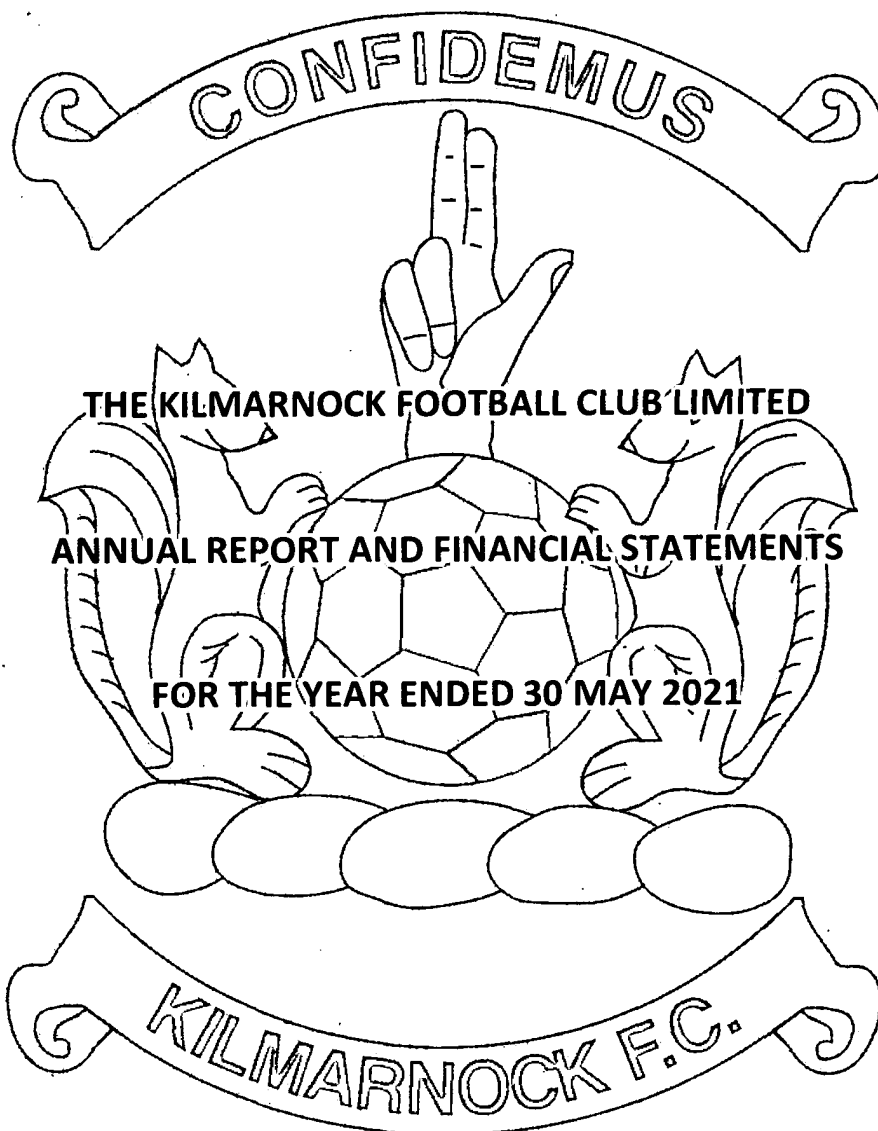




THE  
**KILMARNOCK**  
FOOTBALL CLUB

Company Registration No. SC006219 (Scotland)



**THE KILMARNOCK FOOTBALL CLUB LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 MAY 2021**

WEDNESDAY



\*5838X63D\*  
SCT 04/05/2022 #28  
COMPANIES HOUSE

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# THE KILMARNOCK FOOTBALL CLUB LIMITED

## COMPANY INFORMATION

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|                          |   |
|--------------------------|---|
| <b>Directors</b>         | Mr W Bowie<br>Mrs P McLeish<br>Mrs CM Jamieson                                  |
| <b>Secretary</b>         | Mr G Bryson   |
| <b>Company number</b>    | SC006219  |
| <b>Registered office</b> | Rugby Park<br>Rugby Road<br>Kilmarnock<br>East Ayrshire<br>KA1 2DP              |
| <b>Auditor</b>           | Rogerson & Goldie<br>29 Portland Road<br>Kilmarnock<br>East Ayrshire<br>KA1 2BY |

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# **THE KILMARNOCK FOOTBALL CLUB LIMITED**

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# **THE KILMARNOCK FOOTBALL CLUB LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 30 MAY 2021**

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The directors present the strategic report for the year ended 30 May 2021.

The strategic report aims to align historical information and data alongside company strategy and future expectations.

Any reference to future prospects and expectations are based on the information available at the present time.

The assumptions made take into account the ongoing effects of the COVID-19 pandemic in the short to medium term as well as the impact it is currently having on the company's day-to-day operations.

This Strategic report covers the following: -

- Principal Activities
- Strategic Management
  - Strategy, Business Model and Objectives
  - Principal Risks and Uncertainties
- Business Environment
  - Trends and Factors
  - Environmental, Employee, Social, Community and human rights matters
- Business Performance and Position
  - Analysis of performance and position
  - Key Performance Indicators
- COVID-19
  - Impact on the business
  - Actions taken and sources of replacement funding.

# **THE KILMARNOCK FOOTBALL CLUB LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 MAY 2021**

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### **Principal Risks and Uncertainties**

The principal activity during the year continued to be that of a professional football club and related activities.

