

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 30 May 2019
for
The Kilmarnock Football Club Limited



The Kilmarnock Football Club Limited

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for the Year Ended 30 May 2019**

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The Kilmarnock Football Club Limited

Company Information
for the Year Ended 30 May 2019

DIRECTORS:

Mr W D Bowie
Mrs P McLeish
Mrs C Jamieson

SECRETARY:

G Bryson

REGISTERED OFFICE:

Rugby Park
Rugby Road
Kilmarnock
East Ayrshire
KA1 2DP

REGISTERED NUMBER:

SC006219 (Scotland)

AUDITORS:

Rogerson & Goldie
Statutory Auditors
Chartered Accountants
29 Portland Road
Kilmarnock
KA1 2BY

The Kilmarnock Football Club Limited

Strategic Report **for the Year Ended 30 May 2019**

The directors present their strategic report for the year ended 30 May 2019.

The directors present their strategic report for the year ended 30 May 2019. The strategic report aims to link historical information and data with the company strategy and future expectations and prospects. Any reference to future prospects and expectations are made in good faith and based on the information available and the Director's knowledge at the present time. There are however inherent uncertainties including both economic and business risk factors.

The Strategic report covers the following: -

Strategic Management

- Strategy
- Business Model

Business Environment

- Trends and Factors
- Principal Risks and Uncertainties
- Environmental, Employee, Social, Community and human rights matters

Business Performance and Position

- Analysis of performance and position
- Key Performance Indicators
- Employee gender diversity

STRATEGY AND BUSINESS MODEL

The board of Kilmarnock Football Club are committed to creating a sustainable and competitive football club that competes in the top half of the Scottish Premiership Football League. This is with rigorous financial management and the continued efforts to deliver homegrown players. The board's financial strategy is to ensure the club bank funding remains positive to avoid any external influence from the bank in day to day operations. The club infrastructure has been changed dramatically post year end to create a robust model to deliver on the board strategy both in financial and footballing terms.

This year saw significant changes in the ownership and management of the football Club. The first female director of the club Phyllis McLeish was in place for the entire year having been appointed on 12 May 2018. We also had the first director appointed to the board as the elected representative of The Killie Trust when Cathy Jamieson was appointed on 1 June 2018.

In March 2019 former Chairman Michael Johnston sold his entire interest in the club. At the year end date, the main shareholders (Holding in excess of 2% of the Issued Share Capital) of the club are: -

- Billy Bowie Special Projects Ltd - 3,195,000 shares - 56.28%
- William Bowie - 805,000 shares - 14.18%
- Phyllis McLeish - 600,000 shares - 10.56%
- Kilmarnock Supporters Society Ltd (The Killie Trust) - 190,979 shares - 3.36%
- The Kilmarnock Community sports Trust - 163,483 shares - 2.87%
- James Mann - 130,000 - 2.29%

The modernisation programme referred to earlier moved forward on various fronts in the year with the following being a summary of the main projects undertaken in the year: -

- The relaying of the new playing surface after the end of the 2018/19 season and in time for the start of the 2019/20 season. As controversial as the new pitch might be with certain other clubs this helps to maintain the financial stability of the club both from revenue generation and a cost perspective.

The old playing surface was donated to The Kilmarnock Community Sports Trust charity which sold this off raising funds of £28,380. The Kilmarnock Community Sports Trust charity promotes the advancement of public participation in sport in the local community.

The Kilmarnock Football Club Limited

Strategic Report **for the Year Ended 30 May 2019**

- The club developed the new Legends Lounge with this being available from the start of the 2018/19 season. This further enhances the hospitality packages available and of course adds to the revenue streams for the club.
- The hospitality lounges have been refurbished which is again to enhance the offering. The latest phase being the completion and launch of the 1869 Suite.
- There are further plans for the development of indoor training facilities to provide first class facilities for the ongoing development of the youth squad and improved first team training also.
- Further developments are planned for fanzone areas to improve the matchday experience and hopefully generate and build upon what has been achieved over recent seasons.

