	4	0	1	0	5	11,500	
Notts County	26	0	1	10	37	8,000	
Oldham Athletic	4	4	0	4	12	0	
Peterborough United	13	2	0	7	22	5,000	
Plymouth Argyle	5	4	0	1	10	32,376	
Port Vale	2	6	0	1	9	0	
Queens Park Rangers	4	0	0	3	7	12,000	
Rushden and Diamonds	4	0	0	2	6	0	
Sheffield Wednesday	12	2	0	3	17	41,224	
Stockport County	8	0	0	4	12	29,000	
Swindon Town	1	1	0	4	6	500	
Tranmere Rovers	10	2	1	1	14	1,500	
Wrexham	0	1	0	2	3	0	
Wycombe Wanderers	7	2	0	13	22	0	
<b>Division Total</b>	<b>161</b>	<b>37</b>	<b>8</b>	<b>116</b>	<b>322</b>	<b>240,168</b>	

	New Reg / Tfr	Updated Contract	Cancelled Contract	Loans	Total Transactions	Total Amount Paid to Agents	£
<b>Division Three</b>							
Boston United	8	0	0	5	13		0
Bristol Rovers	11	1	1	5	18		0
Bury	1	0	1	6	8		0
Cambridge United	9	2	0	7	18		0
Carlisle United	5	0	1	6	12		0
Cheltenham Town	4	3	0	6	13		2,000
Darlington	2	0	0	6	8		0
Doncaster Rovers	8	7	0	2	17		0
Huddersfield Town	6	1	1	5	13		10,000
Hull City	7	2	3	6	18		4,000
Kidderminster Harriers	16	0	1	9	26		0
Leyton Orient	4	3	0	5	12		2,500
Lincoln City	10	0	0	4	14		0
Macclesfield Town	13	0	1	6	20		5,000
Mansfield Town	1	0	0	1	2		0
Northampton Town	10	1	0	7	18		0
Oxford United	5	0	0	6	11		0
Rochdale	4	1	0	8	13		0
Scunthorpe United	2	1	0	6	9		0
Southend United	2	1	0	5	8		0
Swansea City	8	1	2	8	19		17,580
Torquay United	4	0	0	3	7		0
Yeovil Town	6	4	3	7	20		0
York City	11	4	1	7	23		0
<b>Division Total</b>	<b>157</b>	<b>32</b>	<b>15</b>	<b>136</b>	<b>340</b>		<b>41,080</b>
<b>Grand Total</b>	<b>438</b>	<b>118</b>	<b>38</b>	<b>369</b>	<b>963</b>		<b>1,412,437</b>

#### Explanatory Notes:

- 1 The amounts disclosed include all guaranteed payments due to an agent (either directly or indirectly) arising out of player transactions entered into during the reporting period, even if such payments may include instalments payable outside of the reporting period.
- 2 The amounts disclosed do not include:
  - a) any payments made during the reporting period that relate to transactions completed before 1<sup>st</sup> January 2004 (ie the date of implementation of the reporting obligations); and
  - b) any contingent payments based on future events, e.g promotion, retention of divisional status, player appearances, etc.
- 3 Those clubs promoted to The FA Premier League (Norwich City, West Bromwich Albion and Crystal Palace), together with those clubs relegated to the Football Conference (Carlisle United and York City) ceased to register player transactions with The Football League during June when they formerly assumed their new status.

## FOOTBALL LEAGUE ENCLOSURE C

### Fit & Proper Persons Test

#### 1. Interpretation

1.1 In this Appendix the following words shall have the following meanings: -

**“Authorised Signatory”** means any person duly authorised by a resolution of its directors to sign the Declaration on the Club’s behalf.

**“Club”** means any association football club which is, from time to time, a member of The League.

**“Declaration”** means the ‘Fit and Proper Person’ Declaration form prescribed by the Executive required to be completed by each Director of a Club, such form to be signed both by the Director and an Authorised Signatory (who must not be the same person).