The board consider the following to be the main risks and uncertainties faced by Kilmarnock FC:

- As a results-driven business, there is the risk of a downturn in first team football performance. This is demonstrated with recent events resulting in the following: -
  - The club's 28-year stay in Scotland's top flight coming to an end via a play-off defeat to Dundee Football Club.
  - The Board of Directors provided financial support to the football department to rebuild the first team squad ahead of the 2021/22 Scottish Championship season with a view of winning promotion back to the Premiership.
  - In December 2021, the Board decided a change of management was required with Derek McInnes becoming the club's new manager in January 2022.
  - Our percentage of broadcasting and competition revenues is reliant on positive first team results.
- Navigating the transfer market is always precarious and never more so when as a Championship club, we are competing with Premiership rivals for players. Wage demands need to be carefully managed to ensure the robust financial management of the club. The Board has committed tremendous resource to the first team squad to provide the best chance of an immediate return to the Premiership.
- Uncertainty from global Pandemics with the effects now very clear: -
  - The absence of supporters from stadiums throughout season 2020/21 and partly in 2021/22 was devastating from both a financial and sporting point of view.
  - Internal costs to comply with required Covid protocols.
- The ability of football authorities to maintain key revenue streams from league sponsorship and broadcasting.
- Player injuries

A number of the aforementioned risks are out with the control of the board. The board do however strive to minimise the potential effects of the Risks and Uncertainties on a day-to-day basis.

# **THE KILMARNOCK FOOTBALL CLUB LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 MAY 2021**

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### **Strategy and Business Model**

The Board of Kilmarnock Football Club remain committed to ensuring the football club remains sustainable with the hope that it can be competitive at the highest level of Scottish football and act as a symbol of pride for the people who support us.

Our financial strategy is based in rigorous management with every effort being made to ensure the business operates independently of any external influence.

The impact of COVID-19 has presented challenges to our business model; however, our long-term sustainable plans remain achievable.

At year end, the main shareholders (Holding in excess of 2% of the Issued Share Capital) of the club are: -

- Bowie Ventures Ltd – 3,345,000 (55.04%)
- William Bowie – 805,000 shares (13.25%)
- Phyllis McLeish – 600,000 shares (9.87%)
- Kilmarnock Supporters Society Ltd (The Killie Trust) – 390,603 shares (6.43%)
- The Kilmarnock Community sports Trust – 163,483 shares (2.69%)
- James Mann – 130,000 shares (2.14%)

Despite the impact of COVID-19 during the financial year, the club continued to pursue projects including the creation and completion of a memorial garden, which commemorates those who paid the ultimate sacrifice while contracted to the club during two World Wars. The opening service took place in November 2021.

As part of our modernisation programme, the Killie Shop was demolished and a brand new Killie Superstore installed in the former 'Killie Club' space within the Frank Beattie Stand. The Killie Forever Museum space within this area, which will also serve as a matchday hospitality lounge, is due for completion in Spring 2022.

Fresh office and player lounge facilities were created to the rear of the Moffat Stand while portacabins structures were installed at the rear of the stand. The 1869 Suite, which was being used as a dining space for players during the pandemic, has been re-established as a lounge hosting private hire events to the commercial benefit of the club.

A new viewing platform for disabled supporters is in place with the final stages of installation well underway. We expect this space to be in full use by the beginning of the 2022/23 season.

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 MAY 2021**

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### Financial Impact of COVID-19

As per the below financial summary, the club estimated the financial loss due to the pandemic to be in the region of £3m, taking into account the loss of ticketing and matchday revenue as well as the additional costs of testing required by the footballing authorities.

However, due to the measures detailed below, this deficit has been reduced significantly.

Tough and difficult decisions were taken in regard to reducing the number of support staff at the offset of the pandemic and staffing has remained under constant review in the period since.

Elements of the financial impact of COVID-19 have been offset by the following measures:

- The incredible support from fans to purchase Season Tickets for 2020/21 while unable to attend the stadium and these fans opted not to reclaim any refunds, instead renewing their support for Season 2021/22.
- Increased retail revenue to £500,000 in line with the revamped online store and Killie Superstore launch.
- Significant financial contributions from club directors, company shareholders and club sponsors.
- Regular and valuable financial assistance from The Killie Trust, providing fantastic support to the club.
- Utilised the Scottish Government's loan fund, facilitated through the SPFL. The terms of this loan are extremely favourable with the available facility of £1.828 million being repayable over 20 years with a 0% coupon interest rate. At the year end date the club had drawn down £1.2m with a further £628,000 being drawn down post year end.  
The financial reporting standards require that we reflect this within the figures as if the loan was provided on normal arm's length terms. The financial statements therefore reflect the benefit of this interest free borrowing with a credit of £476,991. This will be written back as notional interest charges over the term of the loan.
- The successful claim under Business interruption insurance has seen the club receive £970,000 so far. We hope this will rise to a total in excess of £1.1m. We have recognised £970,000 in the figures to 30 May 2021.
- Utilised the UK Government's Job Retention Furlough Scheme where possible.
- The sale of club shares.

All of these measures were vital to ensuring the club's survival and a huge thanks is due to each and every person supporting the club.

### Performance and Position

Season 2020/21 was a devastating one for all who hold Kilmarnock FC in their heart. Alex Dyer was relieved as first team manager in January 2021. The Board committed further funds to the first team player budget along with Tommy Wright being appointed in a bid to retain our Scottish Premiership status.

After finishing the regular season in 11th place, defeat in the Premiership Play-off final against Dundee FC resulted in relegation to the Scottish Championship for Season 2021/22.

Our League Cup campaign was severely hampered by a COVID-19 outbreak which forced our whole first team squad into isolation. This resulted in a 3-0 forfeit of our tie v Falkirk as well as requiring the club to field a weakened team against Dunfermline, which ended in a 3-0 defeat.

Our Scottish Cup quest came to an end at the quarter final stage following an agonising penalty-kick loss to St Mirren at Rugby park after a 3-3 draw.

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 MAY 2021

#### Financial Summary

It is surprising that the club records a profit for the financial year to 30 May 2021 of £215,402. This compares to a profit the previous year of £61,483.

