

Dunfermline Athletic Football Club Limited

Financial Statements

31st May 2015



CONDIE & CO

Chartered Accountants & Statutory Auditor

10 Abbey Park Place

Dunfermline

Fife

KY12 7NZ

Dunfermline Athletic Football Club Limited

Financial Statements

Year Ended 31st May 2015

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Dunfermline Athletic Football Club Limited

Officers and Professional Advisers

The Board of Directors	Mr R M Garmory Mr I Hunter Mr J Leishman Mr C McBay Miss E M Ross Mr R McArthur Mr W A Braisby
Registered Office	East End Park Halbeath Road Dunfermline Fife KY12 7RB
Auditor	Condie & Co Chartered Accountants & Statutory Auditor 10 Abbey Park Place Dunfermline Fife KY12 7NZ
Bankers	Santander UK plc 2 Triton Square Regent's Place London NW1 3AN

Dunfermline Athletic Football Club Limited

Chairman's Statement

Year Ended 31st May 2015

General

I am pleased to present the company's accounts for the year ended 31 May 2015. These accounts cover the first full year of operations since the company came out of administration on 13 December 2013.

Football

It goes almost without saying that season 2014-15 was hugely disappointing for everyone associated with the company. We started the season full of optimism but, for whatever reasons, performances on the field meant that we fell far short of our targeted league position.

In the close season we appointed Allan Johnston as our First Team Manager and he has started to build his back room staff and playing squad which we hope will lead to our having a much more successful season in 2015-16. No one on the managerial or playing side is in any doubt that securing promotion from League One at the end of the 2015-16 is crucial for this club.

Notwithstanding the disappointment of last season, I do look forward to season 2015-16 with confidence.

Finances and Trading

Whilst the loss incurred in the year to 31 May 2015 is disappointing, it is a result which, allowing for the charge for depreciation, your directors anticipated. Having failed to gain promotion from League One, we now have to be particularly cautious in our finances in the coming season.

I said in my statement last year that the company's entire business model had been transformed, with costs having been reduced, commercial revenue having increased and improved financial controls and disciplines having been implemented. The board is now starting to see the benefits of that transformation, but we still have a number of costs (particularly relating to our stadium) which cannot practically be reduced further.

The average attendance level at our league games in 2014-15 was just over 2,500 - a remarkable figure when one remembers that visiting clubs tended to bring very few supporters.

Our 2015-16 season has started extremely well. Results so far have been excellent and the team is playing attractive football. There is reason to be optimistic.

Community Activity

During the year, a number of very successful community initiatives were undertaken and I must thank everyone who has given their time, and more, to make these happen.

The Schools' Engagement Programme has been a great success and has been very well received in the 21 schools visited so far.

The Disabled Access Group has made a number of improvements to enhance the matchday experience for disabled supporters (home or visiting) and their carers. There is still work to be done, but the club is Joint Top in the Scottish Disabled Supporters' Association's league table.

Dunfermline Athletic Football Club Limited

Chairman's Statement *(continued)*

Year Ended 31st May 2015

Community Activity *(continued)*

The Dunfermline Athletic Heritage Trust has been established and the club transferred all of its heritage items to the trust, to ensure that they are properly looked after and made more accessible to supporters and interested parties.

The Future

In contrast with last season's poor performance onfield, I am greatly heartened by what has been happening off the field. Our supporters continue to show enormous loyalty and season ticket sales have exceeded our expectations. Sponsors and advertisers are again giving us a good source of revenue. Our army of volunteers have helped the club in so many ways – of course, there is always room for more.

The Centenary Club Lifeline membership continues to grow and it provides the club with a terrific financial foundation, without which the club's affairs would be dramatically different. Many other supporters' organisations provide us with valuable funding. It is all greatly appreciated and your board does not take for granted the commitment and support shown by so many people.

Promotion from League One to the Championship should be transformational for the club and I, and my fellow directors, will be doing everything we can to make that a reality.

