

The Dundee Football Club Limited
Filleted Financial Statements
31 May 2017



FOURM LIMITED
Chartered Accountants & Statutory Auditor
Stannergate House
41 Dundee Road West
Broughty Ferry
Dundee
DD5 1NB

The Dundee Football Club Limited

Financial Statements

Year ended 31 May 2017

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The Dundee Football Club Limited

Officers and Professional Advisers

The board of directors	Mr I R Crighton Mr S Martin Mr R W Hynd Mr J Nelms Mr T Keyes
Registered office	Dens Park Stadium Sandeman Street Dundee Scotland DD3 7JY
Auditor	FourM Limited Chartered Accountants & Statutory Auditor Stannergate House 41 Dundee Road West Broughty Ferry Dundee DD5 1NB
Bankers	Barclays Bank plc 24 High Street Dundee DD1 1SZ
Solicitors	Thorntons Law LLP Whitehall House 33 Yeaman Shore Dundee DD1 4BJ

The Dundee Football Club Limited

Directors' Responsibilities Statement

Year ended 31 May 2017

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 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 judgments 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.

The Dundee Football Club Limited

Statement of Financial Position

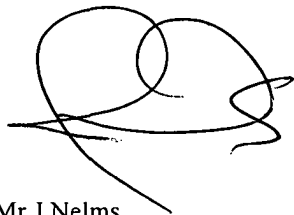
31 May 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible assets	5	15,250	41,765
Tangible assets	6	159,130	183,571
		<u>174,380</u>	<u>225,336</u>
Current assets			
Stocks		7,253	10,283
Debtors	7	904,415	613,578
Cash at bank and in hand		290,241	176,909
		<u>1,201,909</u>	<u>800,770</u>
Creditors: amounts falling due within one year	8	<u>2,420,646</u>	<u>1,740,137</u>
Net current liabilities		<u>1,218,737</u>	<u>939,367</u>
Total assets less current liabilities		<u>(1,044,357)</u>	<u>(714,031)</u>
Creditors: amounts falling due after more than one year	9	826	6,121
Provisions for liabilities			
Other provisions	10	536,391	507,351
Net liabilities		<u>(1,581,574)</u>	<u>(1,227,503)</u>
Capital and reserves			
Called up share capital	11	1,489,681	1,489,681
Share premium account	12	1,685,007	1,685,007
Profit and loss account	12	(4,756,262)	(4,402,191)
Members deficit		<u>(1,581,574)</u>	<u>(1,227,503)</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

These financial statements were approved by the board of directors and authorised for issue on 26 February 2018, and are signed on behalf of the board by:



Mr J Nelms
Director

Company registration number: SC004585

The notes on pages 5 to 11 form part of these financial statements.

The Dundee Football Club Limited

Statement of Changes in Equity

Year ended 31 May 2017

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 June 2015	1,401,095	1,654,887	(3,837,775)	(781,793)
Loss for the year			(564,416)	(564,416)
Total comprehensive income for the year	—	—	(564,416)	(564,416)
Issue of shares	88,586	30,120	—	118,706
Total investments by and distributions to owners	88,586	30,120	—	118,706
At 31 May 2016	1,489,681	1,685,007	(4,402,191)	(1,227,503)
Loss for the year			(354,071)	(354,071)
Total comprehensive income for the year	—	—	(354,071)	(354,071)
At 31 May 2017	<u>1,489,681</u>	<u>1,685,007</u>	<u>(4,756,262)</u>	<u>(1,581,574)</u>

The notes on pages 5 to 11 form part of these financial statements.

The Dundee Football Club Limited

Notes to the Financial Statements

Year ended 31 May 2017

1. General information

The company is a private company limited by shares, registered in Scotland. The address of the registered office is Dens Park Stadium, Sandeman Street, Dundee, DD3 7JY, Scotland.

2. Statement of compliance

These financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost convention.

The financial statements are prepared in sterling, which is in the functional currency of the entity.

Going Concern

The company has prepared detailed financial projections for the period to 31 May 2019. The projections reflect the expected trading results for seasons 2017/18 and 2018/19, drawn up on the basis of conservative assumptions.

These projected results, together with an undertaking from the major shareholder to make additional funds available to the company, will ensure the company has sufficient funds available to meet its financial commitments as they fall due for the 12 months period from the date of signing the accounts.

Consequently, the directors consider that it is appropriate to prepare the accounts on the going concern basis.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 June 2015. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 18.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover comprises amounts invoiced or received by the company in respect of season ticket sales, gate receipts, donations and other commercial income, exclusive of Value Added Tax. Season ticket and commercial income sales which relate to the next football season starting after the year end date are deferred and recognised in the following year.

