

DUNDEE FOOTBALL CLUB PLC

COMPANY NUMBER : 4585

REPORT AND FINANCIAL STATEMENTS

YEAR TO MAY 31, 1995

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DUNDEE FOOTBALL CLUB PLC
INCORPORATED IN SCOTLAND ON JULY 12, 1900
NUMBER 4585

DIRECTORS AND OFFICERS OF THE COMPANY

Directors of the Company

Ronald N. Dixon, (Chairman)
Malcolm Reid
John F. Black
Robert Hynd
Nigel Squire

Secretaries

Blackadder Reid Johnston (appointed September 22, 1995)

Registered Office

Dens Park Stadium
Sandeman Street
Dundee
DD3 1JY

Bankers

TSB Bank PLC
Commercial Banking Centre
P. O. Box 54
69 Albion Street
Leeds
West Yorkshire
LS1 1UY

Auditors

Dand Carnegie & Co.
Chartered Accountants
90 Fort Street
Broughty Ferry
Dundee
DD5 2AA

Solicitors

Levy & McRae
266 St. Vincent Street
GLASGOW
G2 5RL

DUNDEE FOOTBALL CLUB PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED MAY 31, 1995

The directors submit their report together with the audited financial statements for the year ended May 31, 1995.

Results and dividends

The results of the company for the year are set out on page 6.

The directors do not recommend the payment of a dividend as the funds of the company are fully employed and it is proposed to transfer the retained loss to reserves.

Principal activity, business review and future developments

The principal activity of the company throughout the year was that of the operation of a professional Football Club.

The results for the year and the financial position at the year-end were considered acceptable by the directors, who anticipate a return to profitability in the new financial year.

Fixed assets

Additions to fixed assets are shown in note 7.

Share capital

40,401 new ordinary 10p shares were issued during the year at 60p per share.

Directors

The directors of the company during the year and their beneficial interests in the company's ordinary share capital were:

	Ordinary shares of 10p each	
	<u>May 31, 1995</u>	<u>May 31, 1994</u>
	No.	No.
Ronald N. Dixon	4,230,444	4,163,565
Malcolm Reid	233,544	233,544
John F. Black	26,700	26,700
Robert Hynd	3,829	2,995
Nigel Squire	1,666	1,666

The shares credited to Ronald N. Dixon above represent shares held by Continental Sports Corporation Limited (the holding company) (3,362,523 shares), Braemaire Industries Limited (293,750 shares), and Dundee Leisure plc (574,171 shares).

There have been no significant changes in the above shareholdings in the period June 1, 1995 to October 31, 1995.

DUNDEE FOOTBALL CLUB PLC

REPORT OF THE DIRECTORS

(continued)

Substantial shareholders

In addition to that notified by Ronald N. Dixon and Malcolm Reid, a substantial interest in the ordinary shares of the company has been notified by Mr. Robert Prentice. At May 31, 1995 Mr. Prentice held 365,359 ordinary shares of 10p each, being 6% of the issued share capital. No other person has reported an interest of 3% or more in the ordinary shares of the company, requiring to be so recorded in the register under S.211 of the Companies Act 1985.

Auditors

Dand Carnegie & Co., Chartered Accountants, have indicated their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

BY ORDER OF THE BOARD,



BLACKADDER REID JOHNSTON
Secretaries.

December 5, 1995.

DAND CARNEGIE & CO

Chartered Accountants

90 Fort Street, Broughty Ferry
Dundee DD5 2AA
Telephone 01382 480488 and 737837
Fax 01382 736768

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF DUNDEE FOOTBALL CLUB PLC

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 10 and 11.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which 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 period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

AUDITORS' RESPONSIBILITIES

As described above, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

BASIS OF OPINION

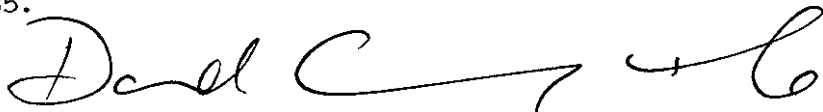
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by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

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

QUALIFIED OPINION ARISING FROM DISAGREEMENT ABOUT ACCOUNTING TREATMENT

As stated in note 1, the heritable property has been revalued and the directors consider that no provision for depreciation is required, although this is not in accordance with the requirements of Statement of Standard Accounting Practice No. 12 and Schedule 4 of the Companies Act 1985.

