

COMPANY REGISTRATION NUMBER SC011580

Dunfermline Athletic Football Club Limited
Financial Statements
31st May 2014



CONDIE & CO
Chartered Accountants & Statutory Auditor
10 Abbey Park Place
Dunfermline
Fife
KY12 7NZ

Dunfermline Athletic Football Club Limited

Financial Statements

Year Ended 31st May 2014

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Dunfermline Athletic Football Club Limited

Officers and Professional Advisers

The Board of Directors

Mr R M Garmory
Mr I Hunter
Mr J Leishman
Mr C McBay
Miss E M Ross
Mr R McArthur
Mr W A Braisby

Registered Office

East End Park
Halbeath Road
Dunfermline
Fife
KY12 7RB

Auditor

Condie & Co
Chartered Accountants
& Statutory Auditor
10 Abbey Park Place
Dunfermline
Fife
KY12 7NZ

Bankers

Santander UK plc
2 Triton Square
Regent's Place
London
NW1 3AN

Dunfermline Athletic Football Club Limited

Chairman's Statement

Year Ended 31st May 2014

General

I am very pleased that the directors of Dunfermline Athletic Football Club Ltd are in a position to present the company's accounts for the year ended 31 May 2014. As has been well documented elsewhere, the year to 31 May 2014 was a traumatic one for the company. At the start of the year, the company was in administration and was preparing for football in League One, the third of the four senior leagues but also the league which included Rangers.

On 15 October 2013, Pars United CIC acquired 93.6% of the company's shares and on 13 December 2013 the company formally emerged from administration.

Football

Everyone associated with the club was disappointed that we did not manage to secure promotion last year, but I believe that we can look back at season 2013-14 as one in which we achieved a great deal and stabilised the club for the future.

In the close season we added to the strength and experience of our playing squad and as the younger players who served us so well last season develop and mature, I believe that we can look forward to season 2014-15 with confidence.

Finances and Trading

During the period of the administration, the continued operation of the football club was facilitated by significant injections of cash, in the form of donations and loans, from Pars United, the name adopted by the various groups who came together with the common aim of saving the club.

Following the acquisition of control by Pars United CIC, the company's entire business model has been transformed. Costs have been reduced, commercial revenue has been increased and new financial controls and disciplines have been introduced. A hugely significant contribution has been, and continues to be, made by the Centenary Club Lifeline. The 1885 Business Club is another venture which is making a valuable contribution to our finances.

Both the Profit and Loss Account for the year and the Balance Sheet as at the end of the year reflect a number of non-recurring items arising directly and indirectly out of the company's period in administration and the CVA. It follows that the accounts are not truly representative of a year of normal activity. The Board is only too aware of the financial losses which many of these non-recurring items represent for the company's former creditors. We believe, however, that we now have a balance sheet which reflects the opening position for our first full year of post-administration independence.

The club is, of course, only a short way along the road to recovery. If we are to progress in the way we would like, we need to ensure that our costs continue to be kept under control and that we do everything we reasonably can to enhance revenues. One way of doing the latter is to improve the matchday experience so as to encourage more supporters to come along to East End Park. Commercial success is vital if this club is to fulfil our ambitions.

Dunfermline Athletic Football Club Limited

Chairman's Statement *(continued)*

Year Ended 31st May 2014

Board Changes

I am delighted to welcome Billy Braisby on to the board. Billy has had a long association with the football club and his father was a director for several years. Billy's primary responsibilities will include hospitality, catering and events. Kip McBay has become the director most heavily involved with the players and management. He takes on that role from Craig McWhirter who stepped down from the board to allow himself to be devote more time to his other businesses. Craig continues to devote considerable time to representing the company on the establishment of the new Fife Elite Football Academy.

Appreciation

The survival of the company and its emergence from administration in a relatively sound financial condition is due to the hard work, commitment, sacrifices and generosity of a great many people.

The club's supporters (at home and overseas) rallied round in numbers. Sponsors, advertisers and suppliers, many of whom lost money when the company went into administration, continued, and in some cases increased, their commitments to the company.

I am particularly grateful to all of our staff for their commitment to, and their hard work on behalf of, the company during what was inevitably a period of great uncertainty for them.



Mr R M Garmory
Chairman

8th September 2014

Dunfermline Athletic Football Club Limited

Directors' Report

Year Ended 31st May 2014

The directors present their report and the financial statements of the company for the year ended 31st May 2014.