Operating leases

Operating lease rentals require to be accounted for on a straight line basis over the full lease term. Where there is a difference between the rental amounts accounted for on that basis and the rentals actually paid per the terms of the lease, then the difference is charged or credited to the statement of comprehensive income and adjusted against the provision (see note 10).

The Dundee Football Club Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2017

3. Accounting policies *(continued)*

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses.

Amortisation

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

Player registration	-	Straight line over length of contract
Website	-	Straight line over 3 years

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost and subsequently stated at cost less any accumulated depreciation and impairment losses.

Depreciation

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

Tenant's improvements	-	Straight line over the remaining life of the lease
Plant and machinery	-	10%-25% Reducing balance and Straight line
Fixtures and fittings	-	10%-33% Straight line
Motor vehicles	-	20% Straight line

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Stocks

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

Finance leases and hire purchase contracts

Assets held under finance leases are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

The Dundee Football Club Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2017

3. Accounting policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in the statement of comprehensive income unless the provision was originally recognised as part of the cost of an asset.

The terms of the stadium lease provide for an annual escalation of rentals payable. On adoption of FRS 102, the company has established a significant provision for additional rental costs recognised in the accounts as a result of the change in accounting to a straight line basis to comply with FRS 102.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in the statement of comprehensive income immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Pension cost

The pension cost charged in the financial statements represents the contributions payable by the company during the year.

4. Employee numbers

The average number of persons employed by the company during the year, including the directors, amounted to 65 (2016: 63).

The Dundee Football Club Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2017

5. Intangible assets

	Player registration £
Cost	
At 1 Jun 2016 and 31 May 2017	<u>75,000</u>
Amortisation	
At 1 June 2016	33,235
Charge for the year	<u>26,515</u>
At 31 May 2017	<u>59,750</u>
Carrying amount	
At 31 May 2017	<u>15,250</u>
At 31 May 2016	<u>41,765</u>

6. Tangible assets

	Tenant's improvements £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At 1 June 2016	149,734	57,044	58,869	11,500	277,147
Additions	—	9,555	1,308	—	10,863
At 31 May 2017	<u>149,734</u>	<u>66,599</u>	<u>60,177</u>	<u>11,500</u>	<u>288,010</u>
Depreciation					
At 1 June 2016	28,631	18,364	38,593	7,988	93,576
Charge for the year	14,973	10,305	7,514	2,512	35,304
At 31 May 2017	<u>43,604</u>	<u>28,669</u>	<u>46,107</u>	<u>10,500</u>	<u>128,880</u>
Carrying amount					
At 31 May 2017	<u>106,130</u>	<u>37,930</u>	<u>14,070</u>	<u>1,000</u>	<u>159,130</u>
At 31 May 2016	<u>121,103</u>	<u>38,680</u>	<u>20,276</u>	<u>3,512</u>	<u>183,571</u>

Finance leases and hire purchase contracts

Included within the carrying value of tangible assets are the following amounts relating to assets held under finance leases or hire purchase agreements:

	Plant and machinery £
At 31 May 2017	<u>13,823</u>
At 31 May 2016	<u>17,680</u>

The Dundee Football Club Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2017

7. Debtors

	2017	2016
	£	£
Trade debtors	352,373	224,795
Prepayments and accrued income	511,858	343,699
Other debtors	40,184	45,084
	<u>904,415</u>	<u>613,578</u>

8. Creditors: amounts falling due within one year

	2017	2016
	£	£
DFC 50 Bonds	50,000	200,000
Trade creditors	186,429	189,982
Accruals and deferred income	664,319	643,036
Social security and other taxes	237,329	209,170
Obligations under finance leases and hire purchase contracts	5,706	5,800
Other creditors	1,276,863	492,149
	<u>2,420,646</u>	<u>1,740,137</u>

The DFC 50 Bonds totalling £50,000 (2016: £200,000) are redeemable at any time at the option of the directors.

9. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Obligations under finance leases and hire purchase contracts	<u>826</u>	<u>6,121</u>

10. Provisions for liabilities

	Stadium rental £
At 1 June 2016	507,351
Charge against provision	<u>29,040</u>
At 31 May 2017	<u>536,391</u>

Under FRS 102, rental amounts payable in relation to leases require to be accounted for on a straight line basis over the full lease term.

The company's stadium lease provides for an annual escalation in rentals payable. With the transition to FRS 102, a transitional adjustment has been needed to reflect additional rental charges for earlier years and this is set out in Note 21. The total of these earlier years' differences has been deferred as a provision.