This profit is driven by the Business Interruption insurance claim crediting the figures with £970,000 and the treatment which must be given to the SPFL funding which credits the figures with £476,991. The results would otherwise have shown a loss of just over £1.2million

#### Other financial highlights: -

- The overall turnover fell by just over £1.8m from £4,841,437. A high-level summary of turnover is as follows: -

|   | Year ended<br>30 May 2021 | Year ended<br>30 May 2020 | Year ended<br>30 May 2019 |
|---|---------------------------|---------------------------|---------------------------|
|   | £                         | £                         | £                         |
| Total Revenue                                       | £3,002,303                | 4,841,437                 | 6,643,390                 |
| Main items: -                                       |                           |                           |                           |
| Season ticket revenue                               | -                         | 559,770                   | 582,780                   |
| League Gate receipts                                | -                         | 580,838                   | 1,149,237                 |
| European Gate receipts                              | -                         | 112,651                   | -                         |
| Betfred Cup Gate Receipts                           | -                         | 68,757                    | 146,794                   |
| Scottish Cup Gate receipts                          | -                         | 53,376                    | 409,670                   |
| SPFL Club fees                                      | 1,404,613                 | 1,226,135                 | 2,127,500                 |
| Loan player revenue                                 | 62,621                    | 74,710                    | 34,030                    |
| Advertising and Sponsorship                         | 203,484                   | 418,288                   | 389,967                   |
| Academy support funding                             | 379,000                   | 388,970                   | 365,358                   |
| Matchday income                                     | -                         | 453,696                   | 576,149                   |
| Shop Takings/ Commission                            | 446,038                   | 73,135                    | 82,476                    |
| Other Operating Income includes: -                  |                           |                           |                           |
| Profit on sale of intangible assets – transfer fees | 393,194                   | 1,204,562                 | 23,436                    |
| Donations   | 780,779                   | 162,681                   | 64,283                    |
| Business Interruption Insurance                     | 970,000                   | -                         | -                         |

Certain prior year revenue items have been reclassified between turnover and other operating income to give consistency with the current year presentation.

These reclassifications had no effect on the prior year results.

The remainder of the income consisted of Cup prize money, other governing body support funding and a multitude of other smaller sums received.

- The administrative expenses fell from just under £5.9million to £5.5million. Included in Administrative expenses are the payroll costs with the first team costs summarised as follows: -

|                            | Year ended<br>30 May 2021 | Year ended<br>30 May 2020 | Year ended<br>30 May 2019 |
|----------------------------|---------------------------|---------------------------|---------------------------|
|                            | £                         | £                         | £                         |
| Total Administrative Costs | 5,542,449                 | 5,878,740                 | 6,575,735                 |
| Highlighted Items: -       |                           |                           |                           |
| First team playing squad   | 1,518,001                 | 1,525,935                 | 1,497,373                 |
| Loan Players               | 157,435                   | 159,078                   | 404,018                   |
| First Team Coaching        | 377,110                   | 326,187                   | 506,205                   |
| Agent's costs              | 237,998                   | 98,925                    | 31,500                    |



# THE KILMARNOCK FOOTBALL CLUB LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 30 MAY 2021

#### Financial Summary (cont.)

COVID-19 restrictions and testing requirements had a devastating impact on cashflow, requiring the club to commit approximately £170,000 to meet the governing bodies' requirements to allow football to continue.

The club was subjected to a £10,000 fine for a breach of COVID-19 protocols, the sum of which was raised thanks to a phenomenal response from our fans. The funds raised also covered the legal cost of our successful appeal, which challenged the initial verdict to forfeit our match v Motherwell.

- The Cash position improved by £65,273 on the previous year with Net Current Assets improving by £1,340,862 to a positive £1,129,637. This was driven by the SPFL funding received in the year of £1.2 million which was classified as long-term debt at the year end and also £770,000 of the Business Interruption insurance claim balance included as part of debtors.
- Overall net worth improved by £463,245 with the two factors being: -
  - Retained profit in the year of £215,402
  - Share Capital invested - £247,843

#### Key Performance Indicators: -

|  | Year ended<br>30 May 2021 | Year ended<br>30 May 2020        | Year ended<br>30 May 2019         |
|--|---------------------------|----------------------------------|-----------------------------------|
| Turnover                               | £3,002,303                | £4,841,437                       | £6,643,390                        |
| Operating Profit/(Loss)                | £215,402                  | £61,483                          | £125,096                          |
| Final League position                  | 11th                      | 8th                              | 3rd                               |
| First Team Reward                      | £2,052,546                | £2,011,200                       | £2,407,596                        |
| First Team Reward/Turnover             | 68.37%                    | 41.52%                           | 36.24%                            |
| *Season Ticket sales (2021/22 - 4,022) | 2,878                     | 4,421                            | 4,214                             |
| Average attendance                     | n/a                       | 5,856                            | 6,894                             |
| Highest Home Attendance                | n/a                       | 9,196<br>v Rangers<br>4-Aug-19   | 12,374<br>v Rangers<br>23-Jan-19  |
| Lowest Home Attendance                 | n/a                       | 3,762<br>v Hamilton<br>17-Aug-19 | 4,134<br>v Livingston<br>5-Dec-18 |

\* Proceeds from Season Tickets sold in year to 30 May 2020 were partly treated as donations to the club for the period from the season being stopped during March 2020 to the end of the season. The entire value of Season Tickets sold for the year to 30 May 2021 was treated as donations to the club. This was a fantastic and vital support to the club during a time of need.

# **THE KILMARNOCK FOOTBALL CLUB LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 MAY 2021**

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### **Going Concern**

The directors are obliged to prepare the statutory financial statements on a going concern basis unless it is inappropriate to assume that the company will continue in business. The board assesses the going concern position of the club through a budgetary process to forecast expected liquidity and cashflow. This review must look at the 12 months following the approval and signing of the financial statements.

