

64
Registered number
SC5854

The Falkirk Football And Athletic Club Limited
Directors' Report And Financial Statements
For The Year Ended 31 May 2004



The Falkirk Football And Athletic Club Limited
Report and accounts
Contents

	Page
Company information	1
Chairman's statement	2
Directors' report	3
Statement of directors' responsibilities	4
Independent auditors' report	5
<i>Profit and loss account</i>	6
<i>Balance sheet</i>	7
<i>Cash flow statement</i>	8
Notes to the accounts	9 - 15

The Falkirk Football And Athletic Club Limited

Company Information

Directors

C Christie (Chairman)
C McLachlan (Resigned 11 September 2003)
C Liddell (Resigned 19 November 2003)
A Joyce
W M Ritchie
D Paterson
G Craig
G Crawford
M White (Resigned 13 July 2004)
W F R Anderson (Appointed 19 May 2004)
H R Crosthwaite (Appointed 13 July 2004)

Secretary

D Webster

Accountants

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

Auditors

Blueprint 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

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 2004.

Once again this year we are able to present a report showing a small operating profit. This was achieved, in some measure, as a result of transfer fee income counterbalancing losses incurred in direct operating costs.

However, it is pleasing that we have emerged from a difficult year playing away from our home ground in reasonably good order both in a playing sense and financially.

From the playing point of view, last season we struggled to score goals with a team full of experience but which never appeared to settle comfortably at our temporary home. Our hosts from Stenhousemuir Football Club were welcoming but temporary lodgings is not like your own home and at the end of the season we finished fourth in the SFL First Division.

The new season (2004/2005) has started more promisingly at our new home in the Falkirk Stadium. We have a stronger squad and have been at the top of the First Division, or thereabouts, for most of the season so far. We also won the Bells Challenge Cup by defeating Ross County at McDiarmid Park, Perth in early November.

Being back in our own Stadium has made a huge difference from a playing point of view and, also, in the opportunities provided for increased income generation. We have sought to strengthen our staffing in this area in order to maximise the opportunities now available to us.

The contract for the North Stand, after some delays, was signed in the early autumn and building work has commenced. The completion date is March 2005 and this will provide us with sufficient seats to meet the requirements of the SPL. It will also provide us with new opportunities to increase income.

Last season was also a difficult year financially. The costs associated with playing at Stenhousemuir ended up considerably higher than planned. On top of this we had additional costs for offices in Grangemouth and the training facilities at Little Kerse. Our expenditure on playing staff was maintained at the same level as the previous season. Gate Receipts were down by over £200,000, however thanks to the efforts of our commercial staff we maintained other revenue streams.

As a result of increased expenditure and lower revenue we made an operating loss of over £500,000 before transfer income. This was funded by the net transfer fees of £537,000 for Lee Miller, Jamie McQuilken, Collin Samuel, Mark Kerr and Steve Tosh.

The season also made a significant impact on cash reserves which reduced from £170,000 to £30,000. This was due to the losses made, capital investment at Little Kerse, and the staging of payments of transfer fees.

This season, we are achieving increased revenue from season tickets, gate receipts and commercial income. We have increased our investment in both the playing budget and in our administrative and accounting staff to produce a team fit for the SPL both on and off the park. It is anticipated that this will result in losses for the year 2004/2005 which will be funded by new shareholders investments.

The Club has made significant progress in the last few years. We hope to continue that progress in the period ahead as we consolidate our position at the Falkirk Stadium.

Our progress depends on our people, playing and non-playing. I would like to thank them all for their tremendous achievements in difficult circumstances over the past year. I would also like to thank my Board colleagues, and the hundreds of volunteers who help us, week in week out, to take the club forward. Their voluntary contribution is so important for the progress of the Club.



Campbell Christie
Chairman

The Falkirk Football And Athletic Club Limited

Directors' Report

The directors present their report and financial statements for the year ended 31 May 2004.