Each year, the difference between the straight line rental amount and the amount payable per the lease will be charged (where amounts payable are lower) or credited (where amounts payable are higher) to the statement of comprehensive income and adjusted against the provision.

The Dundee Football Club Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2017

11. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £0.01 each	133,492,800	1,334,928	133,492,800	1,334,928
Ordinary A shares of £0.01 each	15,475,300	154,753	15,475,300	154,753
	<u>148,968,100</u>	<u>1,489,681</u>	<u>148,968,100</u>	<u>1,489,681</u>

12. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

Share premium account - This reserve records the amount above the nominal value received for shares issued, less transaction costs.

13. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Not later than 1 year	122,780	115,330
Later than 1 year and not later than 5 years	372,331	310,732
Later than 5 years	1,452,004	1,536,504
	<u>1,947,115</u>	<u>1,962,566</u>

Included in the above are amounts for the stadium rental (see Note 10). The future payments are split as follows: Not later than 1 year £60,000 (2016 - £55,000); Later than 1 year and not later than 5 years £299,000 (2016 - £274,500) and Later than 5 years £1,452,004 (2016 - £1,536,504).

14. Contingencies

Under the terms of contracts with other football clubs in respect of the transfer of player registrations, additional amounts would be payable by the company if specific future conditions are met, such as a player achieving a specified number of first team competitive appearances. At 31 May 2017, the maximum amount payable which could result from such contract term is £10,000.

15. Summary audit opinion

The auditor's report for the year dated 26 February 2018 was unqualified.

The senior statutory auditor was Iain McBride MA CA, for and on behalf of FourM Limited.

16. Related party transactions

Name of related party: Football Partners Scotland L.P. (FPS)

Nature of relationship: FPS is the majority shareholder of The Dundee Football Club Limited (DFC).

The transaction: During the year, FPS advanced further loan funds amounting to £775,000 (2016 - £483,286) to DFC. The full amount outstanding at the year-end is £1,258,286 (2016 - £483,286) and is included in Other creditors in the above note 12 - Creditors: amounts falling due within one year. The loan has no set repayment dates and interest is being charged at 1% per year. FPS had subscribed for DFC 50 Bonds in earlier years to a total value of £150,000 (note 8). During the year, DFC redeemed all of the DFC 50 Bonds held by FPS.

The Dundee Football Club Limited

Notes to the Financial Statements *(continued)*

Year ended 31 May 2017

17. Controlling party

The company is under the control of The Football Partners Scotland, which is a consortium of certain of the company's shareholders. Three directors (Mr T Keyes, Mr S Martin and Mr J Nelms) are members of The Football Partners Scotland.

18. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 June 2015.

Reconciliation of equity

	1 June 2015			31 May 2016		
	As previously stated £	Effect of transition £	FRS 102 (as restated) £	As previously stated £	Effect of transition £	FRS 102 (as restated) £
Fixed assets	194,832	–	194,832	225,336	–	225,336
Current assets	747,160	–	747,160	800,770	–	800,770
Creditors: amounts falling due within one year	(1,246,374)	–	(1,246,374)	(1,740,137)	–	(1,740,137)
Net current liabilities	(499,214)	–	(499,214)	(939,367)	–	(939,367)
Total assets less current liabilities	(304,382)	–	(304,382)	(714,031)	–	(714,031)
Creditors: amounts falling due after more than one year	(4,100)	–	(4,100)	(6,121)	–	(6,121)
Provisions for liabilities	–	(473,311)	(473,311)	–	(507,351)	(507,351)
Net liabilities	(308,482)	(473,311)	(781,793)	(720,152)	(507,351)	(1,227,503)
Capital and reserves	(308,482)	(473,311)	(781,793)	(720,152)	(507,351)	(1,227,503)

Stadium lease rentals

In line with accounting standards applicable in earlier years, stadium lease rental costs were accounted for at the value of actual rental amounts stipulated in the lease and payable for each year. On adoption of FRS 102, the total quantifiable lease costs now require to be accounted for on a straight line basis over the full lease term.

As the company's stadium lease provides for an annual escalation in rentals payable, the transition to FRS 102 and the use of the straight line basis has resulted in the company requiring to reflect a significant transitional adjustment to account for additional stadium lease rental charges for earlier years.

The effect of the transition to FRS 102 at 31 May 2015 has been an initial charge to the statement of comprehensive income of £473,311 and a corresponding provision. The restated accounts for 31 May 2016 reflect a further charge of £34,040 and an increased provision of £507,351.