

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2001



DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

COMPANY INFORMATION

Directors

J W Yorkston
C R Woodrow
G G Masterton CBE
W M Rennie
A T Gillies
J Meiklem
F M McConnell
G A Thomson
W B Robertson

Secretary

E J Cromwell

Head Coach

J Calderwood

Company number

SCO 11580

Registered office

East End Park, Halbeath Road
Dunfermline
Fife
KY12 7RB

Auditors

Thomson Cooper & Co.
18 Viewfield Terrace
Dunfermline
Fife
KY12 7JU

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 2001

The year under review was one of mixed fortunes. Considerable progress was made on the playing side and the Manager, coaching staff and squad are to be congratulated on their achievements. However, there was obvious disappointment at our failure to achieve a top six position coupled with poor cup performances.

We have and are taking, a medium term view, and laying down solid foundations for the future. We have taken several strides forward.

We continue in our efforts to build strong links with our community and to create a family environment in the stadium where everyone can enjoy a pleasant, friendly and secure afternoon's entertainment. Progress has been made but much remains to be done.

The loss for the year under review reflects, in part, the strategy of the Board to invest over a two to three year period in the development of a quality stadium, a quality pool of players, a comprehensive youth development programme and a quality Management team. The loss, which was largely planned, reflects the transitional phase of the Club's development and whilst dissappointing it has to be recognised that the quality and potential value of the playing pool is substantially greater than it has been in past years. These values are not reflected in the Club's Balance Sheet.



J W Yorkston
Chairman

28 March 2002

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2001

The directors present their report and financial statements for the year ended 31 May 2001.

Principal activities and review of the business

The principal activity of the company continued to be that of the promotion and practice of football.

Turnover for the year amounted to £2,987,595 (2000 : £1,684,750). A review of the business is contained within the Chairman's Report on page 1.

Results and dividends

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

The loss for the year after taxation amounted to £3,025,577 (2000 : Loss £1,506,533). The directors are unable to recommend the payment of a dividend.

Directors

The following directors have held office since 1 June 2000:

J W Yorkston
C R Woodrow
G G Masterton CBE
W M Rennie
A T Gillies
J Meiklem
F M McConnell
G A Thomson
W B Robertson

Directors' interests

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

	Ordinary Shares of £ 1 each	
	31 May 2001	1 June 2000
C R Woodrow	50	50
G G Masterton CBE	4,300	4,300
W M Rennie	2,026	2,461
A T Gillies	75	75
J Meiklem	500	500
F M McConnell	2,000	2,000
G A Thomson	23,333	23,333
W B Robertson	4,000	4,000
J W Yorkston	4,000	4,000

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 section 385 of the Companies Act 1985, a resolution proposing that Thomson Cooper & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2001

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

On behalf of the board



J W Yorkston
Director

28 March 2002

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of the directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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.

Fundamental Uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the inherent uncertainty as to the continued support of the company's bankers and creditors. The company meets its day to day working capital requirements through its overdraft facility which, in common with all such facilities, is repayable on demand. The nature of the company's business is such that there can be considerable variation in the timing of the cash flows. Details of the circumstances relating to this inherent uncertainty are described in accounting policy 1.11. We consider that, in view of the matters referred to above and in accounting policy 1.11, there is a significant level of concern as to the appropriateness of the going concern basis. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Thomson Cooper & Co.

Registered Auditor

18 Viewfield Terrace

Dunfermline

Fife

KY12 7JU

28 March 2002

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2001

	Notes	2001 £	2000 £
Turnover	2	2,987,597	1,684,750
Cost of sales		(5,090,290)	(3,057,080)
Gross loss		(2,102,693)	(1,372,330)
Other operating income	3	262,643	461,456
		(1,840,050)	(910,874)
Administrative expenses		(467,126)	(347,063)
		(2,307,176)	(1,257,937)
Net transfer fees		(307,750)	7,744
Operating loss	4	(2,614,926)	(1,250,193)
Interest payable and similar charges	5	(410,651)	(256,340)
Loss on ordinary activities before taxation		(3,025,577)	(1,506,533)
Tax on loss on ordinary activities	6	-	-
Loss on ordinary activities after taxation	14	(3,025,577)	(1,506,533)