Appreciation

Last year, I thanked everyone associated with, or involved in, the club for their help and generosity in getting the club out of administration. An enormous debt of gratitude is again owed to those people for the loyalty, commitment and generosity they showed over last season to help the club to start the slow process of recovering to where it should be and where we all want it to be.

It was never going to be easy, but I am confident that the spirit shown by the whole Pars community means that we will get there.



Mr R M Garmory
Chairman

21st September 2015

Dunfermline Athletic Football Club Limited

Directors' Report

Year Ended 31st May 2015

The directors present their report and the financial statements of the company for the year ended 31st May 2015.

Principal Activities

The principal activity of the company continued to be the promotion and practice of football, and other related commercial activities.

Directors

The directors who served the company during the year were as follows:

Mr R M Garmory
Mr I Hunter
Mr J Leishman
Mr C McBay
Miss E M Ross
Mr R McArthur
Mr W A Braisby

Mr W A Braisby was appointed as a director on 14th July 2014.

Directors' Responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditor

Condie & Co have indicated their willingness to be reappointed for another term and an appropriate resolution will be proposed at the forthcoming Annual General Meeting.

Dunfermline Athletic Football Club Limited

Directors' Report *(continued)*

Year Ended 31st May 2015

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small Company Provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Signed on behalf of the directors



Mr R M Garmory
Chairman

Approved by the directors on 21st September 2015

Dunfermline Athletic Football Club Limited

Independent Auditor's Report to the Shareholders of Dunfermline Athletic Football Club Limited

Year Ended 31st May 2015

We have audited the financial statements of Dunfermline Athletic Football Club Limited for the year ended 31st May 2015 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the Annual Report, financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st May 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Dunfermline Athletic Football Club Limited

Independent Auditor's Report to the Shareholders of Dunfermline Athletic Football Club Limited
(continued)

Year Ended 31st May 2015

Matters on Which We are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



George Primrose (Senior Statutory Auditor)

For and on behalf of
CONDIE & CO
Chartered Accountants
& Statutory Auditor

10 Abbey Park Place
Dunfermline
Fife
KY12 7NZ

22nd September 2015

Dunfermline Athletic Football Club Limited

Profit and Loss Account

Year Ended 31st May 2015

		2015	2014
	Note	£	£ <i>(restated)</i>
Turnover		1,369,802	1,746,683
Cost of sales		1,667,359	1,578,323
Gross (Loss)/Profit		(297,557)	168,360
Administrative expenses		331,140	(193,967)
Other operating income	2	(298,482)	(145,991)
Operating (Loss)/Profit	3	(330,215)	508,318
Attributable to:			
Operating loss before exceptional items		(330,215)	(234,029)
Exceptional items	3	–	742,347
		(330,215)	508,318
Non operating exceptional items	5	–	9,630,577
		(330,215)	10,138,895
Interest receivable		24	–
(Loss)/Profit on Ordinary Activities Before Taxation		(330,191)	10,138,895
Tax on (loss)/profit on ordinary activities		–	–
(Loss)/Profit for the Financial Year		(330,191)	10,138,895

The notes on pages 11 to 16 form part of these financial statements.

Dunfermline Athletic Football Club Limited

Statement of Total Recognised Gains and Losses

Year Ended 31st May 2015

	2015	2014
	£	<i>(restated)</i> £
(Loss)/Profit for the financial year attributable to the shareholders	(330,191)	10,138,895
Total recognised gains and losses relating to the year	<u>(330,191)</u>	<u>10,138,895</u>
Prior year adjustment (see note 6)	(22,000)	–
Total gains and losses recognised since the last annual report	<u><u>(352,191)</u></u>	<u><u>10,138,895</u></u>

The notes on pages 11 to 16 form part of these financial statements.