The Directors, whilst accepting the unpredictable times we are in, are happy that sufficient funding has been secured to ensure the viability of the club through the next 12 months. They have considered the assumptions and estimates used in preparing the forecasts and while accepting the constraints of forecasting at the present time consider these to be a fair reflection of the potential worst-case scenario on the likely financial performance of the club looking forward.

The current available resources should be adequate for that period however tight restrictions on budgeted costs will continue. Accordingly, the financial statements continue to be prepared on a going concern basis.

### **Financial Risk Management**

The Club's activities expose it to a number of financial risks including credit risk and liquidity risk. The Club's main financial assets are cash at bank and trade debtors. The credit risk is attributable to the Trade debtors and the amount reflected on the Balance Sheet is net of any amounts deemed not to be recoverable. The liquidity risk is based on the funds at the bank and this risk is considered limited due to the banks financial standing.

### **Future Prospects**

The club is committed to building the best first team playing squad possible while aiming to supplement the group with graduates from our Youth Academy.

Relegation to the Scottish Championship resulted in a partial loss of funding for the Academy, however the Board remains fully committed to our Academy system with a restructure in order to explore new funding avenues.

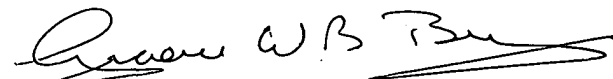
The Board recognises that on field achievement has deteriorated in the past two seasons. The appointment of Derek McInnes and continued investment in our squad during recent transfer windows underlines our desire to achieve an immediate return to the Scottish Premiership.

In trying to achieve our goals, the club continually tries to balance enhancing the first team squad alongside robust financial management.

As a Championship club, there are lower financial returns for success on the field. The Board has pledged the best budget possible for the first team player squad in order to aid the club's attempts to win promotion.

With the support of over 4,000 Season Ticket holders, we believe the club is in the strongest position possible to mount a sustained challenge for the Championship title.

By order of the board



Mr G Bryson  
Secretary

22 February 2022

# **THE KILMARNOCK FOOTBALL CLUB LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 30 MAY 2021**

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The directors present their annual report and financial statements for the year ended 30 May 2021.

#### **Principal activities**

The principal activity is the promotion of football in Scotland, with related and ancillary activities.

#### **Results and dividends**

The results for the year are set out on page 13.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr W Bowie  
Mrs P McLeish  
Mrs CM Jamieson

#### **Financial Instruments**

The company's cash flow requirements are projected for a year in advance and flexed to take account of different operating scenarios including league performance and cup competition successes. The cash flow is monitored as part of the day to day control procedure and adjusted to take account of actual performance to ensure that the appropriate level of funds are available.

#### **Auditor**

The auditors, Rogerson & Goldie, will be proposed for re-appointment at the Annual General Meeting.

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **THE KILMARNOCK FOOTBALL CLUB LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 30 MAY 2021**

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### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



Mr G Bryson  
Secretary

22 February 2022

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF THE KILMARNOCK FOOTBALL CLUB LIMITED

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#### Opinion

We have audited the financial statements of The Kilmarnock Football Club Limited (the 'company') for the year ended 30 May 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 May 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in Note 1 to the financial statements concerning the company's ability to continue as a going concern. Should the company not achieve the projected cash flows, which are dependent on future football performance and the success of further claims under the Business Interruption policy, additional finance would be required in order to continue operations for the next 12 months. Failure to secure additional funding would result in the existence of a material uncertainty which may cast doubt as to the company's ability to continue as a going concern. The financial statements do not include the adjustments that would be required if the company was unable to continue as a going concern.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# **THE KILMARNOCK FOOTBALL CLUB LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF THE KILMARNOCK FOOTBALL CLUB LIMITED**

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#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

# **THE KILMARNOCK FOOTBALL CLUB LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF THE KILMARNOCK FOOTBALL CLUB LIMITED**

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A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's 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.



**Brian R Smith CA (Senior Statutory Auditor)**  
**For and on behalf of Rogerson & Goldie**

**22 February 2022**

**Chartered Accountants**  
**Statutory Auditor**

**29 Portland Road**  
**Kilmarnock**  
**East Ayrshire**  
**KA1 2BY**

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 MAY 2021

|   | Notes    | 2021<br>£   | 2020<br>£   |
|---|----------|-------------|-------------|
| <b>Turnover</b>                               | <b>3</b> | 3,002,303   | 4,841,437   |
| <b>Cost of sales</b>                          |          | (261,207)   | (325,568)   |
| <b>Gross profit</b>                           |          | 2,741,096   | 4,515,869   |
| <b>Administrative expenses</b>                |          | (5,542,449) | (5,878,740) |
| <b>Other operating income</b>                 |          | 3,016,754   | 1,424,111   |
| <b>Operating profit</b>                       | <b>4</b> | 215,401     | 61,240      |
| <b>Interest receivable and similar income</b> | <b>7</b> | 1           | 243         |
| <b>Profit before taxation</b>                 |          | 215,402     | 61,483      |
| <b>Tax on profit</b>                          | <b>8</b> | -           | -           |
| <b>Profit for the financial year</b>          |          | 215,402     | 61,483      |

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



# THE KILMARNOCK FOOTBALL CLUB LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

**FOR THE YEAR ENDED 30 MAY 2021**

|   | 2021<br>£      | 2020<br>£     |
|---|----------------|---------------|
| Profit for the year                     | 215,402        | 61,483        |
| Other comprehensive income              | -              | -             |
| Total comprehensive income for the year | <u>215,402</u> | <u>61,483</u> |

