

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2010



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DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

COMPANY INFORMATION

Directors	J W Yorkston G G Masterton CBE F M McConnell W Hodgins R Shearer J Leishman MBE K Masterton I Jones S Curtis Christopher McBay (Appointed 18 May 2010) C McWhirter
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 2010

As a result of the continuing economic recession coupled with one of the harshest winters in decades, the Club along with the football industry in general has had a difficult season last year with reduced attendances and lower than expected commercial income.

Despite these challenges, the Club has been able to continue with investment in the First Team and the start to the 2010/11 season has been extremely positive.

In order to improve the focus on youth development, the Club has created a subsidiary company entirely devoted to youth football called Black and White (Dunfermline) Limited and all our efforts to encourage new players for the future will be channelled through this company.

Further investment has been undertaken recently at our Pitreavie training ground with the replacement of the artificial pitches which will not only be a huge asset to the community but also provide a revenue stream from the public use and will be available to both the First Team and all of our youth teams for training during the winter months.

Once again, we are enormously grateful to all of our supporters for their loyal commitment and to all of the Directors, staff, sponsors and friends who are working together to ensure success for Dunfermline Athletic both now and in the future.



J.W. Yorkston

Chairman

16 November 2010

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2010

The directors present their report and financial statements for the year ended 31 May 2010.

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 £1,051,753 (2009 : £773,790). The directors are unable to recommend the payment of a dividend.

Directors

The following directors have held office since 1 June 2009:

J W Yorkston

G G Masterton CBE

F M McConnell

W Hodgins

R Shearer

J Leishman MBE

R Weymes

(Resigned 13 July 2010)

W Macintosh

(Resigned 18 May 2010)

K Masterton

I Jones

S Curtis

Christopher McBay

(Appointed 18 May 2010)

C McWhirter

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 2010

Directors' responsibilities

The directors are responsible for preparing the Directors' 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

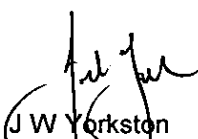
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

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 2006 relating to small companies.

On behalf of the board


J W Yorkston
Director

16 November 2010

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

We have audited the financial statements of Dunfermline Athletic Football Club Limited for the year ended 31 May 2010 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out in the Directors' Report on pages 2 to 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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

Opinion on financial statements

In our opinion:

- give a true and fair view of the state of the company's affairs as at 31 May 2010 and of its loss 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.

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 from other group companies. 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Chairman's Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

Matters on which we are required to report by exception

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.

Andrew Croxford (Senior Statutory Auditor)

for and on behalf of Thomson Cooper, Statutory Auditor

Accountants

3 Castle Court

Carnegie Campus

Dunfermline

Fife

KY11 8PB

16 November 2010

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2010

	Notes	2010 £	2009 £
Turnover	2	1,807,804	2,606,046
Cost of sales		(2,568,571)	(3,088,528)
Gross loss		(760,767)	(482,482)
Other operating income		187,138	204,658
		(573,629)	(277,824)
Administrative expenses		(524,929)	(517,900)
Operating loss	3	(1,098,558)	(795,724)
Other interest receivable and similar income		-	688
Interest payable and similar charges	5	(53,498)	(30,102)
Loss on ordinary activities before taxation		(1,152,056)	(825,138)
Tax on loss on ordinary activities	6	100,303	51,348
Loss on ordinary activities after taxation	13	(1,051,753)	(773,790)

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

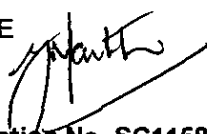
BALANCE SHEET

AS AT 31 MAY 2010

	Notes	2010 £	£	2009 £	£
Fixed assets					
Tangible assets	7		1,803,406		1,827,127
Current assets					
Stocks	8	52,519		66,554	
Debtors	9	205,659		222,389	
Cash at bank and in hand		86,448		141,399	
		<u>344,626</u>		<u>430,342</u>	
Creditors: amounts falling due within one year	10	<u>(930,046)</u>		<u>(1,300,605)</u>	
Net current liabilities			<u>(585,420)</u>		<u>(870,263)</u>
Total assets less current liabilities			1,217,986		956,864
Creditors: amounts falling due after more than one year	11		<u>(9,231,792)</u>		<u>(11,725,883)</u>
			<u>(8,013,806)</u>		<u>(10,769,019)</u>
Capital and reserves					
Called up share capital	12		710,262		329,738
Share premium account	13		7,781,069		4,354,627
Profit and loss account	13		<u>(16,505,137)</u>		<u>(15,453,384)</u>
Shareholders' funds	14		<u>(8,013,806)</u>		<u>(10,769,019)</u>

Approved by the Board and authorised for issue on 16 November 2010

G G Masterton CBE
Director



J W Yorkston
Director

Company Registration No. SC11580

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2010

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	1% 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 year in which they arise.

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2010

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.

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. The directors are also satisfied that the company will continue to receive the support of other group companies.

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	2010 £	2009 £
Operating loss is stated after charging:		
Depreciation of tangible assets	35,335	35,351
Operating lease rentals	3,763	6,418
Auditors' remuneration	14,750	16,500
and after crediting:		
Rents receivable	-	8,046
Grants receivable	79,160	56,140

4 Investment income	2010 £	2009 £
Bank interest	-	688
	-	688

5 Interest payable	2010 £	2009 £
On bank loans and overdrafts	-	4
Lease finance charges	14,708	9,048
Other interest	38,790	21,050
	53,498	30,102

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2010

6	Taxation	2010 £	2009 £
	Domestic current year tax		
	Receipt in respect of group relief	(100,303)	(51,348)
	Current tax charge	<u>(100,303)</u>	<u>(51,348)</u>

No taxation liability arises on the results for the year. The company has losses available to carry forward estimated at £21,000,000 (2009: £20,000,000).

