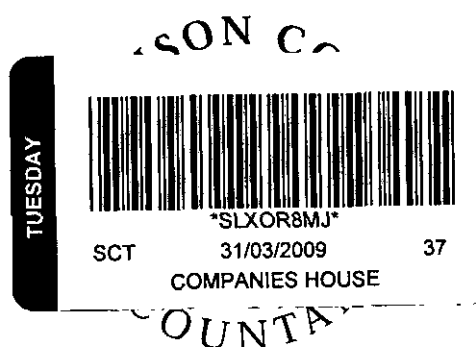


Company Registration No. SC11580 (Scotland)

**DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2008**



# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## COMPANY INFORMATION

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### Directors

J W Yorkston  
G G Masterton CBE  
F M McConnell  
W Hodgins  
E G Smyth  
R Shearer  
J Leishman MBE  
R Weymes (Appointed 27 June 2007)  
W Macintosh (Appointed 10 July 2008)  
K Masterton (Appointed 6 October 2008)  
I Jones (Appointed 6 October 2008)  
S Curtis (Appointed 10 November 2008)  
G McDougall (Appointed 10 November 2008)  
C McWhirter (Appointed 6 October 2008)

### Secretary

W Hodgins

### Company number

SC11580

### Registered office

East End Park, Halbeath Road  
Dunfermline  
Fife  
KY12 7RB

### Auditors

Thomson Cooper  
3 Castle Court  
Carnegie Campus  
Dunfermline  
Fife  
KY11 8PB

### Business address

East End Park, Halbeath Road  
Dunfermline  
Fife  
KY12 7RB

### Bankers

Bank of Scotland  
1 Bothwell Street  
Dunfermline  
Fife  
KY11 3AG

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

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# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 MAY 2008

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This season has been one of realigning expenditure with the revenues available to Clubs in the First Division. The loss to May 2008 therefore will come as no surprise as losses incurred by other relegated Clubs are well documented, as there is a severe reduction in sponsorship and gate receipts. We also had during the same period, the added cost of replacing our First Team coaching staff.

The important aspect of last season is that we have now completed the re-engineering of our cost base to a level that can be supported within the First Division and at the same time provide us with a First Team who have the ability to gain promotion back to the Scottish Premier League.

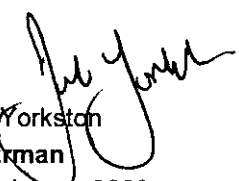
Off the field, the Club has replaced its bank indebtedness with loans from Group companies and this will also assist us in our future quest for promotion.

Our commitment to youth football remains as strong as ever and we have not reduced our program despite the financial constraints of the First Division and we look forward to a number of exciting players graduating from the Under 19's to the First Team in the very near future.

The Board are delighted that seven directors have joined the Board since the end of the year. Each director brings new skills and experience which will prove to be a great benefit to the Club as we move forward.

The Board are extremely grateful to all of our supporters for their loyal commitment and to all the staff for their enormous contribution during a difficult time. We are also equally grateful to all of our sponsors, friends and other stakeholders who have remained solidly behind the Club.

We look forward to the future with optimism and to our one objective of bringing Premier League football back to East End Park.



J W Yorkston  
Chairman  
23 February 2009

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2008

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The directors present their report and financial statements for the year ended 31 May 2008.

### Principal activities

The principal activity of the company continued to be the promotion and practice of football, and other related commercial activities.

### Results and dividends

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

The loss for the year after taxation amounted to £2,352,910 (2007 : Profit £319,432). The directors are unable to recommend the payment of a dividend.

### Directors

The following directors have held office since 1 June 2007:

J W Yorkston

G G Masterton CBE

F M McConnell

W Hodgins

E G Smyth

R Shearer

J Leishman MBE

R Weymes

(Appointed 27 June 2007)

W Macintosh

(Appointed 10 July 2008)

K Masterton

(Appointed 6 October 2008)

I Jones

(Appointed 6 October 2008)

S Curtis

(Appointed 10 November 2008)

G McDougall

(Appointed 10 November 2008)

C McWhirter

(Appointed 6 October 2008)

### Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

### Auditors

In accordance with the Company's Articles, a resolution proposing that Thomson Cooper be reappointed as auditors of the company will be put at the Annual General Meeting.

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2008

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### Directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

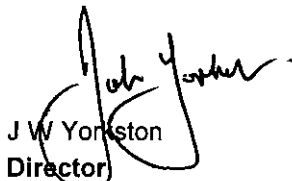
The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors 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 auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



J W Yorkston  
Director

23 February 2009

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

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We have audited the financial statements of Dunfermline Athletic Football Club Limited on pages 6 to 15 for the year ended 31 May 2008. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the directors and auditors**

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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

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

#### **Basis of audit opinion**

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

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

Q

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE SHAREHOLDERS OF DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

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#### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 May 2008 and of its loss for the year then ended;
- the information given in the directors' report and the chairman's report is consistent with the financial statements; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

#### Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in the financial statements concerning the trading performance of the company and the need for financial support of other group companies. During the year, the group, of which Dunfermline Athletic Football Club Limited is a member, completed a financial restructuring process, the details of which are included in Note 1.9 to these financial statements. The financial statements have been prepared on a going concern basis, the validity of which depends on the continuation of group company support. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.