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## BALANCE SHEET

AS AT 30 MAY 2021

|  | Notes | 2021<br>£          | £ | 2020<br>£           | £ |
|--|-------|--------------------|---|---------------------|---|
| <b>Fixed assets</b>  |       |                    |   |                     |   |
| Intangible assets  | 9     | -                  | - | 9,389               |   |
| Tangible assets  | 10    | 10,892,169         |   | 11,211,695          |   |
| Investments  | 11    | 20,000             |   | 20,000              |   |
|  |       | <u>10,912,169</u>  |   | <u>11,241,084</u>   |   |
| <b>Current assets</b>  |       |                    |   |                     |   |
| Stocks   | 12    | 101,463            |   | 24,345              |   |
| Debtors  | 13    | 1,526,234          |   | 605,042             |   |
| Cash at bank and in hand                                       |       | 556,087            |   | 490,814             |   |
|  |       | <u>2,183,784</u>   |   | <u>1,120,201</u>    |   |
| <b>Creditors: amounts falling due within one year</b>          | 14    | <u>(1,054,147)</u> |   | <u>(1,331,426)</u>  |   |
| <b>Net current assets/(liabilities)</b>                        |       | <u>1,129,637</u>   |   | <u>(211,225)</u>    |   |
| <b>Total assets less current liabilities</b>                   |       | <u>12,041,806</u>  |   | <u>11,029,859</u>   |   |
| <b>Creditors: amounts falling due after more than one year</b> | 15    | <u>(1,105,570)</u> |   | <u>(500,000)</u>    |   |
| <b>Government grants</b>                                       | 17    | <u>(1,128,043)</u> |   | <u>(1,184,911)</u>  |   |
| <b>Net assets</b>  |       | <u>9,808,193</u>   |   | <u>9,344,948</u>    |   |
| <b>Capital and reserves</b>                                    |       |                    |   |                     |   |
| Called up share capital  | 19    | 6,073,007          |   | 5,825,164           |   |
| Share premium account  | 20    | 6,593,734          |   | 6,593,734           |   |
| Revaluation reserve  | 21    | 6,433,219          |   | 6,512,019           |   |
| Other reserves   | 22    | 421,603            |   | 421,603             |   |
| Profit and loss reserves                                       | 23    | <u>(9,713,370)</u> |   | <u>(10,007,572)</u> |   |
| <b>Total equity</b>  |       | <u>9,808,193</u>   |   | <u>9,344,948</u>    |   |

The financial statements were approved by the board of directors and authorised for issue on 22 February 2022 and are signed on its behalf by:

*Billy Bowie*

Mr W Bowie  
Director

Company Registration No. SC006219

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 MAY 2021

|  | Notes | Share capital<br>£ | Share premium<br>account<br>£ | Revaluation<br>reserve<br>£ | Other<br>reserves<br>£ | Profit and<br>loss<br>reserves<br>£ | Total<br>£ |
|--|-------|--------------------|-------------------------------|-----------------------------|------------------------|-------------------------------------|------------|
| <b>Balance at 31 May 2019</b>                      |       | 5,676,853          | 6,593,734                     | 6,590,819                   | 421,603                | (10,147,855)                        | 9,135,154  |
| <b>Year ended 30 May 2020:</b>                     |       |                    |                               |                             |                        |                                     |            |
| Profit and total comprehensive income for the year |       | -                  | -                             | -                           | -                      | 61,483                              | 61,483     |
| Issue of share capital                             | 19    | 148,311            | -                             | -                           | -                      | -                                   | 148,311    |
| Transfers  |       | -                  | -                             | (78,800)                    | -                      | 78,800                              | -          |
| <b>Balance at 30 May 2020</b>                      |       | 5,825,164          | 6,593,734                     | 6,512,019                   | 421,603                | (10,007,572)                        | 9,344,948  |
| <b>Year ended 30 May 2021:</b>                     |       |                    |                               |                             |                        |                                     |            |
| Profit and total comprehensive income for the year |       | -                  | -                             | -                           | -                      | 215,402                             | 215,402    |
| Issue of share capital                             | 19    | 247,843            | -                             | -                           | -                      | -                                   | 247,843    |
| Transfers  |       | -                  | -                             | (78,800)                    | -                      | 78,800                              | -          |
| <b>Balance at 30 May 2021</b>                      |       | 6,073,007          | 6,593,734                     | 6,433,219                   | 421,603                | (9,713,370)                         | 9,808,193  |

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 MAY 2021

|   | Notes | 2021<br>£ | £              | 2020<br>£   | £              |
|---|-------|-----------|----------------|-------------|----------------|
| <b>Cash flows from operating activities</b>                 |       |           |                |             |                |
| Cash (absorbed by)/generated from operations                | 27    |           | (1,274,414)    |             | 493,148        |
| <b>Investing activities</b>                                 |       |           |                |             |                |
| Purchase of intangible assets                               |       | -         |                | (13,000)    |                |
| Purchase of tangible fixed assets                           |       | (118,827) |                | (1,296,407) |                |
| Proceeds on disposal of tangible fixed assets               |       | 10,670    |                | 2,400       |                |
| Interest received   |       | 1         |                | 243         |                |
| <b>Net cash used in investing activities</b>                |       |           | (108,156)      |             | (1,306,764)    |
| <b>Financing activities</b>                                 |       |           |                |             |                |
| Proceeds from issue of shares                               |       | 247,843   |                | 148,311     |                |
| SPFL loan advance   |       | 1,200,000 |                | -           |                |
| <b>Net cash generated from financing activities</b>         |       |           | 1,447,843      |             | 148,311        |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       |           | 65,273         |             | (665,305)      |
| Cash and cash equivalents at beginning of year              |       |           | 490,814        |             | 1,156,119      |
| <b>Cash and cash equivalents at end of year</b>             |       |           | <u>556,087</u> |             | <u>490,814</u> |

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 MAY 2021**

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### **1 Accounting policies**

#### **Company Information**

The Kilmarnock Football Club Limited is a private company limited by shares incorporated in Scotland. The registered office is Rugby Park, Rugby Road, Kilmarnock, East Ayrshire, KA1 2DP.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

The directors are obliged to prepare statutory financial statements on a going concern basis unless it is inappropriate to assume that the company will continue in business. The board assess the going concern position of the club through a budgetary and forecasting process to outline expected liquidity and cashflow. This review must look at the 12 months following the approval and signing of the financial statements.