Dunfermline Athletic Football Club Limited

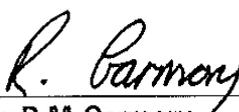
Balance Sheet

31st May 2015

		2015		2014
	Note	£	£	(restated) £
Fixed Assets				
Tangible assets	7		1,463,999	1,505,596
Current Assets				
Stocks		27,418		12,671
Debtors due within one year	8	131,761		40,939
Cash at bank and in hand		151,245		310,433
		310,424		364,043
Creditors: Amounts Falling due Within One Year	9	817,307		582,332
Net Current Liabilities			(506,883)	(218,289)
Total Assets Less Current Liabilities			957,116	1,287,307
Capital and Reserves				
Called-up equity share capital	13		710,553	710,553
Share premium account	14		7,786,014	7,786,014
Profit and loss account	15		(7,539,451)	(7,209,260)
Shareholders' Funds			957,116	1,287,307

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These accounts were approved by the directors and authorised for issue on 21st September, and are signed on their behalf by:


Mr R M Garmory
Chairman

Company Registration Number: SC011580

The notes on pages 11 to 16 form part of these financial statements.

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2015

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements have been prepared on a going concern basis, which assumes that the company will be able to continue in existence for the foreseeable future. The company incurred a loss of £330,191 during the year ended 31st May 2015 and at that date had net current liabilities of £506,883. Included within current liabilities is a loan of £405,000 from the parent company, Pars United Community Interest Company, which is repayable on demand. The company currently has no bank borrowing facilities in place and operates from its bank current account with the support of its parent company to meet commitments as they fall due. The company is thus dependant on the continued support of its parent company and the directors are confident that support will continue for the foreseeable future and accordingly they consider it appropriate for the financial statements to be prepared on the going concern basis.

Turnover

Turnover represents the income arising from football for the year in respect of gate receipts, advertising boards, sponsorships and corporate hospitality and is stated exclusive of Value Added Tax.

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Land and Buildings Leasehold	-	3.33% straight line
Plant & Machinery	-	20% straight line
Motor Vehicles	-	33% straight line
Computer Equipment	-	25% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension Costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2015

1. Accounting Policies *(continued)*

Deferred Taxation

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non - discounted basis.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Transfer Fees

Transfer fees paid are charged to the profit and loss account in the year in which they arise.

2. Other Operating Income

	2015	2014
	£	£
Rent receivable	8,196	–
Other operating income	290,286	145,991
	<u>298,482</u>	<u>145,991</u>

3. Operating (Loss)/Profit

Operating (loss)/profit is stated after charging/(crediting):

	2015	2014
	£	£
Staff pension contributions	4,310	–
Depreciation of owned fixed assets	70,471	66,945
Auditor's fees	7,850	5,750
Exceptional items - liabilities written off following CVA	–	(742,347)
	<u>–</u>	<u>(742,347)</u>

The exceptional item in 2014 related to trade liabilities written off following a Creditors Voluntary Arrangement (CVA) on 30 July 2013.

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2015

4. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2015	2014
	£	£
Aggregate remuneration	–	2,000
	<u> </u>	<u> </u>

5. Non Operating Exceptional Items

Non operating exceptional items in 2014 consist of the following:

Non-trade liabilities written off following a Creditors Voluntary Arrangement (CVA) on 30 July 2013 amounting to £10,032,698.

Loss on disposal of fixed assets totalling £100,536 following a review of the fixed asset register by directors.

Impairment of fixed assets amounting to £141,726 relating to the lease held at Pitreavie Playing Fields and Pavilion.

Amounts owed from Black & White (Dunfermline) Ltd. totalling £38,710 written off as irrecoverable.

A bad debt provision of £91,767 relating to amounts owed to the company from The Pars Trust.

A bad debt provision of £29,382 relating to amounts owed to the company from Charlestown Developments Limited.

6. Prior Year Adjustment

A prior year adjustment was required due to the understatement of accruals. The adjustment had the effect of decreasing shareholders funds by £22,000.