Except for the absence of the above such provision, in our opinion the financial statements give a true and fair view of the state of the company's affairs at May 31, 1995 and of its results and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DAND CARNEGIE & CO.
Chartered Accountants
and Registered Auditors.

December 5, 1995.

DUNDEE FOOTBALL CLUB PLC

PROFIT AND LOSS ACCOUNT
YEAR ENDED MAY 31, 1995

	<u>Notes</u>	<u>1995</u> £	<u>1994</u> £
TURNOVER - continuing operations	2	977,920	1,373,638
Staff costs	5	718,397	935,134
Depreciation		23,476	25,545
Other operating costs		275,343	326,718
		1,017,216	1,287,397
OPERATING (LOSS)/PROFIT - continuing operations	3	(39,296)	86,241
Gain on sale of fixed assets		6,113	21,500
Interest payable	4	(23,534)	(40,999)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(56,717)	66,742
Taxation	6	-	-
(LOSS)/PROFIT FOR THE FINANCIAL YEAR 13		£ (56,717)	£ 66,742

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains and losses for 1995 and 1994 other than those included in the profit and loss account.

DUNDEE FOOTBALL CLUB PLC

BALANCE SHEET
AT MAY 31, 1995

	<u>Notes</u>	<u>1995</u> £	<u>1994</u> £
FIXED ASSETS:			
Tangible assets	7	5,093,151	4,803,025
Playing staff	8	3,985,000	2,980,000
Investments	9	-	100
		<u>9,078,151</u>	<u>7,783,125</u>
CURRENT ASSETS:			
Stocks		6,000	6,000
Debtors	10	765,611	914,765
Cash at bank and in hand		11,725	1,714
		<u>783,336</u>	<u>922,479</u>
CREDITORS: amounts falling due within one year	11	(761,469)	(370,008)
NET CURRENT ASSETS		<u>21,867</u>	<u>552,471</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,100,018	8,335,596
CREDITORS: amounts falling due after more than one year	11	(1,353,611)	(1,525,896)
NET ASSETS		<u>£7,746,407</u>	<u>£6,809,700</u>
CAPITAL AND RESERVES:			
Called up share capital	12	576,231	572,191
Share premium account	13	1,381,162	1,360,961
Revaluation reserve	13	3,154,362	3,154,362
Playing staff reserve	13	3,800,750	2,831,567
Profit and loss account	13	(1,166,098)	(1,109,381)
EQUITY SHAREHOLDERS' FUNDS		<u>£7,746,407</u>	<u>£6,809,700</u>

Approved by the Board of Directors and signed on its behalf


Director


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Director.

December 5, 1995.

DUNDEE FOOTBALL CLUB PLC

CASH FLOW STATEMENT
YEAR ENDED MAY 31, 1995

	<u>Notes</u>	<u>£</u>	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Net cash inflow/(outflow) from operating activities	1		524,895	(713,910)
Returns on investments and servicing of finance				
Interest paid		(23,534)		(40,999)
Net cash outflow from returns on investments and servicing of finance			(23,534)	(40,999)
Investing activities				
Payments to acquire:				
Tangible fixed assets less capital grants received		321,562		295,621
Playing staff		242,000		1,219,335
		(563,562)		(1,514,956)
Receipts from sales of:				
Tangible fixed assets		14,073		240,000
Playing staff		206,183		1,276,000
		220,256		1,516,000
Net cash (outflow)/inflow from investing activities			(343,306)	1,044
Net cash inflow/(outflow) before financing			158,055	(753,865)
Financing				
Issue of ordinary share capital	4	24,241		87,693
Loan monies (repaid)/received	4	(172,285)		1,175,941
			(148,044)	1,263,634
Increase in cash and cash equivalents	3		£ 10,011	£ 509,769