The club are happy that sufficient funding has been secured to ensure the viability of the club through to April 2023. We are forecasting challenging cashflow through to April 2023 based on worst case scenarios, concerns, and assumptions.

The current available resources should be adequate for that period however there will continue to be tight restrictions on costs whilst trying to provide the basis for success on the pitch.

On this basis the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Gate and other match day revenues are recognised over the period of the football season as matches are played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. Broadcasting revenues are recognised over the period of the football season.

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 MAY 2021

### 1 Accounting policies

(Continued)

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.5 Intangible fixed assets other than goodwill

Intangible assets relate to the acquisition of player registrations and are recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Players' registrations

Over the term of the contract

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                                  |                       |
|----------------------------------|-----------------------|
| Stadium bar & leisure facilities | 2% - 4% straight line |
| Stadium                          | 2% - 4% straight line |
| Plant and equipment              | 20% straight line     |
| Fixtures and fittings            | 20% straight line     |
| Motor vehicles                   | 25% straight line     |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 MAY 2021

### 1 Accounting policies

(Continued)

#### 1.8 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.11 Financial Instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2021

### 1 Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.



# THE KILMARNOCK FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 MAY 2021

### 1 Accounting policies

(Continued)

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

### 1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

### 1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2021

### 1 Accounting policies

(Continued)

#### **Deferred tax**

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.14 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.15 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### **1.16 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### **1.17 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

The application of FRS 102 section 11.13 requires that loans at non-market rates are recognised initially at 'present value of the future payments discounted at a market rate of interest for a similar debt instrument'.

Amounts totalling £1.2m were received in the year from The Scottish Ministers as part of the SPFL support fund on an interest free basis repayable over a period of 20 years. This loan is considered to be below market value with the difference between the fair value and the book value recorded as grant income.

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2021

### 1 Accounting policies

(Continued)

#### 1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

A detailed analysis of income from principal activities is disclosed within the Strategic Report

|  | 2021      | 2020      |
|--|-----------|-----------|
|  | £         | £         |
| Turnover analysed by class of business |           |           |
| Football and related activities        | 3,002,303 | 4,841,437 |

|   | 2021    | 2020      |
|---|---------|-----------|
|   | £       | £         |
| Other significant revenue                   |         |           |
| Interest income                             | 1       | 243       |
| Donations                                   | 780,779 | 162,681   |
| Gain on sale of intangibles - transfer fees | 393,194 | 1,204,562 |
| Business interruption claim                 | 970,000 | -         |
| Grants received                             | 781,790 | 56,868    |
| Other income                                | 90,991  | -         |

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2021

### 4 Operating profit

|   | 2021      | 2020     |
|---|-----------|----------|
|   | £         | £        |
| Operating profit for the year is stated after charging/(crediting):                       |           |          |
| Government grants   | (781,790) | (56,868) |
| Fees payable to the company's auditor for the audit of the company's financial statements | 8,700     | 7,800    |
| Depreciation of owned tangible fixed assets   | 432,395   | 428,811  |
| (Profit)/loss on disposal of tangible fixed assets  | (4,712)   | 2,086    |
| Amortisation of intangible assets   | 9,389     | 3,611    |
| Operating lease charges   | 28,260    | 25,827   |

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

|                                     | 2021<br>Number | 2020<br>Number |
|-------------------------------------|----------------|----------------|
| Players & football administration   | 62             | 78             |
| Administration                      | 1              | 6              |
| Retail, commercial & fitness centre | 21             | 14             |
| Total                               | 84             | 98             |

Their aggregate remuneration comprised:

|                       | 2021<br>£ | 2020<br>£ |
|-----------------------|-----------|-----------|
| Wages and salaries    | 2,601,489 | 2,769,221 |
| Social security costs | 290,884   | 332,764   |
| Pension costs         | 43,448    | 40,198    |
|                       | 2,935,821 | 3,142,183 |

### 6 Directors' remuneration

No remuneration was paid to the directors.

The directors are considered to be the key management personnel.

### 7 Interest receivable and similar income

|                           | 2021<br>£ | 2020<br>£ |
|---------------------------|-----------|-----------|
| Interest income           |           |           |
| Interest on bank deposits | 1         | 243       |

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 MAY 2021

(Continued)

#### 7 Interest receivable and similar income

Investment income includes the following:

|  |   |     |
|--|---|-----|
| Interest on financial assets not measured at fair value through profit or loss | 1 | 243 |
|--|---|-----|

#### 8 Taxation

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

|  | 2021<br>£ | 2020<br>£ |
|--|-----------|-----------|
| Profit before taxation   | 215,402   | 61,483    |
| Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%) | 40,926    | 11,682    |
| Tax effect of income not taxable in determining taxable profit                                       | (101,433) | (18,698)  |
| Unutilised tax losses carried forward  | 31,028    | 153,176   |
| Permanent capital allowances in excess of depreciation   | 29,479    | (146,160) |
| Taxation charge for the year   | -         | -         |

The Deferred tax asset in relation to trading losses has not been recognised in the financial statements. Although the company may make sufficient taxable profits in the future to absorb the losses this is anticipated to take a long number of years.

No provision for deferred tax in respect of property revaluations has been made. There is no intention to sell the property and capital losses being carried forward exceed any future capital gain.

