

Registered number
SC5854

The Falkirk Football And Athletic Club Limited
Directors' Report And Financial Statements
For The Year Ended 31 May 2006



The Falkirk Football And Athletic Club Limited
Report and Financial Statements
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The Falkirk Football And Athletic Club Limited Company Information

Directors

C Christie (Chairman)
A Joyce
W M Ritchie
D Paterson
G Craig
G Crawford
W F R Anderson (Resigned 11 May 2006)
S Jackson (Appointed 11 May 2006)
F B Caldwell
A Miller
H R Crosthwaite

Secretary

D Webster

Accountants

Scott and Paterson
Chartered Accountants
Bruntsfield House
6 Bruntsfield Terrace
Edinburgh, EH10 4EX

Auditors

Tenon Audit Limited
Unit 3 Gateway Business Park
Beancross Road
Grangemouth
FK3 8WX

Bankers

The Royal Bank of Scotland
Falkirk Branch
2 Newmarket Centre
Falkirk
FK1 1JX

Solicitors

Biggart Baillie
7 Castle Street
Edinburgh
EH2 3AP

Business/Registered Office Address

The Falkirk Stadium
Westfield
Falkirk
FK2 9DX

Registered number

SC5854

The Falkirk Football And Athletic Club Limited Chairman's Statement

I am pleased to present to you the Falkirk Football and Athletic Club Limited Directors' Report and Financial Statements for the year ended 31 May 2006

This past year has been one of the most successful since coming out of Provisional Liquidation in the late 1990's and the Board is grateful to everyone who has assisted in securing that success. In particular, the football management and playing staff are to be congratulated in maintaining our position in the Scottish Premier League. But we also must congratulate everyone involved with all areas of the Club where, with so many people working together, we have achieved a huge amount of success. In Youth Development, for example, we are pleased that a significant number of our Youth teams are feeding players through into our First Team Squad and we are confident that there will be more coming through at the end of the present season. Our Community Development Team is engaging with an ever increasing number of young people from all areas of our local community in a large number of award winning projects. Our Income Generation team and our Administration Team have responded to the many challenges arising from the huge increase in activity around the Stadium.

As a result of all this increased activity we are pleased to report that our first season back in the SPL was a highly successful year financially with the company increasing sales from £2 million to £3.3 million and generating profits of £474,859. Last year our retail operations were moved into a separate subsidiary company Falkirk FC (Retail) Ltd. Our overall profits were boosted by a net income flow from player transfers of £170k.

During our years in the SFL, we suffered heavy losses in maintaining fulltime football and challenging for promotion. By comparison, life in the SPL not only has given us an increase of almost £700k from SPL sponsorship and television rights, but also increases in every other area of our activities. At the same time we have controlled expenditure, not allowing ourselves to fall into the financial trap of spiralling player and administration costs. Our employee costs rose by only 27%. That said, the increase in the costs of running matches has increased by a factor of three with large increases in policing and stewarding charges. Our Balance Sheet has been considerably strengthened and we sit with no bank debt and a strong cash position. The Board considers this a necessary cushion giving us some cover to provide for further Stadium investments or serious income reductions. Our results certainly highlight the difference between operating in the SPL and the SFL and the overriding need for us to remain in the top division.

We have continued to invest in our Youth Development and Community Programmes, and in our infrastructure at The Falkirk Stadium and Stirling University. Our subsidiary, Falkirk Community Stadium Ltd (joint venture with Falkirk Council) is currently in negotiation with a property developer which will see office and hotel developments at the stadium and this in turn generating the funds required for new stands.

We are particularly pleased with the relationship we have established with Stirling University where our First Team Squad, and most of our Development Teams, are now based for training purposes. The facilities are excellent and we have a good working relationship with the University staff and with the staff of the Scottish Institute of Sport who are assisting us in developing world class fitness regimes. We are also in negotiation with Stirling University about the development of new facilities for our players and staff on the University Campus.

In addition to developing on the playing front, and in our playing infrastructure, the Board has been anxious to see the Club develop robust Governance Structures. Our structures are subject to regular audit by the SFA in the context of the Club Licensing Scheme and we have been able to meet the audited requirements of the Scheme. Additionally the Board has drawn up, and has adopted, a Long Term Strategic Plan against which we measure our Annual Business Plan. All of our Business Units feed in to the Strategic Plan and the success of the Units is the subject of report to the Board on an Annual Basis.