**“Director”** means in respect of any Club any individual person operating the powers that are usually associated with the powers of a director of a company incorporated under the Companies Act (as a Company Limited by shares or by guarantee) including but not limited to:

- a) a director as defined by Section 741 of the Companies Act 1985 (as amended);
- b) a person exercising direct or indirect control over a corporate director of the Club;
- c) a person registered as a director or secretary of the Club with the Registrar of Companies;
- d) a person for whom a Form 288(a) (to be filed with the Registrar of Companies) has been completed in relation to the Club;
- e) a person who has been elected to become a director of the Club at a meeting of the board of directors of the Club;

- f) a person who has been elected to become a director of the Club at a meeting of the members of the Club;
- g) a person in accordance with whose directions or instructions the persons constituting the management of the Club are accustomed to act;
- h) a person who exercises or is able to exercise direct or indirect control over the affairs of the Club. For the purposes of this definition a person shall be regarded as being able to exercise direct or indirect control over the affairs of the Club in particular but without prejudice to the generality of the preceding words if that person owns or is entitled to acquire the greater part of the share capital or issued share capital of the Club or of the voting power in the Club

but excluding any legal or professional advisers acting in their legal or professional capacity without any interest (in excess of a 5% shareholding) in the Club other than as its advisers.

**“Disqualifying Condition”** means all or any of the following: -

- a) being subject to a ban from involvement in the administration of a sport by a Sports Governing Body or such other similar forms of disqualification as may operate from time to time;
- b) having an unspent conviction (or where the Rehabilitation of Offenders Act 1975 does not apply for any reason, having a conviction within the period that would have rendered that conviction unspent had the provisions of that Act applied) for any of the offences listed in the Schedule of Offences;
- c) being subject to a disqualification order as a director of a UK registered company under the Company Directors Disqualification Act 1986 (as amended) unless a Court of competent jurisdiction makes an order under that Act permitting an appointment as Director of a Club;



d) being subject to a Bankruptcy Order, Interim Bankruptcy Restriction Order or a Bankruptcy Restriction Order;

e) being a Director of: -

(i) at least two Football Clubs that have each entered into an Insolvency Event; or

(ii) one Football Club that has entered into two separate Insolvency Events

during any five year period (provided that any five year period can only commence on or after the 11<sup>th</sup> June 2004). By way of example, where any Football Club has been subject to more than one Insolvency Event during the process of compromising or entering into a composition with its creditors (for example Administration followed by exit via a Company Voluntary Arrangement ('CVA')), this will only count as one Insolvency Event.

**“Football Club”** means any association football club (including, for the avoidance of doubt, a Club) that is a member of or affiliated to any of the following: -

a) The Football Association (including, for the avoidance of doubt, any member of any of The Leagues set out at Article 70.1 of the Articles of Association);

b) any English County Football Association;

c) The Football Association of Wales

d) The Scottish Football Association; and

e) The Irish Football Association

**“Insolvency Event”** refers to any one of the following;

- a) A manager, receiver, administrator, administrative receiver, liquidator, provisional liquidator or supervisor to a voluntary arrangement is appointed in respect of a Football Club or any part of its undertaking or assets;
- b) A Football Club applies for an Administration Order (as defined in Section 10 of Schedule B (i) of the Insolvency Act 1986) or an Administration Order is made in respect of it or it otherwise enters into Administration;
- c) A winding-up order is made in respect of a Football Club;
- d) A Football Club enters into any arrangement with its creditors or some part of them in respect of the payment of its debts or any of them as a Company Voluntary Arrangement (under the Insolvency Act 1986 or Insolvency Act 2000) or a Scheme of Arrangement (under the Companies Act 1985).
- e) A Football Club passes a resolution pursuant to Section 84 (i) (c) of the Insolvency Act 1986 to the effect that it cannot by reason of its liabilities continue its business and that it is advisable to wind up.
- f) A Football Club ceases or forms an intention to cease wholly or substantially to carry on its business save for the purpose or reconstruction or amalgamation or otherwise in accordance with the scheme of proposals that have previously been submitted to and approved in writing by the Board.
- g) A Football Club convenes a meeting of its creditors pursuant to Section 95 or Section 98 of the Insolvency Act 1986.

**“Schedule of Offences”** means the list of offences published by the Board from time to time. The Board has the power to alter, add or delete such offences as it so determines and Regulation 2 does not apply.

**“Sports Governing Body”** means any ruling body of a sport that is registered with UK Sport/Sport England, or any corresponding national or

international association.