#### 9 Intangible fixed assets

|                                    | Players' registrations<br>£ |
|------------------------------------|-----------------------------|
| <b>Cost</b>                        |                             |
| At 31 May 2020 and 30 May 2021     | 13,000                      |
| <b>Amortisation and Impairment</b> |                             |
| At 31 May 2020                     | 3,611                       |
| Amortisation charged for the year  | 9,389                       |
| At 30 May 2021                     | 13,000                      |
| <b>Carrying amount</b>             |                             |
| At 30 May 2021                     | -                           |
| At 30 May 2020                     | 9,389                       |

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 MAY 2021

#### 10 Tangible fixed assets

|                                    | Stadium bar & leisure facilities | Stadium    | Plant and equipment | Fixtures and fittings | Motor vehicles | Total       |
|------------------------------------|----------------------------------|------------|---------------------|-----------------------|----------------|-------------|
|                                    | £                                | £          | £                   | £                     | £              | £           |
| <b>Cost or valuation</b>           |                                  |            |                     |                       |                |             |
| At 31 May 2020                     | 589,589                          | 10,836,898 | 707,697             | 1,556,166             | 23,775         | 13,714,125  |
| Additions                          | -                                | 94,161     | -                   | 24,666                | -              | 118,827     |
| Disposals                          | -                                | -          | (5,075)             | (1,246,257)           | (12,000)       | (1,263,332) |
| At 30 May 2021                     | 589,589                          | 10,931,059 | 702,622             | 334,575               | 11,775         | 12,569,620  |
| <b>Depreciation and impairment</b> |                                  |            |                     |                       |                |             |
| At 31 May 2020                     | 219,078                          | 465,004    | 477,665             | 1,328,300             | 12,383         | 2,502,430   |
| Depreciation charged in the year   | 12,092                           | 273,132    | 74,887              | 67,877                | 4,407          | 432,395     |
| Eliminated in respect of disposals | -                                | -          | (5,075)             | (1,244,586)           | (7,713)        | (1,257,374) |
| At 30 May 2021                     | 231,170                          | 738,136    | 547,477             | 151,591               | 9,077          | 1,677,451   |
| <b>Carrying amount</b>             |                                  |            |                     |                       |                |             |
| At 30 May 2021                     | 358,419                          | 10,192,923 | 155,145             | 182,984               | 2,698          | 10,892,169  |
| At 30 May 2020                     | 370,511                          | 10,371,894 | 230,032             | 227,866               | 11,392         | 11,211,695  |

The stadium at Rugby Park, Kilmarnock was subject to a full revaluation on 23 February 2018 by Graham & Sibbald, Chartered Surveyors, an independent firm, on a depreciated replacement cost basis in accordance with the RICS Appraisal & Valuation Standard and FRS102 relating to specialised properties, at £9.55 million. The directors are satisfied that this valuation together with subsequent expenditure £1,381,059, represents the fair value at 30 May 2021.

Previous valuations of the stadium are as follows -

|                   |             |
|-------------------|-------------|
| Valuation in 2012 | £11,300,000 |
| Valuation in 2014 | £11,400,000 |
| Valuation in 2018 | £ 9,550,000 |

The revaluation surplus is disclosed in note 21.

The following assets are carried at valuation. If the assets were measured using the cost model, the carrying amounts would be as follows:

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2021

### 10 Tangible fixed assets

(Continued)

|                          | <b>Stadium</b>   |                  |
|--------------------------|------------------|------------------|
|                          | <b>2021</b>      | <b>2020</b>      |
|                          | <b>£</b>         | <b>£</b>         |
| Cost                     | 5,863,534        | 5,863,534        |
| Accumulated depreciation | (3,252,865)      | (3,252,865)      |
| Carrying value           | <u>2,610,669</u> | <u>2,610,669</u> |

### 11 Fixed asset investments

|                      | <b>2021</b>   | <b>2020</b>   |
|----------------------|---------------|---------------|
|                      | <b>£</b>      | <b>£</b>      |
| Unlisted investments | <u>20,000</u> | <u>20,000</u> |

### 12 Stocks

|                               | <b>2021</b>    | <b>2020</b>   |
|-------------------------------|----------------|---------------|
|                               | <b>£</b>       | <b>£</b>      |
| Raw materials and consumables | <u>101,463</u> | <u>24,345</u> |

### 13 Debtors

|                                      | <b>2021</b>      | <b>2020</b>    |
|--------------------------------------|------------------|----------------|
|                                      | <b>£</b>         | <b>£</b>       |
| Amounts falling due within one year: |                  |                |
| Trade debtors                        | 210,690          | 111,767        |
| Other debtors                        | 76,565           | 501            |
| Prepayments and accrued income       | <u>1,238,979</u> | <u>492,774</u> |
|                                      | <u>1,526,234</u> | <u>605,042</u> |

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2021

### 14 Creditors: amounts falling due within one year

|                                    | Notes | 2021<br>£        | 2020<br>£        |
|------------------------------------|-------|------------------|------------------|
| Trade creditors                    |       | 280,315          | 133,142          |
| Amounts owed to group undertakings |       | 500,000          | 297,389          |
| Taxation and social security       |       | 118,617          | 668,484          |
| Deferred income                    | 17    | 56,816           | 119,795          |
| Other creditors                    |       | 31,736           | 19,035           |
| Accruals and deferred income       |       | 66,663           | 93,581           |
|                                    |       | <u>1,054,147</u> | <u>1,331,426</u> |

### 15 Creditors: amounts falling due after more than one year

|   | Notes | 2021<br>£        | 2020<br>£      |
|---|-------|------------------|----------------|
| SPFL Scottish Government funding facility | 16    | 723,009          | -              |
| Amounts owed to group undertakings        |       | 142,961          | 500,000        |
| Other creditors                           |       | 239,600          | -              |
|   |       | <u>1,105,570</u> | <u>500,000</u> |

The amount drawn down under the SPFL Scottish government funding Facility was £1,200,000 at the year end date. Under FRS102 and as a result of the interest free terms we must discount the liability to £723,009 for the purposes of disclosure in the accounts. The club is still required to settle the entire liability of £1,200,000. The repayments will be split between capital and notional interest.

The effect of discounting using the effective interest rate method resulted in £476,991 being transferred to the profit and loss account and is shown under government grants.