In the context of developing robust Governance Structures, the Board has reviewed the arrangements we have implemented in recent years regarding the election of Directors to the Board. The Board has adopted a new policy with regard to the Election of Directors which provides for current Directors retiring on a three year rotation and having the right to seek re-election for further periods. Where the board supports re-election a motion in favour of this re-election of retiring Board Members will be submitted by the Board to the Annual General Meeting. Where the Board does not support re-election the Director will stand down following the AGM. Shareholders who have a right to nominate a Board Member because they hold over 10% of the Issued Share Capital of the Company are subject to slightly different arrangements but are still required to be re-nominated by the Board on a three yearly basis.

The Board hopes that this will provide a more transparent arrangement for Election of the Board of Directors.

In conclusion, I would like to thank everyone associated with the Club for the huge amount of effort which goes into keeping the Club functioning successfully. Specifically I would like to thank our supporters, and our very active team of volunteers, for their support throughout the year. Without them we would not achieve anything and I look forward to their continuing support in the year ahead.

Campbell Christie
Board Chairman (on behalf of the Board of Falkirk Football & Athletic Club Ltd)

The Falkirk Football And Athletic Club Limited

Directors' Report

The directors present their report and financial statements for the year ended 31 May 2006

Principal activities

The company's principal activity during the year continued to be that of participating in professional football as a member of the Scottish Premier League Limited

Business Review

During the course of the year the company continued to operate as a professional football club which grew by 65% in terms of turnover and by 191% in terms of profitability. During the year the company transferred its retail operation to Falkirk F C (Retail) Ltd. These activities were transferred to increase the transparency of the monthly and annual results for the retail operation. At the year end the company had shareholders funds of £3,324,329 including distributable profits of £2,053,953. The directors therefore believe the company's position to be satisfactory especially as the company's net current assets exceed its liabilities by £358,583. The directors have assessed the main risk facing the company is relegation to the Scottish Football League. The directors believe the quality of the clubs employees and the internal infrastructure will help mitigate these risks and hope to see continued growth and satisfactory trading results in the coming year.

Results and dividends

The results for the year are set out on page 6

The directors do not recommend payment of a dividend

Financial Risk Management Objectives & Policies

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company

Directors

The following directors have held office since 1 June 2005

C Christie (Chairman)	
A Joyce	
W M Ritchie	
D Paterson	
G Craig	
G Crawford	
W F R Anderson	(Resigned 11 May 2006)
S Jackson	(Appointed 11 May 2006)
F B Caldwell	
A Miller	
H R Crosthwaite	

Directors' interests

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

		Number of ordinary shares of 50p each	
		2006	2005
C Christie (Chairman)		6,400	6,400
A Joyce		163,204	163,204
W M Ritchie		204,304	204,304
D Paterson			
G Craig		1,900	1,100
G Crawford			
W F R Anderson	(Resigned 11 May 2006)	2,950	2,950
S Jackson	(Appointed 11 May 2006)	400	
F B Caldwell			
A Miller		97,800	20,000
H R Crosthwaite			

The Falkirk Football And Athletic Club Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 year. 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 that 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. The directors 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

In so far as the directors are aware

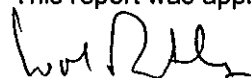
there is no relevant audit information of which the company's auditors are unaware, and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Auditor

A resolution to re appoint Tenon Audit Limited as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

This report was approved by the board on 20 December 2006



W M Ritchie

Director

20th December 2006

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 for the year ended 31 May 2006 which comprise pages 6 to 16 which have been prepared on the basis of the accounting policies set out on page 9

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 directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions with the company is not disclosed.

We read other information contained in the Director's Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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.