- 1.2 In these Rules the phrase 'qualifying / qualifies as a Director' shall mean when an individual satisfies one or more of the criteria set out within the definition of Director as described above.

## **2. General**

- 2.1 No person who is, at any time, subject to a Disqualifying Event, may qualify, hold office or act as a Director at a Club.

- 2.2 Any Club that: -

- 2.2.1 fails to inform The League of the identity of an individual who qualifies as a Director; or

- 2.2.2 has as a Director an individual who, either at the date of implementation of these Rules or at any time thereafter, is subject to a Disqualifying Event

shall be subject to such sanctions as are prescribed in accordance with the provisions of this Appendix IV.

## **3. Reporting Requirements**

- 3.1 Each Club shall, no later than 31<sup>st</sup> July 2004 provide to The League a list of all Directors at that Club on that date and, in respect of each Director, a completed Declaration.

- 3.2 Not later than 14 days after any further individual qualifies as a Director at a Club, that Club shall (in addition to such information as is required under Regulation 19) provide to The League a completed Declaration in respect of that Director.

- 3.3 Any Club that fails to comply with the provisions of Rules 3.1 and or 3.2 shall be guilty of misconduct. The Executive shall have the power to prescribe fixed fines in respect of any default pursuant to Regulation 73 of the

Regulations save that there shall be no appeal against any such penalties.

3.4 Any Club that: -

3.4.1 persistently fails to comply with the provisions of Rule 3.1 and or 3.2, where persistent means failing to provide The League with a Declaration in respect of any Director or Directors notwithstanding three written requests to do so; or

3.4.2 intentionally or negligently provides to The League a Declaration in respect of any Director that is false

shall be guilty of misconduct. The League's powers to bring disciplinary proceedings under the Regulations (and, in respect of any breach in respect of Rule 3.4.1 above, Rule 4 below) shall apply.

3.5 Any Director who intentionally or negligently provides to The League a Declaration that is false shall also be guilty of misconduct. The League's power to bring disciplinary proceedings under the Regulations shall apply.

**4. Withdrawal of Membership**

4.1 Where: -

4.1.1 any person qualifies as a Director at a Club in breach of Rule 2.1 and that Club fails to remove that Director within such period as is determined by the Board in its absolute discretion; and or

4.1.2 a Club is deemed to have persistently failed to comply with Rule 3.1 and or 3.2 as described in Rule 3.4.1 above

the Board may give notice requiring the Club to transfer its membership to the Company Secretary ('Notice') in accordance with Articles 4.5 and 4.7 of the Articles of Association. Article 4.8 (suspension of the Notice) shall apply in the Board's absolute discretion.

4.2 There shall be no appeal against the service of the Notice.

#### **4. Implementation**

5.1 These Rules come into force on the 11<sup>th</sup> June 2004.

## **Appendix 3**

### **Submissions from Leagues Represented on FAC**

#### **3.3 Football Conference**

##### **Sporting Sanctions**

The Conference, as the initial competition to introduce Sporting Sanctions (Rule14) had cause to apply the Rule in the case of Exeter City in administration/CVA.

With the aid of a “no win/no fee” arrangement with a Solicitor associated with “Supporters Trust” activities Exeter City challenged the Conference ruling through the Civil Court.

In the interest of the game and in line with the principles of governance promoted by the F.A the Conference sought the clarification of the governing body to establish a joint defence strategy. Settlement was reached by a compromise agreement.

The Sporting Sanctions rule of a 10-point deduction on entering administration was applied for the first time in the game to Northwich Victoria in September 2004.

Telford United Limited went into Liquidation at the end of 2003/04. The majority Shareholder and club benefactor experienced the failure of his business, with the subsequent demise of the Football Club. In accordance with F.A Rules a reformed AFC Telford were demoted to two levels of Competition below (Northern Premier League).

##### **Approved Playing Budgets (Wages control)**

APB was introduced into Conference procedures at the commencement of Season 2003/4.

The principle was that a fixed amount plus a percentage of forecast turnover for the Season, based on the turnover declared in the latest available accounts, would establish the budget of player costs for the season.