7	Tangible fixed assets	Land and buildings Leasehold £	Plant and machinery £	Computer Equipment £	Motor Vehicles £	Total £
	Cost					
	At 1 June 2009	1,865,145	129,000	12,674	48,815	2,055,634
	Additions	-	-	11,614	-	11,614
	At 31 May 2010	<u>1,865,145</u>	<u>129,000</u>	<u>24,288</u>	<u>48,815</u>	<u>2,067,248</u>
	Depreciation					
	At 1 June 2009	139,710	42,581	7,756	38,460	228,507
	Charge for the year	18,651	10,802	3,293	2,589	35,335
	At 31 May 2010	<u>158,361</u>	<u>53,383</u>	<u>11,049</u>	<u>41,049</u>	<u>263,842</u>
	Net book value					
	At 31 May 2010	<u>1,706,784</u>	<u>75,617</u>	<u>13,239</u>	<u>7,766</u>	<u>1,803,406</u>
	At 31 May 2009	<u>1,725,435</u>	<u>86,419</u>	<u>4,918</u>	<u>10,355</u>	<u>1,827,127</u>

8	Stocks	2010 £	2009 £
	Finished goods and goods for resale	<u>52,519</u>	<u>66,554</u>

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2010

9 Debtors	2010 £	2009 £
Trade debtors	59,367	89,906
Other debtors	53,750	54,891
Prepayments and accrued income	92,542	77,592
	<u>205,659</u>	<u>222,389</u>
10 Creditors: amounts falling due within one year	2010 £	2009 £
Trade creditors	358,811	241,371
Taxes and social security costs	163,451	492,804
Other creditors	169,849	188,686
Accruals and deferred income	237,935	377,744
	<u>930,046</u>	<u>1,300,605</u>
11 Creditors: amounts falling due after more than one year	2010 £	2009 £
Other loans	1,004,054	803,891
Amounts owed to group companies	8,227,738	10,921,992
	<u>9,231,792</u>	<u>11,725,883</u>
Analysis of loans		
Not wholly repayable within five years other than by instalments:		
Other Loans	1,004,054	803,891
Amounts due to group companies	8,227,738	10,921,992
	<u>9,231,792</u>	<u>11,725,883</u>
Loan maturity analysis		
In more than five years	<u>9,231,792</u>	<u>11,725,883</u>

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2010

12 Share capital	2010 £	2009 £
Allotted, called up and fully paid		
710,262 Ordinary Shares of £1 each	710,262	329,738

During the year 380,524 Ordinary Shares of £1 each were issued at a price of between £10 and £20 per share, giving a total consideration of £3,806,966. The share issues were to provide additional working capital, and to convert certain group balances into shares.

13 Statement of movements on reserves	Share premium account £	Profit and loss account £
Balance at 1 June 2009	4,354,627	(15,453,384)
Loss for the year	-	(1,051,753)
Premium on shares issued during the year	3,426,442	-
Balance at 31 May 2010	7,781,069	(16,505,137)

14 Reconciliation of movements in shareholders' funds	2010 £	2009 £
Loss for the financial year	(1,051,753)	(773,790)
Proceeds from issue of shares	3,806,966	7,145
Net addition to/(depletion in) shareholders' funds	2,755,213	(766,645)
Opening shareholders' funds	(10,769,019)	(10,002,374)
Closing shareholders' funds	(8,013,806)	(10,769,019)

15 Financial commitments

At 31 May 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 May 2011:

	Land and buildings	
	2010 £	2009 £
Operating leases which expire: In over five years	72,000	60,000

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2010

16 Capital commitments	2010	2009
	£	£

At 31 May 2010 the company had capital commitments as follows:

Contracted for but not provided in the financial statements	110,000	-
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17 Directors' remuneration	2010	2009
	£	£

Remuneration for qualifying services	56,120	56,120
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18 Employees

Number of employees

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

	2010	2009
	Number	Number
Office and Management	7	10
Ground Staff and Players	54	55
Catering and Hospitality	14	9
	75	74

Employment costs	2010	2009
	£	£

Wages and salaries	1,626,399	2,042,714
Social security costs	158,449	196,066
	1,784,848	2,238,780

19 Control

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

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2010

20 Related party transactions

G G Masterton is the Chairman of Charlestown Holdings Limited and First Scottish Group Limited. W Hodgins is a director of East End Park Limited, Charlestown Holdings Limited and First Scottish Group Limited. J Yorkston is a director of Charlestown Holdings Limited and First Scottish Group Limited. K Masterton is a director of Charlestown Holdings Limited.

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

Charlestown Holdings Limited - £2,400,576 (2009 : £5,092,181)

East End Park Limited - £5,827,161 (2009 : £5,829,811)

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

J Yorkston - £305,776 (2009 : £174,476)

I Jones - £nil (2009 : £55,000)

C McWhirter - £45,918 (2009 : £70,000)

S Curtis - £141,219 (2009 : £55,000)

F McConnell - £58,726 (2009 : £48,726)

J Leishman - £17,323 (2009 : £nil)

R Shearer - £19,667 (2009 : £nil)

C McBay - £100,000 (2009 : £nil)

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

During the year payment for group relief was received of £100,303 (2009 : £51,348) which reflects tax losses surrendered to other group companies.