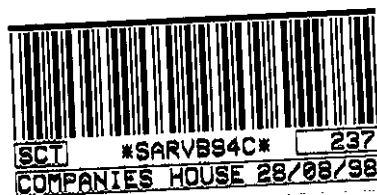


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THE FALKIRK FOOTBALL AND  
ATHLETIC CLUB LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 1997



THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1997

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Company Registration Number: 5854

Registered Office: Brockville Park  
Falkirk  
FK1 5AX

Directors: Douglas McIntyre  
Colin McLachlan  
Colin Liddell  
Ann Joyce  
William Moffat  
Martin Ritchie  
Campbell Christie

Secretary: BLP Secretaries Limited  
130 St Vincent Street  
Glasgow  
G2 5HF

Bankers: Clydesdale Bank PLC  
Ochil House  
Stirling  
FK7 7XE

Solicitors: Semple Fraser W.S.  
130 St Vincent Street  
Glasgow  
G2 5HF

Auditors: Grant Thornton  
Chartered Accountants  
Glasgow

THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1997

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**REPORT OF THE DIRECTORS**

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The directors present their report together with financial statements for the year ended 31 May 1997.

**Principal activities**

The company is principally engaged in participating in professional football as a member of the Scottish Football League.

**Business Review**

The loss for the year after taxation amounted to £304,403 (1996: profit £17,747). The directors do not recommend payment of a dividend and the loss has been transferred to reserves.

A Provisional Liquidator was appointed for the company in March 1998. Control over the majority of shares of the company changed when a consortium arranged for the purchase of the shares of George Fulston while the Club was in provisional liquidation. The consortium was able to provide assurances to the court about its ability to satisfy creditors and procured the recall of the appointment of the Provisional Liquidator thus returning control to the directors.

On 22 June 1998, an EGM was held which

- increased the share capital to £502,000 divided into 1,005,000 shares of 50p each;
- adopted new Articles of Association;
- altered the Memorandum of Association;
- cancelled the preference shares;
- gave authority to issue the new share capital to the consortium;
- gave authority to create a wholly owned subsidiary (Westfield Stadium Limited) to own and manage Brockville; and
- appoint Grant Thornton as auditors.

As a result of issuing the new share capital to the new owners a new equity injection of £477,332 was made. A new Board has been appointed to run the company.

The new management of the Club remain committed to relocating the Club from Brockville to a new site. Consequently the directors are of the opinion that all of the buildings and infrastructure at Brockville holds no value and have written down the value of Brockville Stadium and the leasehold property to £nil. The write off of the property and infrastructure and the grant income in relation to these structures which was received over 10 years ago are shown in the profit and loss account.

As stated on Note 5 to the Financial Statements the directors have revalued the land held by the club in line with an independent valuation of the land. The revaluation of the land has been taken straight to reserves.

No value is attributed to the registrations of any of the playing staff in the company's balance sheet which notwithstanding the decision of the European Court of Justice in the petition of Jean-Luc Bosman are considered to be of significant value.

# THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

## REPORT OF THE DIRECTORS (CONTINUED)

### Directors

The directors in office during the year and since are listed below.

The interests of the directors in the shares of the company were as follows:

		At 1 June 96 or at date of appointment	
	Appointed	Resigned	31 May 1997
George Fulston		20/5/98	144,116
James Turnbull		13/7/98	Nil
Neil Binnie		8/7/97	1,200
David Gordon		1/6/98	100
Campbell Christie		28/5/98	Nil
James Johnston		28/5/98	100
Douglas McIntyre	20/5/98		Nil
Colin McLachlan	1/6/98		Nil
David Brown	23/6/98	24/6/98	Nil
Edward Moffat	23/6/98	24/6/98	Nil
Ann Joyce	24/6/98		163,204
William Moffat	24/6/98		163,204
Martin Ritchie	24/6/98		163,204
Colin Liddell	24/6/98		81,602
Campbell Christie	6/8/98		Nil

Murdoch Smith Limited own 163,204 shares in the company. Douglas McIntyre is the sole owner of Murdoch Smith Limited.