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 2001

	Notes	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	7		4,280,186		4,488,903
Current assets					
Stocks	8	47,955		5,757	
Debtors	9	334,597		283,263	
Cash at bank and in hand		2,049		2,635	
		<u>384,601</u>		<u>291,655</u>	
Creditors: amounts falling due within one year	10	<u>(2,488,747)</u>		<u>(4,044,432)</u>	
Net current liabilities			<u>(2,104,146)</u>		<u>(3,752,777)</u>
Total assets less current liabilities			2,176,040		736,126
Creditors: amounts falling due after more than one year	11		(8,088,906)		(3,556,084)
Accruals and deferred income	12		<u>(1,551,962)</u>		<u>(1,620,493)</u>
			<u>(7,464,828)</u>		<u>(4,440,451)</u>
Capital and reserves					
Called up share capital	13		85,642		85,582
Share premium account	14		1,346,033		1,344,893
Profit and loss account	14		<u>(8,896,503)</u>		<u>(5,870,926)</u>
Shareholders' funds - equity interests	15		<u>(7,464,828)</u>		<u>(4,440,451)</u>

The financial statements were approved by the Board on 28 March 2002

G G Masterton CBE
Director



J W Yorkston
Director



DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2001

	2001 £	2000 £
Net cash outflow from operating activities	(2,396,083)	(331,523)
Returns on investments and servicing of finance		
Interest paid	(410,651)	(256,340)
Net cash outflow for returns on investments and servicing of finance	(410,651)	(256,340)
Capital expenditure		
Payments to acquire tangible assets	(13,527)	(187,903)
Receipts from sales of tangible assets	-	(17,438)
Net cash outflow for capital expenditure	(13,527)	(205,341)
Net cash outflow before management of liquid resources and financing	(2,820,261)	(793,204)
Financing		
Issue of ordinary share capital	1,200	603,235
New long term bank loan	3,000,000	-
Other new long term loans	2,750,000	94,600
Other new short term loans	50,000	100,000
Government grant received	-	52,306
Repayment of long term bank loan	(833,333)	-
Repayment of other long term loans	(285,857)	(667,460)
Repayment of other short term loans	200,000	-
Capital element of hire purchase contracts	(97,988)	(44,495)
Net cash inflow from financing	4,784,022	138,186
Increase/(decrease) in cash in the year	1,963,761	(655,018)

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2001

1	Reconciliation of operating loss to net cash outflow from operating activities		2001	2000
			£	£
	Operating loss		(2,614,926)	(1,250,193)
	Depreciation of tangible assets		222,244	216,190
	Increase in stocks		(42,198)	(5,257)
	(Increase)/decrease in debtors		(51,334)	627,176
	Increase in creditors within one year		158,662	149,092
	Movement on grant provision		(68,531)	(68,531)
	Net cash outflow from operating activities		(2,396,083)	(331,523)

2	Analysis of net debt	1 June 2000	Cash flow	Other non-cash changes	31 May 2001
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	2,635	(586)	-	2,049
	Bank overdrafts	(3,085,610)	1,964,347	-	(1,121,263)
		(3,082,975)	1,963,761	-	(1,119,214)
	Debt:				
	Finance leases	(505,057)	97,988	-	(407,069)
	Debts falling due within one year	(100,000)	(250,000)	-	(350,000)
	Debts falling due after one year	(3,149,015)	(4,630,810)	-	(7,779,825)
		(3,754,072)	(4,782,822)	-	(8,536,894)
	Net debt	(6,837,047)	(2,819,061)	-	(9,656,108)

3	Reconciliation of net cash flow to movement in net debt	2001	2000
		£	£
	Increase/(decrease) in cash in the year	1,963,761	(655,018)
	Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(4,782,822)	563,654
	Change in net debt resulting from cash flows	(2,819,061)	(91,364)
	New finance lease	-	(46,299)
	Movement in net debt in the year	(2,819,061)	(137,663)
	Opening net debt	(6,837,047)	(6,699,384)
	Closing net debt	(9,656,108)	(6,837,047)

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

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 other than freehold land 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:

Leasehold Buildings	4% Straight line
Computer Equipment	25% Reducing balance
Motor Vehicles	25% Reducing balance

1.4 Leasing and hire purchase commitments

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 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.8 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.