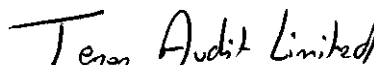
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 31 May 2006 and of the profit for the year then ended,
- have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Tenon Audit Limited
Registered Auditor
Unit 3 Gateway Business Park
Beancross Road
Grangemouth
FK3 8WX



20th December 2006

The Falkirk Football And Athletic Club Limited
Profit and Loss Account
for the year ended 31 May 2006

	Notes	2006 £	2005 £
Turnover	4	3,302,766	2,007,750
Cost of sales		(1,872,859)	(1,661,643)
Gross profit		1,429,907	346,107
Administrative expenses		(1,270,835)	(895,771)
Other operating income		296,476	44,744
Operating profit/(loss)	5	455,548	(504,920)
Exceptional items profit/(loss) on the disposal of tangible fixed assets	6	750	(29,986)
		456,298	(534,906)
Interest receivable		22,915	7,519
Profit/(loss) on ordinary activities before taxation		479,213	(527,387)
Tax on profit/(loss) on ordinary activities	8	(4,354)	
Profit/(loss) for the financial year		474,859	(527,387)
Retained profit/(loss) for the financial year	16	474,859	(527,387)

Continuing operations

The Retail operation within the business was transferred to Falkirk F C (Retail) Limited as of 1st June 2005. In the year ending 31st May 2005, turnover was £215,400. These activities were transferred to increase the transparency of the monthly and annual results of the retail operation, and allow the Board of Directors to take required actions on a timely basis. All other operations are continuing.

Statement of total recognised gains and losses


The company has no recognised gains or losses other than the profit/(loss) for the above two financial years.

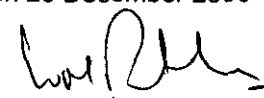
The Falkirk Football And Athletic Club Limited
Balance Sheet
as at 31 May 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible assets	9	97,949	32,822
Investments	10	<u>2,867,798</u>	<u>2,867,796</u>
		2,965,747	2,900,618
Current assets			
Stocks	11	23,734	
Debtors	12	385,468	159,859
Cash at bank and in hand		<u>926,336</u>	<u>546,314</u>
		1,311,804	729,907
Creditors: amounts falling due within one year	13	(953,221)	(826,950)
Net current assets/(liabilities)		<u>358,583</u>	<u>(97,043)</u>
		<u>3,324,329</u>	<u>2,803,575</u>
Capital and reserves			
Called up share capital	14	889,518	869,368
Share premium	15	380,858	355,113
Profit and loss account	16	2,053,953	1,579,094
Shareholders' funds			
Equity		<u>3,324,329</u>	<u>2,803,575</u>
	17	<u>3,324,329</u>	<u>2,803,575</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 20 December 2006


C Christie
Director


W M Ritchie
Director

The Falkirk Football And Athletic Club Limited
Cash Flow Statement
for the year ended 31 May 2006

	Notes	2006 £	2005 £
Reconciliation of operating (loss)/profit to net cash inflow from operating activities			
Operating profit/(loss)		455,548	(504,920)
Depreciation charges		13,805	15,768
Decrease/((increase)) in stocks		23,734	(3,114)
(Increase)/decrease in debtors		(225,609)	221,571
Increase in creditors		121,917	446,615
Net cash inflow from operating activities		389,395	175,920

CASH FLOW STATEMENT

Net cash inflow from operating activities		389,395	175,920
Returns on investments and servicing of finance	18	22,915	7,519
Capital expenditure	18	(78,184)	(3,765)
		334,126	179,674
Financing	18	45,895	336,480
Increase in cash		380,022	516,154

Reconciliation of net cash flow to movement in net funds

Increase in cash in the period		380,022	516,154
Change in net funds/(debt)	19	380,022	516,154
Net funds at 1 June		546,314	30,160
Net funds at 31 May		926,336	546,314

The Falkirk Football And Athletic Club Limited
Notes to the Financial Statements
for the year ended 31 May 2006

1 Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

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 evenly over its expected useful life, as follows

Leasehold Land & Buildings	4% Straight Line
Cars, Plant & Equipment	25% Reducing Balance

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money using rates based on the post tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates

Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term

Turnover

Turnover represents the total invoice and receipts value, excluding value added tax, of providing football entertainment to the general public during the year

Investments

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

Financial Instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme

2 Group Accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a medium sized group. The company has therefore taken advantage of the exceptions 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
for the year ended 31 May 2006

3 Valuation of Playing Squad

The directors have considered 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 recent standards requires intangible assets to be incorporated in the balance sheet. However, at the present stage of the 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.

4 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom. Sale of players' registrations are not included within turnover in accordance with FRS 3 Reporting Financial Performance and industry practise.

