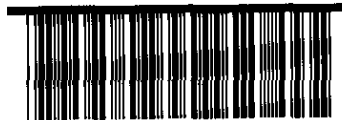


THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2002



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THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

COMPANY INFORMATION

Directors

C Christie (Chairman)
C McLachlan
C Liddell
A Joyce
W M Ritchie
D Paterson (Appointed 1 February 2002)
G Craig (Appointed 2 October 2002)
G Crawford (Appointed 2 October 2002)

Secretary

P Kelly

Company number

5854

Registered office

Brockville Park
FALKIRK
FK1 5AX

Accountants and business advisers

Scott & Paterson
Chartered Accountants
Bruntsfield House
6 Bruntsfield Terrace
EDINBURGH
EH10 4EX

THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

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THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2002

The directors present their report and financial statements for the year ended 31 May 2002.

Principal activities

The principal activity of the company continued to be that of participating in professional football as a member of the Scottish Football League.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 June 2001:

C Christie (Chairman)	
D McIntyre	(Resigned 31 July 2001)
C McLachlan	
C Liddell	
A Joyce	
W Moffat	(Resigned 31 July 2001)
W M Ritchie	
D Paterson	(Appointed 1 February 2002)
G Craig	(Appointed 2 October 2002)
G Crawford	(Appointed 2 October 2002)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of 50p each	
	31 May 2002	1 June 2001
C McLachlan	-	-
C Liddell	163,802	163,802
A Joyce	163,204	163,204
W M Ritchie	204,304	204,304
C Christie (Chairman)	6,400	6,400
D Paterson	-	-

THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2002

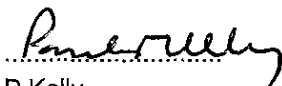
Directors' responsibilities

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;
- 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.

By order of the board



P Kelly

Secretary

9/4/03

THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

We have audited the financial statements of The Falkirk Football and Athletic Club Limited on pages 4 to 15 for the year ended 31 May 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 financial statements. 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Blueprint Audit Limited

Registered Auditor

Blueprint Audit Ltd. 9/4/03
Unit 3
Gateway Business Park
Beancross Road
Grangemouth
FK3 8WX

THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2002

		2002	2001
	Notes	£	as restated £
Turnover	2	978,603	1,020,943
Cost of sales		(854,514)	(1,016,193)
Gross profit		124,089	4,750
Administrative expenses		(221,679)	(241,665)
Other operating income		7,855	7,785
Operating loss	3	(89,735)	(229,130)
Other interest receivable and similar income		800	17,474
Interest payable and similar charges	4	-	(27)
Loss on ordinary activities before taxation		(88,935)	(211,683)
Tax on loss on ordinary activities	5	-	-
Loss on ordinary activities after taxation	14	(88,935)	(211,683)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MAY 2002

	2002 £	2001 £
Loss for the financial year	(88,935)	(211,683)
Prior year adjustment	(5,307)	-
	<hr/>	<hr/>
Total gains and losses recognised since last financial statements	<u>(94,242)</u>	<u>(211,683)</u>

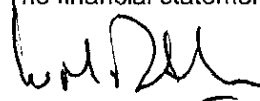
THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

BALANCE SHEET AS AT 31 MAY 2002

		2002		2001 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	6		7,264		8,255
Investments	7		2		2
			<u>7,266</u>		<u>8,257</u>
Current assets					
Stocks	8	14,270		23,758	
Debtors	9	160,050		200,005	
Cash at bank and in hand		160,657		117,123	
		<u>334,977</u>		<u>340,886</u>	
Creditors: amounts falling due within one year	10	(338,493)		(210,850)	
Net current (liabilities)/assets			<u>(3,516)</u>		<u>130,036</u>
Total assets less current liabilities			<u>3,750</u>		<u>138,293</u>
Creditors: amounts falling due after more than one year	11		-		(50,000)
			<u>3,750</u>		<u>88,293</u>
Capital and reserves					
Called up share capital	13		700,949		697,349
Share premium account	14		151,405		150,613
Profit and loss account	14		(848,604)		(759,669)
Shareholders' funds - equity interests	15		<u>3,750</u>		<u>88,293</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium - sized companies.

The financial statements were approved by the Board on 09.04.03



W M Ritchie
Director



C Christie
Director

THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2002

	2002		2001	
	£	£	£	£
Net cash inflow/(outflow) from operating activities		30,042		(374,240)
Returns on investments and servicing of finance				
Interest received	800		17,474	
Interest paid	-		(27)	
Net cash inflow for returns on investments and servicing of finance		800		17,447
Capital expenditure				
Payments to acquire tangible assets	(1,700)		-	
Net cash outflow for capital expenditure		(1,700)		-
Net cash inflow/(outflow) before management of liquid resources and financing		29,142		(356,793)
Financing				
Issue of ordinary share capital	4,392		125,903	
New long term bank loan	-		50,000	
Other new long term loans	10,000		-	
Net cash inflow from financing		14,392		175,903
Increase/(decrease) in cash in the year		43,534		(180,890)

THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2002

1	Reconciliation of operating loss to net cash inflow/(outflow) from operating activities	2002	2001
		£	£
	Operating loss	(89,735)	(229,130)
	Depreciation of tangible assets	2,691	2,751
	Decrease/(increase) in stocks	9,488	(4,805)
	Decrease/(increase) in debtors	39,955	(117,117)
	Increase/(decrease) in creditors within one year	67,643	(25,939)
	Net cash inflow/(outflow) from operating activities	30,042	(374,240)

2	Analysis of net funds	1 June 2001	Cash flow	Other non-cash changes	31 May 2002
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	117,123	43,534	-	160,657
	Debt:				
	Debts falling due within one year	-	(60,000)	-	(60,000)
	Debts falling due after one year	(50,000)	50,000	-	-
	Net funds	67,123	33,534	-	100,657

3	Reconciliation of net cash flow to movement in net funds	2002	2001
		£	£
	Increase/(decrease) in cash in the year	43,534	(180,890)
	Cash inflow from increase in debt	(10,000)	(50,000)
	Movement in net funds in the year	33,534	(230,890)
	Opening net funds	67,123	298,013
	Closing net funds	100,657	67,123

THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Cars, Plant & Equipment	25% Reducing Balance
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1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The company operates a defined contribution scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the year.