### 16 Loans and overdrafts

|   | 2021<br>£      | 2020<br>£ |
|---|----------------|-----------|
| SPFL Scottish Government funding facility | <u>723,009</u> | <u>-</u>  |
| Payable after one year                    | <u>723,009</u> | <u>-</u>  |



# THE KILMARNOCK FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2021

### 17 Deferred income

|   | 2021<br>£        | 2020<br>£        |
|---|------------------|------------------|
| Arising from government grants                                      | 1,128,043        | 1,184,911        |
| Other deferred income   | 56,816           | 119,795          |
|   | <u>1,184,859</u> | <u>1,304,706</u> |
| Deferred income is included in the financial statements as follows: |                  |                  |
| Current liabilities   | 56,816           | 119,795          |
| Shown as deferred income on the face of the balance sheet           | 1,128,043        | 1,184,911        |
|   | <u>1,184,859</u> | <u>1,304,706</u> |

A government grant was received to support the re-development of the stadium. This is being released in line with the depreciation being charged on the stadium at a rate of 2% per annum. £56,868 was released and is recognised as government grant income in the period.

### 18 Retirement benefit schemes

|   | 2021<br>£ | 2020<br>£ |
|---|-----------|-----------|
| Defined contribution schemes  |           |           |
| Charge to profit or loss in respect of defined contribution schemes | 43,448    | 40,198    |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 19 Share capital

|  | 2021<br>Number | 2020<br>Number | 2021<br>£ | 2020<br>£ |
|--|----------------|----------------|-----------|-----------|
| Ordinary share capital<br>Issued and fully paid<br>Ordinary of £1 each | 6,073,007      | 5,825,164      | 6,073,007 | 5,825,164 |

### 20 Share premium account

|                                      | 2021<br>£ | 2020<br>£ |
|--------------------------------------|-----------|-----------|
| At the beginning and end of the year | 6,593,734 | 6,593,734 |

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 MAY 2021

### 21 Revaluation reserve

|                               | 2021<br>£        | 2020<br>£        |
|-------------------------------|------------------|------------------|
| At the beginning of the year  | 6,512,019        | 6,590,819        |
| Transfer to retained earnings | (78,800)         | (78,800)         |
| At the end of the year        | <u>6,433,219</u> | <u>6,512,019</u> |

### 22 Other reserves

|                                    | £              |
|------------------------------------|----------------|
| At the beginning of the prior year | 421,603        |
| At the end of the prior year       | <u>421,603</u> |
| At the end of the current year     | <u>421,603</u> |

### 23 Profit and loss reserves

|                                   | 2021<br>£          | 2020<br>£           |
|-----------------------------------|--------------------|---------------------|
| At the beginning of the year      | (10,007,572)       | (10,147,855)        |
| Profit for the year               | 215,402            | 61,483              |
| Transfer from revaluation reserve | 78,800             | 78,800              |
| At the end of the year            | <u>(9,713,370)</u> | <u>(10,007,572)</u> |

### 24 Related party disclosures

The related party transactions in the year are disclosed as follows: -

William Bowie is a director and shareholder of Billy Bowie Special Projects Limited (BBSP). During the year the company made purchases to the value of £25,690 (2020 - £115,982) and sales to the value of £50,746 (2020 - £50,909). At the year end the company's trade creditors included £101,934 (2020 - £157,070) and trade debtors included £54,738 due from BBSP (2020 - £54,323).

During the year BBSP advanced funds of £150,000 to assist with cashflow during Covid restrictions, and £150,000 of loan funding was subsequently converted to equity. The balance outstanding to BBSP at the year-end amounted to £642,960 (2020 - £640,319). Refer to Note 25 "Events after the balance sheet date" The balance is interest free and there are no fixed terms for repayment.

During the year Phyllis McLeish loaned funds to the club to the extent of £260,000 to assist with cashflow. There was a balance due at the year end of £239,600 (2020 - £nil). This loan is interest free and there are no fixed terms for repayment.

# THE KILMARNOCK FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 MAY 2021

#### 25 Events after the balance sheet date

A further £628,000 was drawn down post year-end under the SPFL Scottish Government funding facility.

Following the year end £500,000 of the debt due to Billy Bowie Special Projects Limited was converted in to ordinary shares at par in a debt for equity swap.

#### 26 Ultimate controlling party

By virtue of his shareholding in Bowie Ventures Limited, Mr W. Bowie is the ultimate controlling party.

#### 27 Cash (absorbed by)/generated from operations

|  | 2021<br>£          | 2020<br>£      |
|--|--------------------|----------------|
| Profit for the year after tax                        | 215,402            | 61,483         |
| <b>Adjustments for:</b>                              |                    |                |
| Investment income                                    | (1)                | (243)          |
| (Gain)/loss on disposal of tangible fixed assets     | (4,712)            | 2,086          |
| Amortisation and impairment of intangible assets     | 9,389              | 3,611          |
| Depreciation and impairment of tangible fixed assets | 432,395            | 428,817        |
| Effective interest rate adjustment                   | (476,991)          | -              |
| Decrease in deferred income                          | (56,868)           | (56,868)       |
| <b>Movements in working capital:</b>                 |                    |                |
| Increase in stocks                                   | (77,118)           | (23,345)       |
| (Increase)/decrease in debtors                       | (921,192)          | 196,733        |
| Decrease in creditors                                | (394,718)          | (119,126)      |
| <b>Cash (absorbed by)/generated from operations</b>  | <b>(1,274,414)</b> | <b>493,148</b> |

#### 28 Analysis of changes in net funds/(debt)

|                                 | 31 May 2020<br>£ | Cash flows<br>£  | 30 May 2021<br>£ |
|---------------------------------|------------------|------------------|------------------|
| Cash at bank and in hand        | 490,814          | 65,273           | 556,087          |
| Borrowings excluding overdrafts | -                | (723,009)        | (723,009)        |
|                                 | <u>490,814</u>   | <u>(657,736)</u> | <u>(166,922)</u> |