DUNDEE FOOTBALL CLUB PLC

NOTES TO THE CASH FLOW STATEMENT
YEAR ENDED MAY 31, 1995

1. <u>Reconciliation of operating (loss)/profit to net cash inflow/(outflow) from operating activities</u>	<u>1995</u> £	<u>1994</u> £	
Operating (loss)/profit before interest payable	(39,296)	86,241	
Investment written off	100	-	
Depreciation charge	23,476	25,545	
Decrease in stocks	-	1,500	
Decrease/(increase) in debtors	149,154	(747,414)	
Increase/(decrease) in creditors	391,461	(79,782)	
Net cash inflow/(outflow) from operating activities	£ 524,895	£ (713,910)	
2. <u>Analysis of changes in cash and cash equivalents during the year</u>	<u>1995</u> £	<u>1994</u> £	
Balance at June 1, 1994	1,714	(508,055)	
Net cash	10,011	509,769	
Balance at May 31, 1995	£ 11,725	£ 1,714	
3. <u>Analysis of the balances of cash and cash equivalents as shown in the balance sheet</u>	<u>1995</u> £	<u>1994</u> £	<u>Change in year</u> £
Cash at bank and in hand	£ 11,725	1,714	10,011
4. <u>Analysis of changes in financing during the year</u>	<u>Share Premium</u>	<u>Share Capital</u> £	<u>Loans</u> £
Balance at June 1, 1994	1,360,961	572,191	1,525,896
Cash inflow/(outflow) from financing	20,201	4,040	(172,285)
Balance at May 31, 1995	£1,381,162	576,231	1,353,611

NOTES TO THE FINANCIAL STATEMENTS AT MAY 31, 1995

1. Accounting policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention, modified to include the revaluation of heritable property.

Turnover

Turnover represents admission money received and income from other activities connected with the promotion of professional football, net of Value Added Tax.

Tangible fixed assets

Following on from a revaluation in May, 1990, further additions and improvements to the company's heritable property are capitalised in the balance sheet at cost, less any grants received.

Having previously revalued the company's heritable property (see note 7), it is the directors' policy to maintain the company's heritable property in such condition that its value is not diminished by the passage of time, the relevant expenditure being charged to the profit and loss account in the year in which it is incurred. Therefore, contrary to Statement of Standard Accounting Practice No. 12, no provision is required for depreciation as it is considered to be so slight as to be immaterial.

For other fixed assets, depreciation is provided to write off the cost of the assets over their expected useful lives at the following rates:

Motor vehicles - 25% reducing balance method
Equipment & fittings - 10% straight line method.

Playing staff

Playing staff were capitalised as a fixed asset in the balance sheet on May 31, 1993, at the directors' valuation.

Each year the amount of transfer fees paid net of transfer fees received is added to the playing staff fixed asset. The resulting amount of the playing staff asset is then adjusted at each year-end date (see note 8), to a valuation made by an independent panel of experienced sports writers, and the amount of this adjustment is shown as a movement in the playing staff reserve (see note 13).

DUNDEE FOOTBALL CLUB PLC

NOTES TO THE FINANCIAL STATEMENTS AT MAY 31, 1995

Stocks

Stocks, which comprise bar supplies and consumables, are valued at the lower of cost and estimated net realisable value.

Deferred taxation

Deferred taxation is provided, using the liability method, on all timing differences, between the profit computed for taxation purposes and the profit stated in the financial statements to the extent that it is probable the liability will crystallise.

No provision has been made in the financial statements for the tax charge that would arise if the company's heritable property was sold at, or near, the valuation incorporated in the financial statements. As the directors have no intention of disposing of any part of the heritable property, they consider it unlikely that such a charge will arise.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability. The interest element of rental obligations is charged to profit and loss account over the period of the lease at a constant proportion of the outstanding balance of capital repayments.

2. <u>Turnover</u>	<u>1995</u>	<u>1994</u>
	£	£
Analysis of area of activity:		
Gate receipts	398,172	770,170
Commercial income	413,530	510,225
Scottish Football Association and Scottish Football League income	131,354	84,987
Other income	34,864	8,256
	<u>£ 977,920</u>	<u>£1,373,638</u>
3. <u>Operating (loss)/profit</u>	<u>1995</u>	<u>1994</u>
	£	£
The operating (loss) (1994 - profit) is stated after charging:		
Depreciation of owned tangible fixed assets	23,476	25,545
Auditors' remuneration	7,000	7,000
Directors' remuneration	-	-
	<u></u>	<u></u>

DUNDEE FOOTBALL CLUB PLC

NOTES TO THE FINANCIAL STATEMENTS AT MAY 31, 1995

4. <u>Interest payable</u>	<u>1995</u> £	<u>1994</u> £
Bank borrowings	-	40,384
Other interest	23,534	615
	<hr/> £ 23,534	<hr/> £ 40,999
5. <u>Information regarding directors and employees</u>	<u>1995</u> £	<u>1994</u> £
Staff costs		
Wages and salaries	661,079	862,762
Social security costs	57,318	72,372
	<hr/> £ 718,397	<hr/> £ 935,134

The average number of persons (including directors) employed by the company during the year was 37 full-time players, staff and directors, and 75 part-time employees (1994 - 38 full-time, and 77 part-time).