Principal Activities

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

Directors

The directors who served the company during the year were as follows:

Mr R M Garmory
Mr I Hunter
Mr J Leishman
Mr C McBay
Mr P C McWhirter
Miss E M Ross
Mr J W Yorkston
Mr G G Masterton
Miss K E Masterton
Mrs T S Martin
Mr R McArthur

Directors' Appointments

Mr R M Garmory on 10th September 2013
Mr I Hunter on 30th September 2013
Mr J Leishman on 30th September 2013
Mr C McBay on 30th September 2013
Mr P C McWhirter on 30th September 2013
Miss E M Ross on 30th September 2013
Mr R McArthur on 6th May 2014
Mr W A Braisby on 14th July 2014

Directors' Resignations

Mr J W Yorkston on 24th September 2013
Mr G G Masterton on 24th September 2013
Miss K E Masterton on 24th September 2013
Mrs T S Martin on 24th September 2013
Mr P C McWhirter on 19th May 2014

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 year.

Dunfermline Athletic Football Club Limited

Directors' Report *(continued)*

Year Ended 31st May 2014

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 Auditors

There are no directors on the board who were directors during the period 1 June 2013 to 9 September 2013. Therefore the directors are unable, due to the administration of the company, to confirm that there is no relevant audit information of which the company's auditors are unaware. In addition, the directors were unable to take 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.


Auditor

Condie & Co are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Small Company Provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Signed on behalf of the directors


Mr R M Garmory
Director

Approved by the directors on 8th September 2014

Dunfermline Athletic Football Club Limited

Independent Auditor's Report to the Shareholders of Dunfermline Athletic Football Club Limited

Year Ended 31st May 2014

We have audited the financial statements of Dunfermline Athletic Football Club Limited for the year ended 31st May 2014 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 to 5, the directors are responsible for the preparation of the Annual Report, financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for Disclaimer of Opinion on Financial Statements - Limitation of Scope

The audit evidence available to us was limited because there are no directors on the board who were directors during the period 1 June 2013 to 9 September 2013. The directors are therefore unable, due to the administration of the company, to provide us with sufficient appropriate audit evidence in certain areas and in some respects representations that we require as part of the audit process. This constitutes a limitation of scope on our audit work of such a material and pervasive nature that we are unable to express an opinion on the financial statements.

Qualified Opinion on Financial Statements

Because of the significance of the possible impact of the circumstances outlined in the Basis for Disclaimer of Opinion on financial statements paragraph, to the financial statements, we have not been able to obtain sufficient evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial statements.

Opinion on Other Matter Prescribed by the Companies Act 2006

Notwithstanding our disclaimer of opinion on the financial statements, in our opinion the information given in the 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 Auditor's Report to the Shareholders of Dunfermline Athletic Football Club Limited
(continued)

Year Ended 31st May 2014

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

10 Abbey Park Place
Dunfermline
Fife
KY12 7NZ

12th September 2014

George Primrose (Senior Statutory Auditor)
For and on behalf of
CONDIE & CO
Chartered Accountants
& Statutory Auditor

Dunfermline Athletic Football Club Limited

Profit and Loss Account

Year Ended 31st May 2014

	Note	2014 £	2013 £
Turnover		1,746,683	2,244,643
Cost of sales		1,578,323	2,029,843
Gross Profit		<u>168,360</u>	<u>214,800</u>
Administrative expenses		(215,967)	508,786
Other operating income	2	(145,991)	(253,860)
Operating Profit/(Loss)	3	530,318	(40,126)
Attributable to:			
Operating loss before exceptional items		(212,029)	(40,126)
Exceptional items	3	<u>742,347</u>	<u>-</u>
		530,318	(40,126)
Non operating exceptional items	5	9,630,577	-
Interest payable and similar charges		-	5,496
Profit/(Loss) on Ordinary Activities Before Taxation		<u>10,160,895</u>	<u>(45,622)</u>
Tax on profit/(loss) on ordinary activities		-	-
Profit/(Loss) for the Financial Year		<u>10,160,895</u>	<u>(45,622)</u>

The notes on pages 10 to 16 form part of these financial statements.