Thomson Cooper  
Registered Auditor  
3 Castle Court  
Dunfermline  
Fife  
KY11 8PB

24 February 2009



# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2008

	Notes	2008 £	2007 £
Turnover	2	2,356,318	5,148,852
Cost of sales		(3,810,404)	(4,692,017)
Gross (loss)/profit		(1,454,086)	456,835
Other operating income		188,900	409,260
Exceptional item		-	904,360
		(1,265,186)	1,770,455
Administrative expenses		(680,890)	(1,004,003)
Operating (loss)/profit	3	(1,946,076)	766,452
Other interest receivable and similar income		18	185
Amounts written off investments		-	(100)
Interest payable and similar charges	5	(406,852)	(447,105)
(Loss)/profit on ordinary activities before taxation		(2,352,910)	319,432
Tax on (loss)/profit on ordinary activities	6	-	-
(Loss)/profit on ordinary activities after taxation	13	(2,352,910)	319,432

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

There are no recognised gains and losses other than those passing through the profit and loss account.


# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## BALANCE SHEET

AS AT 31 MAY 2008

	Notes	2008 £	£	2007 £	£
<b>Fixed assets</b>					
Tangible assets	7		1,845,155		2,186,947
<b>Current assets</b>					
Stocks	8	49,855		59,623	
Debtors	9	262,736		477,187	
Cash at bank and in hand		161,509		15,206	
		<u>474,100</u>		<u>552,016</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(1,185,043)</u>		<u>(5,035,881)</u>	
<b>Net current liabilities</b>			<u>(710,943)</u>		<u>(4,483,865)</u>
<b>Total assets less current liabilities</b>			1,134,212		(2,296,918)
<b>Creditors: amounts falling due after more than one year</b>	11		<u>(11,136,586)</u>		<u>(5,596,706)</u>
			<u>(10,002,374)</u>		<u>(7,893,624)</u>
<b>Capital and reserves</b>					
Called up share capital	12		329,295		310,801
Share premium account	13		4,347,925		4,122,259
Profit and loss account	13		<u>(14,679,594)</u>		<u>(12,326,684)</u>
<b>Shareholders' funds</b>	14		<u>(10,002,374)</u>		<u>(7,893,624)</u>

Approved by the Board and authorised for issue on 23 February 2009

  
G G Masterton CBE  
Director

  
J W Yorkston  
Director

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2008

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

#### 1.2 Turnover

Turnover represents the income arising from football for the year in respect of gate receipts, advertising boards, sponsorships and corporate hospitality and is stated exclusive of Value Added Tax.

#### 1.3 Tangible fixed assets and depreciation

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

Land and buildings Leasehold	2% Straight line
Plant and machinery	12.5 - 25% Reducing balance
Computer Equipment	25% Reducing balance
Motor Vehicles	25% Reducing balance

#### 1.4 Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

#### 1.5 Stock

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

#### 1.6 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

#### 1.7 Other Operating Income

The directors consider the other operating income should be presented before administrative expenses in order to reflect correctly the nature of the income which is directly related to the trading operation of the company. This treatment has no effect on the results presented in these financial statements.

#### 1.8 Transfer Fees

Transfer fees paid or received are charged or credited to the profit and loss account in the period in which they arise.

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2008

### 1 Accounting policies

(continued)

#### 1.9 Basis of Preparation

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends upon the trading performance of the company and the support of other group companies.

During the year a financial restructuring took place which resulted in the repayment of the company's bank loans and overdraft by way of loans from other group companies. The company has agreed facilities in place with the company's bankers and the directors are satisfied, based upon the cash flow and budget projections they have prepared, that the company can meet its obligations as they fall due for the foreseeable future.

### 2 Turnover

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

### 3 Operating (loss)/profit

	2008	2007
	£	£
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	84,806	84,907
Loss on disposal of tangible assets	16,717	-
Operating lease rentals	64,101	242,949
Auditors' remuneration	16,500	15,800
and after crediting:		
Rents receivable	21,623	70,076
Grants receivable	61,574	73,808

### 4 Investment income

	2008	2007
	£	£
Bank interest	18	185
	18	185

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2008

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5	Interest payable	2008 £	2007 £
	On bank loans and overdrafts	333,388	344,919
	Lease finance charges	20,133	23,250
	Other interest	53,331	78,936
		<hr/>	<hr/>
		406,852	447,105
		<hr/>	<hr/>

### 6 Taxation

No taxation liability arises on the results for the period. The company has losses available to carry forward estimated at £19,000,000 (2007: £17,000,000).