## **Appendix 3**

### **Submissions from Leagues Represented on FAC**

#### **3.3 Football Conference (continued)**

The budget for each club was calculated by the club's submission of monthly payroll data related to period allocation of the annual budget. The system has proved to have a salutary effect on wage control.

The principle is being continued for season 2004/5 although a review of the considerable workload in monitoring the system is being undertaken.

It is noted the Football Leagues later introduction of wage capping is being applied and monitored in a different manner by twice a season review.

#### **Proposal for 2005 Work Streams**

- a) Mandatory Submission of annual forecasts and period Management accounts from Clubs.
- b) Action against Clubs who remain in Receivership/CVA and as a result do not comply with Conference/Standard/Criteria.
- c) Fit and Proper persons guidelines having been introduced at all levels of the game to be reviewed and monitored.

## **Appendix 3**

### **Submissions from Leagues Represented on FAC**

#### **3.4 Southern Football League**

Due to the first phase of restructuring at the end of last season, and the well documented resignation of four directors at the start of 2004 (three of whom comprised the Finance Panel) a fresh panel was appointed at a Board Meeting in July 2004.

The main issue concerning the Finance Panel is the National Minimum Wage. This could have a serious impact on member clubs with players on a taxed wage of approximately £90 or less per week. One of our member clubs has already received a visit by the National Minimum Wage Compliance Office and have been requested information dating back to April 1999. This has resulted in great expense and time, where resources (human and financial) are at a premium.

The Finance Panel of the League understood a guide paper has been prepared by The FA's Financial Advisory Unit and is currently with the Inland Revenue for approval.

#### **Financial Reviews Completed**

Due to the first phase of restructuring, at the end of the last season, the League has had a number of changes to its constitution.

Since October 2000, the objective of The FAU was to visit the 66 member clubs during a five-year term.

The current membership is 66 clubs and as at 1 September 2004, 47 of the 66 member clubs have been visited by The FAU which has prepared a draft and final reports on each club.

The draft report raises questions and proposals that have to be responded to (usually) the Chairman or directors of the club. Once the response has been received, a final report is forwarded to the club and the League's Finance Panel.



## **Appendix 3**

### **Submissions from Leagues Represented on FAC**

#### **3.4 Southern Football League (continued)**

Recurring issues from the reviews include;

- overdue PAYE liabilities
- inadequate gate/attendance records
- inadequate completion of player's contracts
- non-recording of directors' loans
- negativity of balance sheet

The Southern Football League Panel aims to meet with a representative of The FA's Financial Advisory Unit every three months to discuss the financial reviews that have been completed on member clubs. Minutes of each meeting are produced.

On occasions, individual members are requested to attend a meeting where specific issues need to be discussed with a club. Such issues may include ground tenure, change of entity, non-compliance with The FA's Financial Advisory Unit's request for responses etc.

#### **Security of Tenure of Member Clubs**

The League's ground grading requirements include that a member club must either own the freehold of its ground, or have a lease covering a minimum of seven years.

Where a member club does not have security of tenure, it has to lodge a bond of £4,000 with the League. The League places the bond into an interest bearing account for the eventual benefit of the club, if they are able to prove they have achieved security of tenure that meets the League's requirements.

#### **Financial Criteria for clubs applying for membership of the League**

Clubs applying for membership of the League are required to meet the same financial criteria as existing member clubs.

## **Appendix 3**

### **Submissions from Leagues Represented on FAC**

#### **3.4 Southern Football League (continued)**

##### **Proposals for 2005 Workstreams**

As already stated, meetings are to be arranged every three months with a representative of The FA's Financial Advisory Unit to discuss any issues outstanding with member clubs. Also, to identify clubs to be reviewed during the season and discuss any general issues affecting the game that have been identified in the course of The FAU's work.

## **Appendix 3**

### **Submissions from Leagues Represented on FAC**

#### **3.5 Northern Premier League**

##### **Review of Clubs**

The target of all Clubs to be visited by October 2003 was successfully completed. Following reorganisation, a number of new Clubs were admitted to the League, and the priority over the next 12 months is to visit them, together with 5 existing Clubs which had been identified as having particular problems.