Dunfermline Athletic Football Club Limited


Balance Sheet

31st May 2014

		2014		2013 (restated)
	Note	£	£	£
Fixed Assets				
Tangible assets	7		1,505,596	1,808,364
Investments	8		-	1
			<u>1,505,596</u>	<u>1,808,365</u>
Current Assets				
Stocks		12,671		16,490
Debtors due within one year	9	40,939		186,836
Cash at bank and in hand		310,433		375,773
		364,043		579,099
Creditors: Amounts Falling due Within One Year	10	560,332		1,199,965
Net Current Liabilities			(196,289)	(620,866)
Total Assets Less Current Liabilities			1,309,307	1,187,499
Creditors: Amounts Falling due after More than One Year	11		-	10,039,087
			<u>1,309,307</u>	<u>(8,851,588)</u>
Capital and Reserves				
Called-up equity share capital	16		710,553	710,553
Share premium account	17		7,786,014	7,786,014
Profit and loss account	18		(7,187,260)	(17,348,155)
Shareholders' Funds/(Deficit)			<u>1,309,307</u>	<u>(8,851,588)</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These accounts were approved by the directors and authorised for issue on 8th September 2014, and are signed on their behalf by:


 Mr R M Garmory
 Director

Company Registration Number: SC011580

The notes on pages 10 to 16 form part of these financial statements.

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2014

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements have been prepared on a going concern basis, which assumes that the company will be able to continue in existence for the foreseeable future. The company incurred an operating loss before exceptional items of £212,029 during the year ended 31st May 2014 and at that date had net current liabilities of £196,289. The company currently has no bank borrowing facilities in place and operates from its bank current account with the support of its parent company to meet commitments as they fall due. The company is thus dependant on the continued support of its parent company. The directors are confident about this continued support and accordingly they consider it appropriate for the financial statements to be prepared on the going concern basis.

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.

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Land and Buildings Leasehold	- 3.33% straight line
Plant & Machinery	- 12.5% straight line
Motor Vehicles	- 33% straight line
Computer Equipment	- 25% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2014

1. Accounting Policies *(continued)*

Deferred Taxation

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non - discounted basis.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Investments

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

Transfer Fees

Costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. The directors consider that it is appropriate to write these costs off over the period of the players' initial contracts.

2. Other Operating Income

	2014 £	2013 £
Other operating income	<u>145,991</u>	<u>253,860</u>

3. Operating Profit/(Loss)

Operating profit/(loss) is stated after charging/(crediting):

	2014 £	2013 £
Depreciation of owned fixed assets	66,945	83,145
Loss on disposal of fixed assets	–	413
Auditor's fees	5,750	5,500
Exceptional items - liabilities written off following CVA	<u>(742,347)</u>	<u>–</u>

The exceptional items relate to trade liabilities written off following a Creditors Voluntary Arrangement (CVA) on 30 July 2013.

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2014

4. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2014	2013
	£	£
Aggregate remuneration	<u>2,000</u>	<u>27,721</u>

5. Non Operating Exceptional Items

Non operating exceptional items consist of the following:

Non-trade liabilities written off following a Creditors Voluntary Arrangement (CVA) on 30 July 2013 amounting to £10,032,698.

Loss on disposal of fixed assets totalling £100,536 following a review of the fixed asset register by directors.

Impairment of fixed assets amounting to £141,726 relating to the lease held at Pitreavie Playing Fields and Pavilion.

Amounts owed from Black & White (Dunfermline) Ltd. totalling £38,710 written off as irrecoverable.

A bad debt provision of £91,767 relating to amounts owed to the company from The Pars Trust.

A bad debt provision of £29,382 relating to amounts owed to the company from Charlestown Developments Limited.

6. Prior Year Adjustment

A prior year adjustment was required to reclassify other debtors included within long term creditors. The adjustment had the effect of increasing both other debtors and long term creditors by £122,875.

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2014

7. Tangible Fixed Assets

	Land and Buildings £	Plant & Machinery £	Motor Vehicles £	Equipment £	Total £
Cost					
At 1 June 2013	1,962,197	149,058	48,815	57,122	2,217,192
Additions	-	-	5,000	1,440	6,440
Disposals	(21,296)	(149,058)	(37,820)	(15,232)	(223,406)
At 31 May 2014	<u>1,940,901</u>	<u>-</u>	<u>15,995</u>	<u>43,330</u>	<u>2,000,226</u>
Depreciation					
At 1 June 2013	259,044	76,769	45,539	27,476	408,828
Charge for the year	59,574	-	1,393	5,978	66,945
On disposals	(1,617)	(76,769)	(35,104)	(9,379)	(122,869)
Transfers	141,726	-	-	-	141,726
At 31 May 2014	<u>458,727</u>	<u>-</u>	<u>11,828</u>	<u>24,075</u>	<u>494,630</u>
Net Book Value					
At 31 May 2014	<u>1,482,174</u>	<u>-</u>	<u>4,167</u>	<u>19,255</u>	<u>1,505,596</u>
At 31 May 2013	<u>1,703,153</u>	<u>72,289</u>	<u>3,276</u>	<u>29,646</u>	<u>1,808,364</u>