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 Football League.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 June 2003:

C Christie (Chairman)	
C McLachlan	(Resigned 11 September 2003)
C Liddell	(Resigned 19 November 2003)
A Joyce	
W M Ritchie	
D Paterson	
G Craig	
G Crawford	
M White	(Resigned 13 July 2004)
W F R Anderson	(Appointed 19 May 2004)
H R Crosthwaite	(Appointed 13 July 2004)

Directors' interests

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

	Ordinary shares of 50p each	
	2004	2003
C Christie (Chairman)	6,400	6,400
C McLachlan	-	-
C Liddell	163,802	163,802
A Joyce	163,204	163,204
W M Ritchie	204,304	204,304
D Paterson	-	-
G Craig	1100	1,100
G Crawford	-	-
M White	425	425

The Falkirk Football And Athletic Club Limited

Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, the directors are required to:

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

The directors are responsible for maintaining 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 accounts 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.



.....
W M Ritchie

Director

15th November 2004

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 2004 which comprise pages 6 to 15. These accounts 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 directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the accounts 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 accounts, 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Director's Report and the Chairman's statement. We consider the implications for our audit 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 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 May 2004 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Blueprint Audit Limited

Registered Auditor

Unit 3 Gateway Business Park

Beancross Road

Grangemouth

FK3 8WX

Blueprint Audit Limited

15th November 2004

The Falkirk Football And Athletic Club Limited
Profit and Loss Account
for the year ended 31 May 2004

	Notes	2004 £	2003 £
Turnover	4	1,421,165	1,676,096
Cost of sales		(1,187,411)	(1,129,296)
Gross profit		<u>233,754</u>	<u>546,800</u>
Administrative expenses		(735,387)	(462,684)
Other operating income		580,310	143,013
Operating profit	5	<u>78,677</u>	<u>227,129</u>
Income from investments		-	2,644,847
Interest receivable		3,295	1,137
Profit on ordinary activities before taxation		<u>81,972</u>	<u>2,873,113</u>
Tax on profit on ordinary activities	7	-	-
Profit for the financial year		<u>81,972</u>	<u>2,873,113</u>
Retained profit for the financial year	15	<u>81,972</u>	<u>2,873,113</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Statement of total recognised gains and losses

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

The Falkirk Football And Athletic Club Limited
Balance Sheet
as at 31 May 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	8	74,811	8,969
Investments	9	<u>2,867,796</u>	<u>77</u>
		2,942,607	9,046
Current assets			
Stocks	10	20,620	18,211
Debtors	11	381,430	3,124,055
Cash at bank and in hand		<u>30,160</u>	<u>170,924</u>
		432,210	3,313,190
Creditors: amounts falling due within one year	12	(380,335)	(422,831)
Net current assets		<u>51,875</u>	<u>2,890,359</u>
		<u>2,994,482</u>	<u>2,899,405</u>
Capital and reserves			
Called up share capital	13	730,168	719,426
Share premium	14	157,833	155,470
Profit and loss account	15	2,106,481	2,024,509
Shareholders' funds:			
Equity		<u>2,994,482</u>	<u>2,899,405</u>
	16	<u>2,994,482</u>	<u>2,899,405</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 15 November 2004



C Christie
Director

.....
W M Ritchie
Director



The Falkirk Football And Athletic Club Limited
Cash Flow Statement
for the year ended 31 May 2004

	Notes	2004 £	2003 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		78,677	227,129
Depreciation charges		8,560	2,795
Increase in stocks		(2,409)	(3,941)
Decrease/(increase) in debtors		2,742,625	(2,964,005)
(Decrease)/increase in creditors		(42,496)	84,338
Net cash inflow/(outflow) from operating activities		<u>2,784,957</u>	<u>(2,653,684)</u>
CASH FLOW STATEMENT			
Net cash inflow/(outflow) from operating activities		2,784,957	(2,653,684)
Returns on investments and servicing of finance	17	3,295	2,645,984
Capital expenditure	17	<u>(2,942,121)</u> <u>(153,869)</u>	<u>(4,575)</u> <u>(12,275)</u>
Financing	17	13,105	22,542
(Decrease)/increase in cash		<u>(140,764)</u>	<u>10,267</u>
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the period		(140,764)	10,267
Change in net debt	18	<u>(140,764)</u>	<u>10,267</u>
Net funds at 1 June		170,924	160,657
Net funds at 31 May		<u>30,160</u>	<u>170,924</u>