1.8 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no asset/liability would have been recognised as the conditions for recognition would not have been satisfied.

1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2002

1 Accounting policies

(continued)

1.10 Valuation of Playing Squad

The directors have considered new accounting standards which were issued by the Accounting Standards Board and apply to these accounts, in respect of valuation of intangible assets, including players. One of the new standards requires intangible assets to be incorporated in the Balance Sheet. However, at the present stage of development of the Club the directors do not consider it prudent to recognise this value in the Balance Sheet at this time. The directors will reconsider this position in the future.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating loss	2002	2001
	£	£
Operating loss is stated after charging:		
Depreciation of tangible assets	2,691	2,751
Operating lease rentals		
- Plant and machinery	200	-
- Other assets	10,000	10,000
Auditors' remuneration	7,496	5,004
	<u> </u>	<u> </u>
4 Interest payable	2002	2001
	£	£
On bank loans and overdrafts	-	27
	<u> </u>	<u> </u>
5 Taxation		
Current tax charge	<u> </u>	<u> </u>
	-	-
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(88,935)	(211,683)
	<u> </u>	<u> </u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 0.00% (2001 : 0.00%)	-	-
Effects of:		
Current tax charge	<u> </u>	<u> </u>
	-	-

The company has estimated losses of £ 2,648,150 (2001 : £ 2,561,906) available for carry forward against future trading profits.

THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2002

6 Tangible fixed assets

	Cars, Plant & Equipment £
Cost	
At 1 June 2001	118,494
Additions	1,700
	<hr/>
At 31 May 2002	120,194
	<hr/>
Depreciation	
At 1 June 2001	110,239
Charge for the year	2,691
	<hr/>
At 31 May 2002	112,930
	<hr/>
Net book value	
At 31 May 2002	7,264
	<hr/>
At 31 May 2001	8,255
	<hr/>

THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2002

7 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 June 2001 & at 31 May 2002	<u>2</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Westfield Stadium Limited	Scotland	ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Profit/(loss) for the year £
Westfield Stadium Limited	<u>1,345,448</u>	<u>(216,877)</u>

8 Stocks

	2002 £	2001 £
Finished goods and goods for resale	<u>14,270</u>	<u>23,758</u>

9 Debtors

	2002 £	2001 £
Trade debtors	6,994	36,249
Amounts owed by group undertakings	138,791	145,071
Other debtors	12,080	16,483
Prepayments and accrued income	2,185	2,202
	<u>160,050</u>	<u>200,005</u>

THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2002

10 Creditors: amounts falling due within one year	2002 £	2001 £
Trade creditors	90,094	57,533
Taxes and social security costs	44,691	28,427
Other creditors	60,000	-
Accruals and deferred income	143,708	124,890
	<u>338,493</u>	<u>210,850</u>

11 Creditors: amounts falling due after more than one year	2002 £	2001 £
Loans	-	50,000
	<u>-</u>	<u>50,000</u>
Analysis of loans		
Wholly repayable within five years	60,000	50,000
	<u>60,000</u>	<u>50,000</u>
Included in current liabilities	(60,000)	-
	<u>-</u>	<u>50,000</u>

The above loans are interest free and will be repaid within twelve months of the year end.

12 Pension costs

Defined contribution

	2002 £	2001 £
Contributions payable by the company for the year	<u>4,146</u>	<u>4,610</u>

THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2002

13 Share capital	2002 £	2001 £
Authorised		
2,007,000 Ordinary shares of 50p each	1,003,500	1,003,500
Allotted, called up and fully paid		
1,401,898 Ordinary shares of 50p each	700,949	697,349

During the year, 7,200 ordinary shares of 50p each were issued for proceeds of £4,392

14 Statement of movements on reserves	Share premium account £	Profit and loss account £
Balance at 1 June 2001 as previously reported	150,613	(754,362)
Prior year adjustment	-	(5,307)
Balance at 1 June 2001 as restated	150,613	(759,669)
Retained loss for the year	-	(88,935)
Premium on shares issued during the year	792	-
Balance at 31 May 2002	151,405	(848,604)

15 Reconciliation of movements in shareholders' funds	2002 £	2001 £
Loss for the financial year	(88,935)	(211,683)
Proceeds from issue of shares	4,392	125,903
Net depletion in shareholders' funds	(84,543)	(85,780)
Opening shareholders' funds	88,293	174,073
Closing shareholders' funds	3,750	88,293

THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2002

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2002 Number	2001 Number
	90	88

Employment costs

	£	£
Wages and salaries	795,770	860,876
Social security costs	73,273	79,131
Other pension costs	4,146	4,610
	873,189	944,617

The directors of the company have not received any remuneration or benefits from the company during the year. No pension costs have been incurred by the company in respect of the directors.

17 Related party transactions

The company has paid rent to its subsidiary during the year of £10,000 (2001: £10,000). The company has made management charges to its subsidiary during the year of £180,000 (2001: £164,000). At the year end there was a balance due from the subsidiary of £138,791 (2001: £145,071).

18 Prior year adjustments

The financial statements for 2001 have been restated to reallocate income of £23,710 and legal costs of £18,403 to the subsidiary company, Westfield Stadium Limited.