5 Operating (loss)/profit	2006	2005
	£	£
This is stated after charging		
Depreciation of owned fixed assets	13,805	15,768
Operating lease rentals other	8,394	8,394
Auditors' remuneration	<u>3,600</u>	<u>2,750</u>

6 Exceptional items	2006	2005
	£	£
Loss on disposal of leasehold improvements		(29,986)
Profit on disposal of plant and machinery	<u>750</u>	
	<u>750</u>	<u>(29,986)</u>

7 Staff costs	2006	2005
	£	£
Wages and salaries	1,621,926	1,340,029
Social security costs	28,502	22,453
Other pension costs	<u>632</u>	<u>2,527</u>
	<u>1,651,060</u>	<u>1,365,009</u>

The Falkirk Football And Athletic Club Limited
Notes to the Financial Statements
for the year ended 31 May 2006

Average number of employees during the year (including directors)	Number	Number
Admin/Ground	53	50
Commercial	11	9
Playing	51	54
	<u>115</u>	<u>113</u>

7.1 Directors emoluments	2006	2005
	£	£
Directors remuneration	<u>61,413</u>	<u>50,417</u>

No pension costs have been incurred by the company in respect of the directors

8 Taxation	2006	2005
	£	£
Analysis of charge in period		
Current tax		
UK corporation tax on profits of the period	4,354	
	<u>4,354</u>	<u></u>
Tax on profit on ordinary activities		

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows

	2006	2005
	£	£
Profit/(loss) on ordinary activities before tax	<u>479,213</u>	<u>(527,387)</u>
Standard rate of corporation tax in the UK	30%	30%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	143,764	
Effects of		
Utilisation of tax losses brought forward	(143,764)	
Dividend income		
Current tax charge for period	<u>4,354</u>	<u></u>

Factors that may affect future tax charges

The company has estimated losses carried forward of £2,355,812

The Falkirk Football And Athletic Club Limited
Notes to the Financial Statements
for the year ended 31 May 2006

9 Tangible fixed assets

	Short leasehold land and buildings £	Cars, Plant and Equipment £	Total £
Cost			
At 1 June 2005	7,591	155,873	163,464
Additions	20,818	58,114	78,932
At 31 May 2006	<u>28,409</u>	<u>213,987</u>	<u>242,396</u>
Depreciation			
At 1 June 2005	200	130,442	130,642
Charge for the year	736	13,069	13,805
At 31 May 2006	<u>936</u>	<u>143,511</u>	<u>144,447</u>
Net book value			
At 31 May 2006	<u>27,473</u>	<u>70,476</u>	<u>97,949</u>
At 31 May 2005	<u>7,391</u>	<u>25,431</u>	<u>32,822</u>

10 Investments

	Investments in subsidiary undertakings £
Cost	
At 1 June 2005	2,867,796
Additions	2
At 31 May 2006	<u>2,867,798</u>

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

Company	Country of registration or incorporation	Shares held Class	%
Westfield Stadium Limited (Dormant)	Scotland	Ordinary	100
Falkirk Community Stadium Ltd	Scotland	Ordinary	75
Falkirk FC (Retail) Ltd	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) Year £
Falkirk FC (Retail) Limited	<u>(64)</u>	<u>(66)</u>
Westfield Stadium Limited (Dormant)	<u>2</u>	<u></u>
Falkirk Community Stadium Limited	<u>(1,111,788)</u>	<u>(616,890)</u>

The Falkirk Football And Athletic Club Limited
Notes to the Financial Statements
for the year ended 31 May 2006

The companies investment in Falkirk Community Stadium Limited consists of 75,000 ordinary A shares of £1 each and £2,792,719 of loan stock. The loan stock is interest free secured loan stock. All loan stock is transferable. There are no plans to repay these loans in the foreseeable future.