The Falkirk Football And Athletic Club Limited
Notes to the Accounts
for the year ended 31 May 2004

1 Accounting policies

Accounting convention

The accounts 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 Improvements	4% Straight Line
Cars, Plant & Equipment	25% Reducing Balance

Stocks

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

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 and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

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

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 Accounts
for the year ended 31 May 2004

3 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 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 profit	2004	2003
	£	£
This is stated after charging:		
Depreciation of owned fixed assets	8,560	2,795
Operating lease rentals - other	8,394	8,394
Auditors' remuneration	<u>2,750</u>	<u>2,750</u>

6 Staff costs	2004	2003
	£	£
Wages and salaries	1,014,280	997,780
Social security costs	15,874	15,616
Other pension costs	<u>2,527</u>	<u>2,523</u>
	<u>1,032,681</u>	<u>1,015,919</u>

The Falkirk Football And Athletic Club Limited
Notes to the Accounts
for the year ended 31 May 2004

Average number of employees during the year (including directors)	Number	Number
	<u>94</u>	<u>106</u>

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.

7 Taxation	2004 £	2003 £
Analysis of charge in period		
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

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:

	2004 £	2003 £
Profit on ordinary activities before tax	<u>81,972</u>	<u>2,873,113</u>
Standard rate of corporation tax in the UK	30%	30%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	24,592	861,934
Effects of:		
Utilisation of tax losses brought forward	(24,592)	(68,480)
Dividend income		(793,454)
Current tax charge for period	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company has estimated losses brought forward of £2,423,533 which will be utilised against this year's taxable profit

The Falkirk Football And Athletic Club Limited
Notes to the Accounts
for the year ended 31 May 2004

8 Tangible fixed assets

	Short leasehold land and buildings £	Cars, Plant and Equipment £	Total £
Cost			
At 1 June 2003	-	124,694	124,694
Additions	56,063	18,339	74,402
At 31 May 2004	<u>56,063</u>	<u>143,033</u>	<u>199,096</u>
Depreciation			
At 1 June 2003	-	115,725	115,725
Charge for the year	3,735	4,825	8,560
At 31 May 2004	<u>3,735</u>	<u>120,550</u>	<u>124,285</u>
Net book value			
At 31 May 2004	<u>52,328</u>	<u>22,483</u>	<u>74,811</u>
At 31 May 2003	<u>-</u>	<u>8,969</u>	<u>8,969</u>

9 Investments

	Investments in subsidiary undertakings £
Cost	
At 1 June 2003	77
Additions	2,867,719
At 31 May 2004	<u>2,867,796</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	Scotland	Ordinary	100
Falkirk Community Stadium Ltd	Scotland	Ordinary	75

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 £
Westfield Stadium Limited	<u>2</u>	<u>-</u>
Falkirk Community Stadium Limited	<u>5,886,269</u>	<u>(91,049)</u>

The Falkirk Football And Athletic Club Limited
Notes to the Accounts
for the year ended 31 May 2004

10 Stocks	2004	2003
	£	£
Finished goods and goods for resale	<u>20,620</u>	<u>18,211</u>

The difference between purchase price of stocks and their replacement cost is not material.