PRINCIPAL RISKS AND UNCERTAINTIES

There are risks and uncertainties in running any business however there are additional matters that need to be managed whilst operating a successful football club. The board consider the following to be the main Risks and Uncertainties faced by Kilmarnock FC:-

- The principal risks and uncertainties for a football club were never more evident than the club losing manager Steve Clarke as he moved onto the Scotland manager position at the end of season 2018/19. After leading the club to one of the most successful seasons in the club history it was always a huge risk that he may move on to what was believed to be bigger and better things.
- The operation of the player transfer market and player wages demands is a day to day challenge for the club. The club strives to be in the higher echelons of Scottish Football however those efforts can be scuppered by frustrations in the transfer market system to bring players to the club who will enhance the performance of the first team. There is also the frustration of losing players to higher profile clubs. This is a lifeline for the finances of the club however it is often difficult to obtain the financial reward commensurate to the players ability and what he offers to the squad. The wage demands also need to be managed carefully to ensure the financial management of the club remains robust.
- Player Injuries.
- The club relies heavily on matchday revenue and season ticket sales. The performance of the first team can have a direct impact on those revenue streams - positively and negatively. Also changes to kick-off times; inclement weather and other external financial factors can impact on club revenue.
- Broadcasting and competition revenue again relies on good first team performance and results. The club also relies on other teams performing well with influence throughout the league for good or bad European performance.
- The financial risk of the club is currently minimal due to the robust financial management.

A number of the aforementioned risks are outwith the control of the board. They do however strive to minimise the potential effects of the risks and uncertainties on a day to day basis.

PERFORMANCE AND POSITION

It was entirely appropriate that the club had one of its most successful seasons in its 150th year. This was the clubs 26th consecutive season in the top flight of Scottish Football. The club finished 3rd in the Scottish Premier League qualifying for European football for the first time since 2001. During the year there were memorable results particularly against both sides of The Old Firm.

The board took a bold decision to only provide seating in The Chadwick Stand to Rangers for the last day of the season. The bold decision proved to be the correct one with a fantastic family atmosphere - possibly helped by the 2-1 victory to secure European football. The attendance on the day affirmed the boards decision with numbers being just 126 less than the home league match against Rangers on 23 January 2019 and actually 232 more than the League cup game earlier in the season.

The Kilmarnock Football Club Limited

Strategic Report **for the Year Ended 30 May 2019**

The success on the pitch had a direct impact on the income streams of the club (See KPI's). The cost base did of course increase with commitments under managerial and player contracts providing for bonuses for good performance - again see KPI's.

The club had a disappointing exit from the League Cup losing the second round tie 1-3 at home to Rangers after topping their group. In the Scottish Cup the club lost a 5th round replay at Ibrox 5-1.

The finances arising from the success saw the club record a profit for the financial year of £ 125,096 which compares to a loss the previous year of £ 181,174. Other financial highlights: -

- The overall turnover rose by just over £1.5million from £5,105,790 to £6,643,390.
- The administrative expenses rose from just over £5.25million to £6.575million.
- The Cash position improved by £133,531 and the net current assets strengthened by £256,775.
- Overall net worth improved by £502,773 with the two factors being:-
 - Trading profit in the year of £125,096
 - Share Capital invested - £ 377,677

Key Performance Indicators: -

	Year ended 30 May 2019	Year ended 30 May 2018
Total revenue	£6,643,390	£5,105,790
Operating profit/(loss)	£125,096	£(181,174)
Final league position	3rd	5th
First team reward/turnover	39.98%	43.30%
Season ticket sales	4,214	3,513
Average attendance	6,894	5,390
Highest home attendance	12,374 v Rangers 23 January 2019	11,490 v Rangers 23 December 2017
Lowest home attendance	4,143 v Livingston 5 December 2018	3,337 v Ross County 20 September 2017

GOING CONCERN

The board assesses the Going Concern position of the club. This includes a budgetary process to forecast expected liquidity and cashflow.