### Directors' responsibilities for the financial statements

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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED**

**REPORT OF THE DIRECTORS (CONTINUED)**

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**Special exemptions**

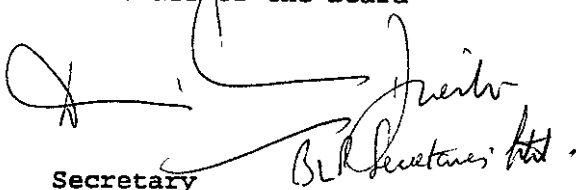
Advantage has been taken in the preparation of this report of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

**Fixed Assets**

All movements in fixed assets are shown in note 5 to the financial statements.

**Auditors**

On Behalf of the Board

  
Secretary

**REPORT OF THE AUDITORS TO THE MEMBERS OF**

**THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED**

We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on pages 5 to 6.

**Respective responsibilities of directors and auditors**

As described on page 2 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 opinion**

We conducted our audit in accordance with 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.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 May 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Grant & Linton*

REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

*19 August 1998.*

PRINCIPAL ACCOUNTING POLICIES

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The financial statements have been prepared under the historical cost convention except that freehold properties are shown at their revalued amounts, and in accordance with applicable accounting standards.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

**Turnover**

Turnover represents the value of income received excluding value added tax and is derived entirely from activities within the United Kingdom.

**Depreciation**

Depreciation is calculated on the reducing balance method and aims to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land over their expected useful lives.

The rates generally applicable are:

Brockville Stadium	-	5%
Leasehold premises	-	5% straight line
Plant and equipment	-	15%
Motor vehicles	-	25%

**Stock and work in progress**

Stock and work in progress is stated at the lower of cost and net realisable value.

Net realisable value means estimated selling price (less trade discounts) less all further costs to completion and disposal.

**Deferred tax**

Deferred tax is the tax attributable to timing differences between profits or losses as computed for tax purposes and results as stated in the financial statements.

Deferred tax is provided to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Deferred tax is calculated at the rates at which it is estimated that the tax will be paid when the timing differences reverse.



PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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**Pensions**

The company operates a defined contributions pension scheme. The assets of the scheme are invested and managed independently of the finances of the company. Contributions payable are charged in the profit and loss account.

**THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MAY 1997**

	Note	£	1997 £	1996 £
<b>Turnover on ordinary activities</b>			1,406,390	1,342,380
Cost of sales			(1,414,140)	(1,264,453)
<b>Gross (loss)/profit</b>			(7,750)	77,927
Other operating charges	2		(432,298)	(364,122)
<b>Operating loss</b>	1		(440,048)	(286,195)
Net transfer fees	4		295,000	363,125
<b>Operating (loss)/profit after transfer fees</b>			(145,048)	76,930
<b>Exceptional items</b>				
Write off of professional costs associated with new stadium	5	(74,862)		-
Write off of infrastructure and property	5	(659,599)		-
Release of grant income in respect of infrastructure		601,828		-
<b>Total exceptional items</b>			(132,633)	-
Interest payable and similar charges	3		(26,722)	(59,183)
<b>(Loss)/profit for the financial year on ordinary activities</b>	12		(304,403)	17,747

The accompanying accounting policies and notes form an integral part of these financial statements.

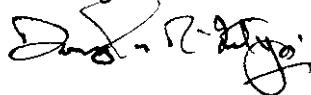
THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

BALANCE SHEET AT 31 MAY 1997

	Note	1997 £	1996 £
<b>Fixed assets</b>			
Tangible assets	5	1,067,546	839,058
<b>Current assets</b>			
Stocks	6	16,990	7,940
Debtors	7	271,887	169,560
Cash at bank and in hand		5,100	501
		<u>293,977</u>	<u>178,001</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(1,448,276)</u>	<u>(1,263,973)</u>
<b>Net current liabilities</b>		<u>(1,154,299)</u>	<u>(1,085,972)</u>
<b>Total assets less current liabilities</b>		<u>(86,753)</u>	<u>(246,914)</u>
<b>Creditors: amounts falling due after more than one year</b>	9	-	(571,737)
Deferred taxation	10	(50,000)	-
		<u>(136,753)</u>	<u>(818,651)</u>
<b>Capital and reserves</b>			
Called up share capital	11	125,746	125,514
Share premium account	12	8,249	7,391
Profit and loss account	12	(1,255,959)	(951,556)
Revaluation reserve	12	985,211	-
<b>Shareholders' funds</b>	13	<u>(136,753)</u>	<u>(818,651)</u>

Advantage has been taken in the preparation of the financial statements of the special exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 on the grounds that the company qualifies as a small company.