8. Investments

	Investment in Subsidiary £
Cost	
At 1st June 2013	1
Disposals	(1)
At 31st May 2014	<u>-</u>
Net Book Value	
At 31st May 2014	<u>-</u>
At 31st May 2013	<u>1</u>

The above investment disposal represented a shareholding of 1 Ordinary Share of £1 (100%) in Black & White (Dunfermline) Limited, a company registered in Scotland. The shareholding was transferred to Pars United Community Interest Company in November 2013 for a consideration of £1.

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2014

9. Debtors

	2014	2013 (restated)
	£	£
Trade debtors	18,894	28,313
Amounts owed by group undertakings	–	12,326
Other debtors	143,194	146,197
Bad debt provision against other debtors	(121,149)	–
	<u>40,939</u>	<u>186,836</u>

10. Creditors: Amounts Falling due Within One Year

	2014	2013
	£	£
Trade creditors	63,901	525,047
Amounts owed to group undertakings	244,709	–
Other creditors including taxation and social security:		
PAYE and social security	28,645	64,716
VAT	58,024	199,009
Other creditors	–	113,812
Accruals and deferred income	<u>165,053</u>	<u>297,381</u>
	<u>251,722</u>	<u>674,918</u>
	<u>560,332</u>	<u>1,199,965</u>

11. Creditors: Amounts Falling due after More than One Year

	2014	2013 (restated)
	£	£
Other creditors	–	<u>10,039,087</u>

12. Deferred Taxation

At 31st May 2014, the company has tax losses amounting to £20,819,457 which are available to utilise against future trading profits. These tax losses have not been recognised as a deferred tax asset on the grounds that there is insufficient evidence that the losses will be fully recovered in the foreseeable future.

13. Commitments under Operating Leases

At 31st May 2014 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2014	2013
	£	£
Operating leases which expire:		
After more than 5 years	<u>37,692</u>	<u>11,025</u>

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2014

14. Contingent Liabilities

A contingent liability exists in respect of a Notice of Calling up of a Standard Security served to the company on 3 December 2013 over the company's leasehold interests in Pitreavie Playing Fields. At this stage the outcome of this cannot yet be determined.

15. Related Party Transactions

The company was under the control of the Joint Administrators, Mr B A Jackson and Mr R W Barclay, both of BDO LLP, until 15 October 2013 when their shareholding (being 93.6% of the issued share capital of Dunfermline Athletic Football Club) was transferred to Pars United Community Interest Company. No individual party has a controlling interest in Pars United Community Interest Company.

At 31st May 2014, the company owed Pars United Community Interest Company £244,709 (2013 - £Nil).

During the year, the company paid youth development costs amounting to £58,395 (2013 - £Nil) to Black & White (Dunfermline) Limited, a company which is a 100% subsidiary of Pars United Community Interest Company. At 31st May 2014 the company was due £Nil (2013 - £12,326) from Black & White (Dunfermline) Ltd.

During the year, the company paid stadium maintenance and insurance amounting to £10,650 to Pars United (EEP) Ltd, a company in which Mr R M Garmory is a director. All transactions were under normal commercial terms. At 31st May 2014 the company was due £953 (2013 - £Nil) from Pars United (EEP) Ltd.

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Disclosures" from the need to disclose the other transactions with related parties that are deemed not material to either party.

16. Share Capital

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	<u>710,553</u>	<u>710,553</u>	<u>710,553</u>	<u>710,553</u>

17. Share Premium Account

There was no movement on the share premium account during the financial year.

18. Profit and Loss Account

	2014	2013
	£	£
Balance brought forward	(17,348,155)	(17,302,533)
Profit/(loss) for the financial year	<u>10,160,895</u>	<u>(45,622)</u>
Balance carried forward	<u>(7,187,260)</u>	<u>(17,348,155)</u>

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2014

19. Ultimate Controlling Party

The ultimate controlling party is Pars United Community Interest Company.