##### **Rule 2 Financial Submissions**

This rule requires Clubs to submit by 30 April each year their up to date accounts and details of any indebtedness at 30 March to PAYE, VAT and other principal creditors. This information assists the Finance Panel to have advance warning of any possible financial problems. The attitude of the panel is that their role is guidance and assistance, not to penalise Clubs. To this end, regular meetings and correspondence are conducted with Clubs considered to be in need of guidance.

##### **Finance Panel Meetings**

The members of the panel all have some financial or accountancy background and meetings are held approximately every 2 months. This enables the Panel to request attendance before it of those Clubs causing concern, reasonably swiftly.

##### **Future Exercises**

The Panel is reviewing the security of tenure of each Member Club's ground, with a view to ensuring a minimum of 10 years' lease or licence for those not owning their own ground. This is to tie-in with Football Foundation grant aid requirements.

Through its association with The FAU, the Panel has identified the ten main issues found on reviews of the Clubs and priority will be given to these matters in future reviews. The Panel is confident that by the next complete round of visits, considerable improvements will be seen, not least because of the actions of The FA to address many of the matters, such as guidance brochures on PAYE and VAT.

## **Appendix 3**

### **Submissions from Leagues Represented on FAC**

#### **3.5 Northern Premier League (continued)**

The Panel has agreed in principal that there should be a points deduction from Clubs who enter administration, and will continue to consult with The FA on implementation.

## **Appendix 3**

### **Submissions from Leagues Represented on FAC**

#### **3.6 Isthmian League**

The League since the introduction of The Football Advisory Committee have continued to support and work closely with The Football Association staff in all possible areas. The Board of Directors of the League are also generally supportive of The Football Association Advisory Committee objectives but do in some cases have concerns in relation to some of the requirements and I will comment further on these.

On the introduction of The FAC, the League appointed an Independent, Advisory and Compliance Panel consisting of the Chairman ACF Turvey, and Secretary N R Robinson, as its sole members, neither having any association with the Member Club of the League, therefore ensuring the complete confidentiality of any information that may come to light as a result of The Football Advisory Unit visits to Member Clubs and also with a high degree of impartiality.

**The League** – Prior to the current season 2004/2005, the League had 87 Clubs in Membership but as a result of the decision of The Football Association in regard to restructuring of Leagues at a level below The Football Conference, the League has been reduced to 66 Clubs with 16 Clubs being transferred from other Leagues into the Isthmian Football League Limited with 38 Member Clubs being transferred to other Competitions. The League is now restructured, having a Premier Division, Division One and a Division Two.

**Reviews Completed** – Prior to the restructuring, 39 Clubs have been visited and in addition a further 11 have had follow up reviews.

The reviews have in general been successful and of help to the Club, but with major recurring issues being:

- Overdue PAYE liabilities
- Inadequate gate attendance records
- Inadequate completion of Player's Contracts
- Non recording of Director's loans

- Negativity of balance sheet

### **Appendix 3**

#### **Submissions from Leagues Represented on FAC**

##### **3.6 Isthmian League (continued)**

As a result of the visits by The FAU, Member Clubs have from time to time been called before the League Independent Advisory and Compliance Panel and advised of the seriousness of the situation and the need to comply with all Football Association Financial requirements etc.

**Security of Tenure of Member Clubs** - The League have always been very firm in requiring Clubs to have security of tenure and prior to restructuring, an exercise was carried out by the League, which was to ensure that every Club did have security of tenure and where this had been a problem, assistance was given by the League Secretary, who had experience in this area of Law.

**General Comments** – The Directors of the League have supported initiatives of The Football Association Unit, in as much that all the financial requirements have now been encompassed in the League Rules and support has been given in respect of the fit and proper person test that is considered to be very important at all levels of football.

The League are supportive in general to Clubs being required to furnish budgets but a pointer that if budgets are to be demanded from Clubs then they would have to be “policed”. The League does not have the financial resources to carry out such an exercise and it is hoped that The Football Association will be able to give help in this area.

In conclusion, the League have a good working relationship with The FA staff Members involved and are looking forward to having 100% of its Members visited at the earliest opportunity.