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2008

### 7 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Computer Equipment	Motor Vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 June 2007	1,963,891	663,627	31,477	46,315	2,705,310
Group transfers	(126,839)	(539,331)	(24,177)	-	(690,347)
Additions	15,144	4,704	3,500	-	23,348
At 31 May 2008	1,852,196	129,000	10,800	46,315	2,038,311
<b>Depreciation</b>					
At 1 June 2007	148,467	325,677	12,330	31,888	518,362
Group transfers	(65,128)	(334,221)	(10,663)	-	(410,012)
Charge for the year	37,798	38,779	4,622	3,607	84,806
At 31 May 2008	121,137	30,235	6,289	35,495	193,156
<b>Net book value</b>					
At 31 May 2008	1,731,059	98,765	4,511	10,820	1,845,155
At 31 May 2007	1,815,424	337,949	19,147	14,427	2,186,947

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Computer Equipment	Motor Vehicles	Total
	£	£	£	£
<b>Net book values</b>				
At 31 May 2008	-	-	-	-
At 31 May 2007	573,103	196,106	3,146	772,355
<b>Depreciation charge for the year</b>				
At 31 May 2008	-	-	-	-
At 31 May 2007	22,841	43,869	1,049	67,759

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MAY 2008Thomas M. Cooper

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2008

<b>11 Creditors: amounts falling due after more than one year</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Bank loans	-	1,840,000
Other loans	450,272	3,756,706
Amounts owed to group companies	10,686,314	-
	<u>11,136,586</u>	<u>5,596,706</u>
<b>Analysis of loans</b>		
Not wholly repayable within five years other than by instalments:		
Bank Loan	-	1,840,000
Other Loans	450,272	3,578,483
Amounts due to group companies	10,686,314	-
Wholly repayable within five years	-	178,223
	<u>11,136,586</u>	<u>5,596,706</u>
<b>Loan maturity analysis</b>		
In more than five years	<u>11,136,586</u>	<u>5,418,483</u>
<b>12 Share capital</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
500,000 Ordinary Shares of £1 each	<u>500,000</u>	<u>500,000</u>
<b>Allotted, called up and fully paid</b>		
329,295 Ordinary Shares of £1 each	<u>329,295</u>	<u>310,801</u>

During the year 18,494 Ordinary Shares of £1 each were issued at a price of between £10 and £20 per share, giving a total consideration of £244,160. The share issues were to provide additional working capital.



# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2008

### 13 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 June 2007	4,122,259	(12,326,684)
Loss for the year	-	(2,352,910)
Premium on shares issued during the year	225,666	-
Balance at 31 May 2008	<u>4,347,925</u>	<u>(14,679,594)</u>

### 14 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
(Loss)/Profit for the financial year	(2,352,910)	319,432
Proceeds from issue of shares	244,160	2,000
Net (depletion in)/addition to shareholders' funds	(2,108,750)	321,432
Opening shareholders' funds	(7,893,624)	(8,215,056)
Closing shareholders' funds	<u>(10,002,374)</u>	<u>(7,893,624)</u>

### 15 Financial commitments

At 31 May 2008 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 May 2009:

	Land and buildings	
	2008 £	2007 £
Operating leases which expire:		
In over five years	<u>60,000</u>	<u>310,000</u>

### 16 Directors' emoluments

	2008 £	2007 £
Emoluments for qualifying services	<u>55,339</u>	<u>65,446</u>

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2008

### 17 Employees

#### Number of employees

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

	2008 Number	2007 Number
Office and Management	12	15
Ground Staff and Players	69	79
Catering and Hospitality	8	14
	<u>89</u>	<u>108</u>

#### Employment costs

	2008 £	2007 £
Wages and salaries	2,583,439	3,033,434
Social security costs	289,874	305,126
	<u>2,873,313</u>	<u>3,338,560</u>

### 18 Control

The ultimate parent company is Charlestown Holdings Limited. G G Masterton, a director, owns 100% of the shares in Charlestown Holdings Limited.

### 19 Related party transactions

G G Masterton is the Chairman of Charlestown Developments Limited and Charlestown Holdings Limited. W Hodgins is a director of East End Park Limited.

Included in Amounts due to group companies (see Note 11 ) are the following amounts due to :

Charlestown Developments Limited - £1,651,695 (2007 :£820,600).  
Charlestown Holdings Limited - £3,216,358 (2007 :£1,340,773).  
East End Park Limited - £5,818,261 (2007 :£nil)

Included in other loans (see Note 11) are amounts due to the following directors:-

G Masterton - £nil (2007 :£20,360)  
J Yorkston - £107,500 (2007 :£7,500)  
R Weymes - £12,500 (2007 :£nil).

These loans have no fixed repayment terms and no interest is chargeable.

During the year assets were disposed of to East End Park Limited (see Note 7) for the sum of £263,619.