11 Debtors	2004	2003
	£	£
Trade debtors	24,741	37,416
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	2,867,719
Other debtors	350,278	212,028
Prepayments and accrued income	<u>6,411</u>	<u>6,892</u>
	<u>381,430</u>	<u>3,124,055</u>

12 Creditors: amounts falling due within one year	2004	2003
	£	£
Trade creditors	107,778	140,826
Amounts owed to group undertakings and undertakings in which the company has a participating interest	-	49,351
Other taxes and social security costs	34,641	69,583
Other creditors	37,223	3,779
Accruals and deferred income	<u>200,693</u>	<u>159,292</u>
	<u>380,335</u>	<u>422,831</u>

13 Share capital	2004	2003
	£	£
Authorised: 2,007,000 Ordinary shares of 50p each	<u>1,003,500</u>	<u>1,003,500</u>
	2004	2003
	No	No
Allotted, called up and fully paid: Ordinary shares of 50p each	<u>1,460,336</u>	<u>1,438,852</u>
	<u>730,168</u>	<u>719,426</u>

The Falkirk Football And Athletic Club Limited
Notes to the Accounts
for the year ended 31 May 2004

Movement in share capital	2004	2003
	£	£
At 1 June 2003	719,426	700,949
Shares issued	10,742	18,477
At 31 May 2004	<u>730,168</u>	<u>719,426</u>

14 Share premium	2004	2003
	£	£
At 1 June 2003	155,470	151,405
Shares issued	2,363	4,065
At 31 May 2004	<u>157,833</u>	<u>155,470</u>

During the year, 21,483 ordinary shares of 50p each were issued for proceeds of £13,105.

15 Profit and loss account	2004	2003
	£	£
At 1 June 2003	2,024,509	(848,604)
Retained profit	81,972	2,873,113
At 31 May 2004	<u>2,106,481</u>	<u>2,024,509</u>

16 Reconciliation of movement in shareholders' funds	2004	2003
	£	£
At 1 June 2003	2,899,405	3,750
Profit for the financial year	81,972	2,873,113
Shares issued	13,105	22,542
At 31 May 2004	<u>2,994,482</u>	<u>2,899,405</u>

The Falkirk Football And Athletic Club Limited
Notes to the Accounts
for the year ended 31 May 2004

17 Gross cash flows	2004	2003
	£	£
Returns on investments and servicing of finance		
Dividends received	-	2,644,847
Interest received	3,295	1,137
	<u>3,295</u>	<u>2,645,984</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(74,402)	(4,500)
Payments to acquire investments	(2,867,719)	(75)
	<u>(2,942,121)</u>	<u>(4,575)</u>
Financing		
Issue of share capital	<u>13,105</u>	<u>22,542</u>

18 Analysis of changes in net debt	At 1 Jun	Cash flows	Non-cash	At 31 May
	2003		changes	2004
	£	£	£	£
Cash at bank and in hand	170,924	(140,764)		30,160
Total	<u>170,924</u>	<u>(140,764)</u>	<u>-</u>	<u>30,160</u>

19 Related parties

At the year end there is a balance due from Falkirk Community Stadium Limited of £2,792,794. Due to the nature of this amount it is not considered likely that it will be recovered in the foreseeable future. Therefore it is felt more appropriate that this balance be capitalised as an Investment. The company also carried out transactions with Amicable Marquees Limited, Falkirk. George Craig, who is a director of Falkirk Football & Athletic Club Limited is a director in Amicable Marquees. The value of these transactions were £32,487 (2003: £13,532). These transactions were in the normal course of trade. Finally the company carried out transactions with Scott & Paterson, Chartered Accountants, Edinburgh. Douglas Paterson, who is a director of Falkirk Football & Athletic Club Limited is a partner in Scott & Paterson. The value of these transactions were £1,680 (2003: nil). Again these transactions were in the normal course of trade.

20 Post Balance Sheet Events

After the balance sheet date the club entered into a lease agreement with Falkirk Community Stadium Limited for the use of certain areas within Falkirk Community Stadium. The rental charge on entering this agreement is £25,000 per annum plus service charge to be agreed. Falkirk Community Stadium Limited a subsidiary company entered into a loan agreement with Falkirk Council for the funding of the North Stand after the year end. This loan is for £1.58 million. Falkirk Football and Athletic Club Limited have entered into an agreement with Falkirk Community Stadium Limited to service this loan. This will be in the form of rental payments for the use of the North Stand. There will be no rental payments for the first 3 years of the agreement. At present the rental repayment schedule has not been finalised.