#### Appendix 4 - Clubs Entering Insolvency Events during 2004

<b>Name of Club</b>	<b>League</b>	<b>Insolvency Event</b>
<i>Telford United</i>	<i>Football Conference</i>	<i>Liquidation</i>
<i>Bradford City</i>	<i>Football League</i>	<i>Administration</i>
<i>Northwich Victoria</i>	<i>Football Conference</i>	<i>Administration*</i>
<i>Wrexham</i>	<i>Football League</i>	<i>Administration*</i>

#### Clubs Entering Insolvency Events during 2003

<b>Name of Club</b>	<b>League</b>	<b>Insolvency Event</b>
<i>Barnsley</i>	<i>Football League</i>	<i>CVA</i>
<i>Darlington</i>	<i>Football League</i>	<i>Administration (entered CVA 2004)</i>
<i>Huddersfield Town</i>	<i>Football League</i>	<i>Administration/CVA</i>
<i>Ipswich Town</i>	<i>Football League</i>	<i>Administration/CVA*</i>
<i>Luton Town</i>	<i>Football League</i>	<i>Administrative Receivership</i>
<i>Notts County</i>	<i>Football League</i>	<i>CVA (entered administration 2002)</i>
<i>Oldham Athletic</i>	<i>Football League</i>	<i>Administration (entered CVA 2004)</i>
<i>Wimbledon (now MK Dons)</i>	<i>Football League</i>	<i>Administration (entered CVA 2004)</i>
<i>York City</i>	<i>Football League</i>	<i>CVA (entered administration 2002)</i>
<i>Exeter City</i>	<i>Football Conference</i>	<i>Company Voluntary Arrangement*</i>
<i>Scarborough</i>	<i>Football Conference</i>	<i>Administration/CVA*</i>
<i>Basingstoke Town</i>	<i>Isthmian League</i>	<i>Company Voluntary Arrangement*</i>
<i>Edgware Town</i>	<i>Isthmian League</i>	<i>Company Voluntary Arrangement</i>
<i>Enfield</i>	<i>Isthmian League</i>	<i>Liquidation*</i>
<i>Atherstone United</i>	<i>Southern League</i>	<i>Liquidation</i>
<i>Newport (IOW)</i>	<i>Southern League</i>	<i>Administrative Receivership</i>

\*- Arrangement remains ongoing at 31 December 2004

**Appendix 5 - Status of FAU Reviews (as at 3 December 2004)**

<b>League</b>	<b>No of clubs</b>	<b>Clubs visited</b>	<b>Final reports issued</b>	<b>Follow-up reports issued</b>
<b>Football League</b>	72	48	40	9
<b>Football Conference</b>	22	22	21	12
<b>Conference North</b>	22	22	21	12
<b>Conference South</b>	22	21	21	13
<b>Isthmian League</b>	66	39	33	10
<b>Northern Premier League</b>	44	36	30	24
<b>Southern Football League</b>	66	48	43	19



## Appendix 6 - Main issues identified by FAU Reviews and how they have been addressed

Issue identified	Key issue	How addressed
1. Poor governance	Governance	Proposed Code of Governance Consideration of training for newly appointed directors Fit and Proper Person Test
2. Poor / no budgetary procedures 3. Poor / no management accounts 4. Loans not documented (esp. directors) 5. Solvency	Financing of clubs Preparation of management information	FAU review program League budgetary requirements Sporting sanctions rules to deter high risk strategies FA Form A – directors declaration FA Rule I 1 (g) requiring documentation of all loans Standard league rules (see section 3(viii))
6. PAYE and VAT issues 7. Player contract issues 8. Recording of player expenses	Taxation issues Payments to players and others	FAU PAYE and VAT brochures (currently being updated) FA Rule C 1 (b) requiring all payments due to a player to be recorded in the player's contract and payment of expenses to players to be documented per Inland Revenue guidelines. FAU seminars League Chief Finance Officer meetings Standard league rules (see section 3(viii))
9. Ground issues	Security of tenure	League security of tenure rules League survey of tenure records FA Form A certificate requiring confirmation of security of tenure. FAC to consider means of protecting key asset in 2005
10. Gate receipt records	Control of income	FA Rule I 1 (h) requiring clubs to maintain proper records for the recording of gate receipts FA Competitions Rule 32 stating documents to be maintained by clubs for recording gate receipts in FA competitions. Standard league rules (see section 3(viii))