1.9 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 accounts.

1.10 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 FOR THE YEAR ENDED 31 MAY 2001

1 Accounting policies

1.11 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 continued support of the company's bankers and creditors.

The directors have arranged deferred repayment terms for the company's bank loan and its other major creditors. The directors have also prepared cash flows and budgets which show that the company is able to meet its obligations as they fall due within the foreseeable future.

On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

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 Other operating income	2001 £	2000 £
Donations - Centenary Club	20,000	15,000
Loans written off	-	261,000
Other income	242,643	185,456
	<u>262,643</u>	<u>461,456</u>

4 Operating loss	2001 £	2000 £
Operating loss is stated after charging:		
Depreciation of tangible assets	222,245	216,190
Operating lease rentals		
- Plant and machinery	8,835	11,942
- Other assets	150,000	100,000
Auditors' remuneration	4,500	4,500
	<u></u>	<u></u>

5 Interest payable	2001 £	2000 £
Bank overdraft and loan interest	340,377	186,913
Finance lease interest	43,567	47,154
Other interest	26,707	22,273
	<u>410,651</u>	<u>256,340</u>

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2001

6 Taxation

No taxation liability arises on the results for the year. The company has losses available to carry forward estimated at £9,500,000.

7 Tangible fixed assets

	Leasehold Buildings £	Computer Equipment £	Motor Vehicles £	Total £
Cost				
At 1 June 2000	4,772,303	185,075	61,848	5,019,226
Additions	5,088	8,439	-	13,527
At 31 May 2001	4,777,391	193,514	61,848	5,032,753
Depreciation				
At 1 June 2000	404,841	114,769	10,712	530,322
Charge for the year	191,095	18,366	12,784	222,245
At 31 May 2001	595,936	133,135	23,496	752,567
Net book value				
At 31 May 2001	4,181,455	60,379	38,352	4,280,186
At 31 May 2000	4,367,462	70,305	51,136	4,488,903

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

	Leasehold Buildings £	Motor Vehicles £	Total £
Net book values			
At 31 May 2001	534,139	30,248	564,387
At 31 May 2000	558,920	40,330	599,250
Depreciation charge for the year			
31 May 2001	24,781	10,082	34,863
31 May 2000	24,781	6,463	31,244

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2001

8	Stocks	2001	2000
		£	£
	Finished goods and goods for resale	47,955	5,757
		<u> </u>	<u> </u>
 9	 Debtors	 2001	 2000
		£	£
	Trade debtors	63,619	75,993
	Other debtors	270,978	207,270
		<u> </u>	<u> </u>
		334,597	283,263
		<u> </u>	<u> </u>
 10	 Creditors: amounts falling due within one year	 2001	 2000
		£	£
	Bank loans and overdrafts	1,321,263	3,085,610
	Net obligations under hire purchase contracts	97,988	97,988
	Trade creditors	69,753	311,471
	Taxes and social security costs	167,913	142,193
	Other creditors	458,285	232,525
	Accruals and deferred income	373,545	174,645
		<u> </u>	<u> </u>
		2,488,747	4,044,432
		<u> </u>	<u> </u>

The bank overdraft and term loan are secured by a Bond and Floating Charge ranking in priority to any other fixed security, over all the assets of the company.