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2015

7. Tangible Fixed Assets

	Land and Buildings £	Plant & Machinery £	Motor Vehicles £	Equipment £	Total £
Cost					
At 1 June 2014	1,940,901	–	15,995	43,330	2,000,226
Additions	2,324	18,055	–	8,494	28,873
Disposals	(153,500)	–	(10,995)	–	(164,495)
At 31 May 2015	<u>1,789,725</u>	<u>18,055</u>	<u>5,000</u>	<u>51,824</u>	<u>1,864,604</u>
Depreciation					
At 1 June 2014	458,727	–	11,828	24,075	494,630
Charge for the year	59,500	3,655	1,167	6,149	70,471
On disposals	(153,501)	–	(10,995)	–	(164,496)
At 31 May 2015	<u>364,726</u>	<u>3,655</u>	<u>2,000</u>	<u>30,224</u>	<u>400,605</u>
Net Book Value					
At 31 May 2015	<u>1,424,999</u>	<u>14,400</u>	<u>3,000</u>	<u>21,600</u>	<u>1,463,999</u>
At 31 May 2014	<u>1,482,174</u>	<u>–</u>	<u>4,167</u>	<u>19,255</u>	<u>1,505,596</u>

8. Debtors

	2015 £	2014 £
Trade debtors	13,331	18,894
Other debtors	118,430	143,194
Bad debt provision - other debtors	–	(121,149)
	<u>131,761</u>	<u>40,939</u>

9. Creditors: Amounts Falling due Within One Year

	2015 £	2014 (restated) £
Trade creditors	73,299	63,901
Amounts owed to group undertakings	405,000	244,709
Other creditors including taxation and social security: PAYE and social security	20,378	28,645
VAT	27,230	58,024
Accruals and deferred income	<u>291,400</u>	<u>187,053</u>
	<u>339,008</u>	<u>273,722</u>
	<u>817,307</u>	<u>582,332</u>

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2015

10. Deferred Taxation

At 31st May 2015, the company has tax losses amounting to £21,135,754 which are available to utilise against future trading profits. These tax losses have not been recognised as a deferred tax asset on the grounds that there is insufficient evidence that the losses will be fully recovered in the foreseeable future.

11. Commitments under Operating Leases

At 31st May 2015 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2015	2014
	£	£
Operating leases which expire:		
Within 2 to 5 years	1,000	-
After more than 5 years	32,000	37,692
	<u>33,000</u>	<u>37,692</u>

12. Related Party Transactions

The company was under the control of the Joint Administrators, Mr B A Jackson and Mr R W Barclay, both of BDO LLP, until 15 October 2013 when their shareholding (being 93.6% of the issued share capital of Dunfermline Athletic Football Club Limited) was transferred to Pars United Community Interest Company and this shareholding has remained with Pars United Community Interest Company to date. No individual party has a controlling interest in Pars United Community Interest Company.

During the year, Pars United Community Interest Company provided funding and settled expenses on behalf of the company amounting to £160,291 (2014 - £244,709). At 31st May 2015, the company owed Pars United Community Interest Company £405,000 (2014 - £244,709).

During the year, the company paid youth development costs amounting to £51,227 (2014 - £58,395) on behalf of Black & White (Dunfermline) Limited, a company which is a 100% subsidiary of Pars United Community Interest Company.

During the year, the company paid rent, stadium maintenance and insurance amounting to £41,081 (2014 - £32,650) to Pars United (EEP) Ltd, a company in which Mr R M Garmory is a director. All transactions were under normal commercial terms. At 31st May 2015 the company was due £346 (2014 - £953) from Pars United (EEP) Ltd.

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Disclosures" from the need to disclose the other transactions with related parties that are deemed not material to either party.

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2015

13. Share Capital

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	<u>710,553</u>	<u>710,553</u>	<u>710,553</u>	<u>710,553</u>

14. Share Premium Account

There was no movement on the share premium account during the financial year.

15. Profit and Loss Account

	2015	2014
	£	<i>(restated)</i> £
Balance brought forward as previously reported	(7,187,260)	(17,348,155)
Prior year adjustment (see note 6)	(22,000)	–
Balance brought forward restated	<u>(7,209,260)</u>	<u>(17,348,155)</u>
(Loss)/profit for the financial year	<u>(330,191)</u>	<u>10,138,895</u>
Balance carried forward	<u>(7,539,451)</u>	<u>(7,209,260)</u>

16. Ultimate Controlling Party

The ultimate controlling party is Pars United Community Interest Company.