6. Taxation

Due to trading losses incurred to date, no provision for corporation tax is required.

7. <u>Tangible fixed assets</u>	<u>Heritable property</u> £	<u>Motor vehicles</u> £	<u>Equipment & fittings</u> £	<u>Total</u> £
Cost or valuation:				
At June 1, 1994	4,677,747	20,250	214,709	4,912,706
Additions	319,620	-	20,054	339,674
Disposals	-	(20,250)	-	(20,250)
Grants received	(18,112)	-	-	(18,112)
	<hr/>	<hr/>	<hr/>	<hr/>
At May 31, 1995	4,979,255	-	234,763	5,214,018
	<hr/>	<hr/>	<hr/>	<hr/>
At valuation	4,100,000	-	-	4,100,000
At cost	879,255	-	234,763	1,114,018
	<hr/>	<hr/>	<hr/>	<hr/>
	£4,979,255	-	234,763	5,214,018
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At June 1, 1994	-	12,290	97,391	109,681
Disposals	-	(12,290)	-	(12,290)
Charge for year	-	-	23,476	23,476
	<hr/>	<hr/>	<hr/>	<hr/>
At May 31, 1995	-	-	120,867	120,867
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:				
At May 31, 1995	£4,979,255	-	113,896	5,093,151
	<hr/>	<hr/>	<hr/>	<hr/>
At May 31, 1994	£4,677,747	7,960	117,318	4,803,025
	<hr/>	<hr/>	<hr/>	<hr/>

DUNDEE FOOTBALL CLUB PLC

NOTES TO THE FINANCIAL STATEMENTS AT MAY 31, 1995

7. Tangible fixed assets (continued)

Comparable amounts determined according to the historical cost convention:

	<u>Heritable property</u> £	<u>Motor vehicles</u> £	<u>Equipment & fittings</u> £	<u>Total</u> £
Cost	1,497,837	-	234,763	1,732,600
Depreciation	-	-	120,867	120,867
Net book value				
At May 31, 1995	£1,497,837	-	113,896	1,611,733
At May 31, 1994	£1,196,329	7,960	117,318	1,321,607

The heritable property at May 31, 1995 comprised land and buildings at Dens Park Stadium. The stadium was independently surveyed and valued by O'Neill East Limited, Chartered Surveyors on May 31, 1990. Their valuation of the stadium on a depreciated replacement cost basis but subject to the directors of the company being satisfied as to the adequacy of the company's potential profitability was £4,100,000.

8. Playing staff

	<u>1995</u> £	<u>1994</u> £
Valuation at May 31, 1994	2,980,000	2,043,100
Additions at cost	242,000	1,219,333
Disposals proceeds	(206,183)	(1,276,000)
Revaluation surplus arising on independent valuation (see note 13)	969,183	993,567
Valuation at May 31, 1995	£3,985,000	£2,980,000

9. Investments

	<u>Subsidiary undertaking</u> £
Cost	
At June 1, 1994	100
Written off in year	(100)
At May 31, 1995	£ -

Subsidiary undertaking

The company's investment in its subsidiary company represented the cost of acquisition of the whole of the ordinary share capital of Scotia Promotions Limited, a company registered in Scotland.

During the year Scotia Promotions Limited was struck off the Register of Companies as it no longer traded. The company's investment has therefore been written off.

DUNDEE FOOTBALL CLUB PLC

NOTES TO THE FINANCIAL STATEMENTS AT MAY 31, 1995

10. <u>Debtors</u>	<u>1995</u> £	<u>1994</u> £
Amounts falling due within one year:		
Trade debtors	111,630	103,172
Prepayments and accrued income	12,631	79,738
Other debtors	300,000	440,000
Due from holding company	289,300	289,300
Due from associated company (Dundee Leisure plc)	52,050	2,555
	<u>£ 765,611</u>	<u>£ 914,765</u>

The loans to the holding company and the associated company are unsecured, interest free and repayable on demand.