11 Stocks	2006	2005
	£	£
Finished goods and goods for resale		<u>23,734</u>

All stock has now been transferred into Falkirk FC (Retail) Limited

12 Debtors	2006	2005
	£	£
Trade debtors	100,222	38,651
Other debtors	134,926	85,786
Prepayments and accrued income	42,812	30,064
Amounts due from related parties	<u>107,508</u>	<u>5,358</u>
	<u>385,468</u>	<u>159,859</u>

13 Creditors amounts falling due within one year	2006	2005
	£	£
Trade creditors	237,151	199,559
Amounts due to related parties	30,910	62,713
Corporation tax	4,354	
Other taxes and social security costs	189,193	173,421
Other creditors	16,036	2,665
Accruals and deferred income	<u>475,577</u>	<u>388,592</u>
	<u>953,221</u>	<u>826,950</u>

14 Share capital	2006	2005
	£	£
Authorised		
2,007,000 Ordinary shares of 50p each	<u>1,003,500</u>	<u>1,003,500</u>

	2006	2005	2006	2005
	No	No	£	£
Allotted, called up and fully paid				
Ordinary shares of 50p each	1,779,036	1,738,736	<u>889,518</u>	<u>869,368</u>

The Falkirk Football And Athletic Club Limited
Notes to the Financial Statements
for the year ended 31 May 2006

Movement in share capital	2006 £	2005 £
At 1 June 2005	869,368	730,168
Shares issued	20,150	139,200
At 31 May 2006	<u>889,518</u>	<u>869,368</u>

15 Share premium	2006 £	2005 £
At 1 June 2005	355,113	157,833
Shares issued	25,745	197,280
At 31 May 2006	<u>380,858</u>	<u>355,113</u>

During the year, 40,300 ordinary shares of 50p each were issued for proceeds of £45,895

16 Profit and loss account	2006 £	2005 £
At 1 June 2005	1,579,094	2,106,481
Retained profit/(loss)	474,859	(527,387)
At 31 May 2006	<u>2,053,953</u>	<u>1,579,094</u>

17 Reconciliation of movement in shareholders' funds	2006 £	2005 £
At 1 June 2005	2,803,575	2,994,482
Profit/(loss) for the financial year	474,859	(527,387)
Shares issued	45,895	336,480
At 31 May 2006	<u>3,324,329</u>	<u>2,803,575</u>

The Falkirk Football And Athletic Club Limited
Notes to the Financial Statements
for the year ended 31 May 2006

18 Gross cash flows	2006	2005
	£	£
Returns on investments and servicing of finance		
Interest received	<u>22,915</u>	<u>7,519</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(78,932)	(20,431)
Payments to acquire investments	(2)	
Receipts from sales of tangible fixed assets	<u>750</u>	<u>16,666</u>
	<u>(78,184)</u>	<u>(3,765)</u>
Financing		
Issue of share capital	<u>45,895</u>	<u>336,480</u>

19 Analysis of changes in net funds	At 1 Jun 2005 £	Cash flows £	Non cash changes £	At 31 May 2006 £
Cash at bank and in hand	546,314	<u>380,022</u>		926,336
Total	<u>546,314</u>	<u>380,022</u>		<u>926,336</u>

20 Related parties

At the year end there is a balance due from Falkirk Community Stadium Limited of £2,792,719 (2005 £2,792,719) This relates to long term loan stock Due to the nature of this amount, it is not considered likely that it will be recovered in the foreseeable future

The company also made purchases from Falkirk Community Stadium Limited, Falkirk to the value of £195,534 (2005 £97,740) and there is a year end creditor balance of £18,471 (2005 £35,282) The transactions relate to the rent and service charges for the Falkirk Stadium and were carried out at arms length

The company also made sales to Falkirk Community Stadium Limited, Falkirk to the value of £25,660 (2005 £2,579) and there is a year end debtor balance of £11,230 (2005 2,903) The transactions relate recharges of services provided and were carried out at arms length

Finally at the year end there was a balance due from Falkirk F C (Retail) Limited of £93,761 (2005 nil) £53,966 relates to management charges and £39,795 to intercompany transfers All amounts are recoverable within 12 months

21 Financial Commitments

At 31 May 2006, the company had annual commitments under non cancellable operating leases as follows

	2,006	2,005
	£	£
In over five years	<u>142,170</u>	<u>142,170</u>

The Falkirk Football And Athletic Club Limited
Notes to the Financial Statements
for the year ended 31 May 2006

22 Going Concern

The directors consider it appropriate to prepare the financial statements on the going concern basis

23 Derivatives

The company has no financial instruments that fall to be classified as derivatives

24 Control

The company is under the ultimate control of the Board of Directors that has been appointed to represent the shareholders throughout the whole of the year and previous year