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2001

11 Creditors: amounts falling due after more than one year	2001	2000
	£	£
Bank loans	2,666,667	500,000
Other loans	5,113,158	2,649,015
Net obligations under hire purchase contracts	309,081	407,069
	<u>8,088,906</u>	<u>3,556,084</u>
Analysis of loans		
Not wholly repayable within five years by instalments:		
Bank Loan	2,866,666	-
Other Loans	2,039,145	2,177,180
Not wholly repayable within five years other than by instalments:		
Bank Loan	-	500,000
Other Loans	3,156,005	445,831
Wholly repayable within five years	68,009	126,004
	<u>8,129,825</u>	<u>3,249,015</u>
Included in current liabilities	(350,000)	(100,000)
	<u>7,779,825</u>	<u>3,149,015</u>
Instalments not due within five years	<u>121</u>	<u>19</u>
Loan maturity analysis		
In more than one year but not more than two years	408,000	208,000
In more than two years but not more than five years	1,410,000	618,000
In more than five years	6,311,825	2,423,015
	<u>8,129,825</u>	<u>3,249,015</u>
Net obligations under hire purchase contracts		
Repayable within one year	127,519	127,519
Repayable between one and five years	402,707	503,346
Repayable after five years	-	26,861
	<u>530,226</u>	<u>657,726</u>
Finance charges and interest allocated to future accounting periods	(123,157)	(152,669)
	<u>407,069</u>	<u>505,057</u>
Included in liabilities falling due within one year	(97,988)	(97,988)
	<u>309,081</u>	<u>407,069</u>

The bank overdraft and term loan are secured by a Bond and Floating Charge ranking in priority to any other fixed security, over all the assets of the company. The bank term loan is repayable over 15 years. Interest charged on the loan is at Base Rate plus 1.5% per annum.

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2001

12 Accruals and deferred income

	Government grants £
Balance at 1 June 2000	1,620,493
Amortisation in the year	(68,531)
Balance at 31 May 2001	<u>1,551,962</u>

13 Share capital

	2001 £	2000 £
Authorised		
300,000 Ordinary Shares of £ 1 each	<u>300,000</u>	<u>200,000</u>
Allotted, called up and fully paid		
85,642 Ordinary Shares of £ 1 each	<u>85,642</u>	<u>85,582</u>

During the year 60 Ordinary Shares of £1 each were issued at a price of £20 per share giving a total consideration, in cash, of £1,200. The purpose of the issue was to raise additional working capital.

14 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 June 2000	1,344,893	(5,870,926)
Retained loss for the year	-	(3,025,577)
Premium on shares issued during the year	1,140	-
Balance at 31 May 2001	<u>1,346,033</u>	<u>(8,896,503)</u>

15 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Loss for the financial year	(3,025,577)	(1,506,533)
Proceeds from issue of shares	1,200	603,235
Net depletion in shareholders' funds	<u>(3,024,377)</u>	<u>(903,298)</u>
Opening shareholders' funds	(4,440,451)	(3,537,153)
Closing shareholders' funds	<u>(7,464,828)</u>	<u>(4,440,451)</u>

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2001

16 Financial commitments

At 31 May 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2001	2000
	£	£
Expiry date:		
In over five years	150,000	150,000

Rent is paid to Stadia Management Limited. (See Note 18)

17 Employees

Number of employees

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

	2001	2000
	Number	Number
Office and Management	19	17
Ground Staff and Players	62	53
	81	70

Employment costs

	£	£
Wages and salaries	3,493,050	2,089,814
Social security costs	364,477	210,616
Other pension costs	45,965	6,138
	3,903,492	2,306,568

18 Related party transactions

The directors of the company are also directors of Dunfermline Athletic Development Fund Limited. In addition, G G Masterton CBE is a director of Stadia Management Limited. Also, G G Masterton CBE and J W Yorkston are directors of Wood Investments (Scotland) Limited. Included in other loans (see Note 11) are the following amounts due to those companies :

Dunfermline Athletic Development Fund Limited £ 366,005
Stadia Management Limited £ 2,039,145
Wood Investments (Scotland) Limited £ 2,750,000

Included in the amounts due to Stadia Management Limited is a loan of £2,000,000 to be repaid in equal annual instalments over 20 years which commenced in August 1999. Interest will accrue over the period to be repaid in two instalments of £100,000 in the years 2019 and 2020.