11. <u>Creditors</u>	<u>1995</u> £	<u>1994</u> £
Amounts falling due within one year:		
Trade creditors	234,872	199,603
Other taxes and social security	202,806	135,758
Accruals and deferred income	101,103	26,900
Other creditors	222,688	7,747
	<u>£ 761,469</u>	<u>£ 370,008</u>

Amounts falling due after more than one year:

Loan from Continental Commercial Systems Corporation (see below)	<u>£1,353,611</u>	<u>1,525,896</u>
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The loan from Continental Commercial Systems Corporation, a company registered in Canada with R. N. Dixon as its appointed nominee, is secured by a standard security over the heritable property of Dens Park Stadium, and by a bond and floating charge for all sums and monies due over the whole property and undertaking of the company. The loan is non-interest bearing and without a fixed repayment date, and the directors are treating this amount as not falling due within one year.

12. <u>Called up share capital</u>	<u>1995</u> £	<u>1994</u> £
Authorised		
10,000,000 ordinary shares of 10p each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
5,762,316 ordinary shares of 10p each	<u>576,231</u>	<u>572,191</u>

During the year 40,401 new ordinary shares were subscribed for and issued at 60p per share and the premium of 50p per each new share issued has been credited to a share premium account. These shares were issued under the prospectus dated March 4, 1992 and the reporting accountants were Messrs. Kidsons Impey, Chartered Accountants.

DUNDEE FOOTBALL CLUB PLC

NOTES TO THE FINANCIAL STATEMENTS AT MAY 31, 1995

13. <u>Reserves</u>	Share premium account £	Revaluation reserve £	Playing staff reserve £	Profit and loss account £
At June 1, 1994	1,360,961	3,154,362	2,831,567	(1,109,381)
On new shares allotted	20,201	-	-	-
Difference arising on independent valuation	-	-	969,183	-
(Loss) for year	-	-	-	(56,717)
At May 31, 1995	<u>£1,381,162</u>	<u>3,154,362</u>	<u>3,800,750</u>	<u>(1,166,098)</u>

14. Capital commitments

There were no capital commitments at May 31, 1995 (1994 - £100,000).

15. Contingent liabilities

Actions have been raised against the company by the company's previous marketing consultant. There is ongoing litigation in this case and the directors consider that no provision is required for any contingent liabilities. (1994 - £Nil)

There is also a dispute between the company and Messrs. Drummond Robbie & Gibson. The board of directors do not acknowledge that the company has a liability to that firm in respect of fees and outlays or otherwise, and therefore no provision has been made.

The company has raised an action in the Court of Session against BBC Radio Scotland and others. The directors have not provided for the legal costs to date on the basis that they expect these will be recovered in full.

16. Ultimate holding company

Continental Sports Corporation Limited, a company registered in Scotland, owned 58.4% of the Company's issued share capital as at May 31, 1995. (1994 - 60.48%). Continental Sports Corporation Limited is a wholly owned subsidiary of Continental Sports Corporation Limited, a company registered in Guernsey.

17. Number of shareholders

The number of shareholders in the company at May 31, 1995 was 833 (1994 - 809).

DUNDEE FOOTBALL CLUB PLC

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
YEAR ENDED MAY 31, 1995

	<u>1995</u>	<u>1994</u>
	£	£
INCOME		
Gate receipts	398,172	770,170
Commercial income	413,530	510,225
S.F.A. and S.F.L. income	131,354	84,987
Other income	34,864	8,256
	<u>977,920</u>	<u>1,373,638</u>
EXPENDITURE		
Wages and national insurance	718,397	935,134
Policing and stewarding (net of grants)	38,577	32,072
Catering	44,973	46,108
Playing and medical expenses	55,721	76,736
Travel	3,194	13,563
Motor expenses	3,930	4,729
Rates	19,723	15,156
Premises	422	631
Repairs	12,823	6,906
Telephone	7,094	12,765
Leasing	-	2,373
Heat and light	11,371	12,047
Postage, stationery and advertising	4,721	9,396
Cleaning	1,059	1,225
Insurance	12,907	8,440
Audit	7,000	7,000
Legal and professional	11,272	43,459
Interest	23,534	40,999
Bank charges	3,300	4,851
Depreciation	23,476	25,545
Gain on sale of fixed assets	(6,113)	(21,500)
Bad debts	(5,897)	(64)
Office expenses	3,205	13,477
Youth policy and scouting	21,276	15,848
Settlement re former employee	18,672	-
	<u>1,034,637</u>	<u>1,306,896</u>
Net (loss)/profit for the year	<u>£ (56,717)</u>	<u>£ 66,742</u>