The financial statements were approved by the Board of Directors on 19 August 1998.



Director



The accompanying accounting policies and notes form an integral part of these financial statements.

THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

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	1997 £	1996 £
(Loss)/profit for the financial year	(304,403)	17,747
Surplus on valuation of Land	1,035,211	-
	<hr/>	<hr/>
Total recognised gains and losses for the year	730,808 =====	17,747 =====

**THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 1997**

**1 Operating Loss on ordinary activities is stated after:**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration	1,000	4,810
Depreciation - owned assets	57,536	61,927
- leased/hire purchase assets	-	4,978
Loss on disposal of fixed assets	5,024	-
Pension costs	4,277	10,502
Grants released	-	(31,359)
	<u>=====</u>	<u>=====</u>

**2 Other operating income/(charges)**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Administration expenses	(436,780)	(438,167)
Other operating income	4,482	74,045
	<u>=====</u>	<u>=====</u>
	<b>(432,298)</b>	<b>(364,122)</b>

**3 Interest payable and similar charges**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
On bank loans, overdrafts and other loans:		
Bank interest	26,722	55,604
Other loan interest	-	2,560
Lease and hire purchase interest	-	1,019
	<u>=====</u>	<u>=====</u>
	<b>26,722</b>	<b>59,183</b>

**4 Net transfer fees**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Transfer fees receivable	555,000	754,750
Transfer fees payable	(260,000)	(391,625)
	<u>=====</u>	<u>=====</u>
	<b>295,000</b>	<b>363,125</b>

THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 1997

5 Tangible fixed assets

	New Stadium	Brockville Stadium £	Leasehold Property £	Cars, Plant and Equipment £	Total £
Cost					
At 1 June 1996	73,762	538,240	559,408	148,395	1,319,805
Additions at cost	1,100	-	-	899	1,999
Disposals	(74,862)	-	-	(30,800)	(105,662)
Surplus on revaluation of land	-	1,035,211	-	-	1,035,211
Elimination on revaluation of infrastructure	-	(538,240)	(559,408)	-	(1,097,648)
At 31 May 1997	-	1,035,211	-	118,494	1,153,705
Depreciation					
At 1 June 1996	-	195,694	196,198	88,855	480,747
Provided in the year	-	17,127	29,030	11,379	57,536
Disposals	-	-	-	(14,075)	(14,075)
Eliminated on revaluation	-	(212,821)	(225,228)	-	(438,049)
At 31 May 1997	-	-	-	86,159	86,159
Net book value at 31 May 1997	-	1,035,211	-	32,335	1,067,546
Net book value at 31 May 1996	73,762	342,546	363,210	59,540	839,058

The new management of the Club remain committed to relocating the Club from Brockville to a new site. Consequently the directors are of the opinion that all of the property and infrastructure at Brockville holds no value and have written down the value of Brockville Stadium and the leasehold property to £nil.

On 2 April 1998 Messrs J Trevor & Webster, Chartered Surveyors, valued the land Brockville Stadium is situated on and an adjacent piece of land leased by the club from Falkirk Council at £1.5m on an open market value basis. Based on that value, and having regard to the proportion of the total area owned by the club, the directors have valued the club's interest in the land at £1,035,211.

A provision of £50,000 has been made in the deferred taxation account for the estimated corporation tax that would be payable on disposal at this valuation.

**THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MAY 1997**

If Brockville Stadium had not been revalued, it would have been included on the historical cost basis at the following amount:

	<b>Brockville Stadium £</b>
Cost	538,240
Accumulated depreciation	(212,821)
	<hr/>
Net book value at 31 May 1997	325,419
	<hr/>
Net book value at 31 May 1996	342,546
	<hr/>

**6 Stocks**

	<b>1997 £</b>	<b>1996 £</b>
Finished goods	16,990	7,940
	<hr/>	<hr/>

There were no significant differences between the replacement cost and the values disclosed for stock.

**7 Debtors: amounts falling due within one year**

	<b>1997 £</b>	<b>1996 £</b>
Trade debtors	271,887	121,830
Transfer fees receivable	-	35,000
Other debtors	-	12,730
	<hr/>	<hr/>
	271,887	169,560
	<hr/>	<hr/>

**THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MAY 1997**

**8 Creditors: amounts falling due within one year**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Bank overdrafts	393,781	622,806
Trade creditors	158,559	132,005
Advance season ticket sales	-	30,630
Social security and other taxes	400,378	90,462
Other creditors	177,511	118,238
Accruals and deferred income	99,047	75,673
Transfer fees payable	17,000	25,000
Signing fees payable	99,000	116,372
Hire purchase creditors	-	2,787
Directors loans	103,000	50,000
	<u>1,448,276</u>	<u>1,263,973</u>

The bank overdraft is secured by a standard security over Brockville Park and a bond and floating charge over the company's assets.

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

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Accruals and deferred income	-	571,737
	<u>-</u>	<u>571,737</u>

As stated at Note 5 the directors have revalued the physical structures of the Club to £nil. The grant income was received at least 10 years ago in relation to these structures and has been credited to the profit and loss account due to the revaluation of the assets and the directors view that any repayment of grant income received is now unlikely.

**10 Deferred taxation**

	<b>1997</b>	<b>1996</b>
	<b>£</b>	<b>£</b>
Unrealised capital gains	50,000	-
	<u>50,000</u>	<u>-</u>

The deferred tax provision has been made for taxation which would accrue if the land and buildings were disposed of at their revalued amounts.



THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 1997

11 Share capital

	1997 £	1996 £
Authorised		
420,000 ordinary shares of 50 pence each	210,000	210,000
40,000 7.5% non voting cumulative preference shares of £1 each	40,000	40,000
	<u>250,000</u>	<u>250,000</u>
Allotted, called up and fully paid		
251,028 ordinary shares of 50 pence each	125,514	125,514
Issued in year		
464 ordinary shares of 50 pence each	232	-
	<u>125,746</u>	<u>125,514</u>
251,492 ordinary shares of 50 pence each		

12 Reserves

	Share Premium Account £	Revaluation Reserve £	Profit and Loss Account £
At 1 June 1996	7,391	-	(951,556)
Retained loss for the year	-	-	(304,403)
Surplus on revaluation of assets (net of deferred tax)	-	985,211	-
Arising on issue of shares in the year	858	-	-
	<u>8,249</u>	<u>985,211</u>	<u>(1,255,959)</u>
At 31 May 1997			

**THE FALKIRK FOOTBALL AND ATHLETIC CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MAY 1997**

**13 Reconciliation of movements in shareholders' funds**

	1997 £	1996 £
(Loss)/profit for the financial year	(304,403)	17,747
Unrealised surplus on revaluation of land and buildings	985,211	-
Ordinary shares issued in year	1,090	-
	<hr/>	<hr/>
Net increase in shareholders' funds	681,898	17,747
Shareholders' funds at 1 June 1996	(818,651)	(836,398)
	<hr/>	<hr/>
Shareholders' funds at 31 May 1997	(136,753)	(818,651)
	<hr/> <hr/>	<hr/> <hr/>

**14 Transactions with directors**

	1997 £	1996 £
Amounts owed to directors		
George J Fulston	93,000	50,000
David Gordon	5,000	-
Neil Binnie	5,000	-
	<hr/>	<hr/>
	103,000	50,000
	<hr/> <hr/>	<hr/> <hr/>

The above loans are unsecured, interest free and have no fixed terms of repayment.

**15 Capital commitments**

There were no capital commitments at 31 May 1997 or 31 May 1996.