FUTURE PROSPECTS

The club will endeavour to improve the quality of the first team playing squad which will be underpinned by continued investment in the youth squad development. It is recognised that the year to 30 May 2019 was an exceptional year mainly due to performances from the first team which were beyond expectation.

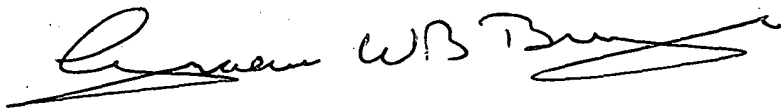
The club will endeavour to provide the first team with all tools possible to achieve top 6 status of the SPFL Premiership year on year. The principal risks and uncertainties do indeed make that difficult balancing first team player pool against robust financial management. Whilst striving for success the club does not have a divine right to expect that year on year.

The board have committed a larger budget for player reward for the current year. The difficulties of the transfer market leave the club relying more on loan players. The board are conscious of an imbalance and will strive to improve the ratio of owned player registrations to loan players.

The Kilmarnock Football Club Limited

Strategic Report
for the Year Ended 30 May 2019

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'G Bryson', with a stylized flourish at the end.

G Bryson - Secretary

10 February 2020

The Kilmarnock Football Club Limited

Report of the Directors **for the Year Ended 30 May 2019**

The directors present their report with the financial statements of the company for the year ended 30 May 2019.

PRINCIPAL ACTIVITY

The company's principal activity is the promotion of football in Scotland, with related and ancillary activities.

DIVIDENDS

No dividends will be distributed for the year ended 30 May 2019 (2018: £Nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 31 May 2018 to the date of this report.

Mr W D Bowie
Mrs P McLeish
Mrs C Jamieson

Other changes in directors holding office are as follows:

Mr J M Kiltie - resigned 27 November 2018
Mr W White - resigned 22 November 2018

FINANCIAL INSTRUMENTS

The company's cash flow requirements are projected for a year in advance and flexed to take account of different operating scenarios including league positioning and Cup competition success. The company monitors cash flow as part of its day to day control procedures and adjusts this to take account of actual trading performance to ensure that appropriate funds are available.

Currently the company has no reliance on bank borrowings.

KEY PERFORMANCE INDICATORS

The directors monitor performance against the following key performance indicators:

- Football success
- Match attendance statistics
- Sales and cost performance per division
- Wage costs
- Profit and cash generation

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Kilmarnock Football Club Limited

Report of the Directors
for the Year Ended 30 May 2019

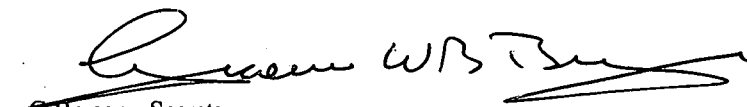
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Rogerson & Goldie, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


G Bryson - Secretary

10 February 2020

Report of the Independent Auditors to the Members of The Kilmarnock Football Club Limited

Opinion

We have audited the financial statements of The Kilmarnock Football Club Limited (the 'company') for the year ended 30 May 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 May 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
The Kilmarnock Football Club Limited**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page six, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

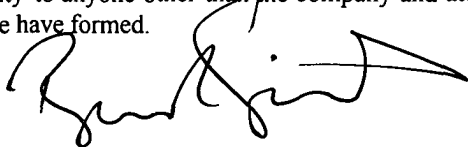
Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Brian Smith CA (Senior Statutory Auditor)
for and on behalf of Rogerson & Goldie
Statutory Auditors
Chartered Accountants
29 Portland Road
Kilmarnock
KA1 2BY

10 February 2020

The Kilmarnock Football Club Limited

Statement of Comprehensive Income
for the Year Ended 30 May 2019

	Notes	2019 £	2018 £
TURNOVER	3	6,643,390	5,105,790
Cost of sales		-	88,150
GROSS PROFIT		6,643,390	5,017,640
Administrative expenses		6,575,735	5,253,246
		67,655	(235,606)
Other operating income		56,868	56,868
OPERATING PROFIT/(LOSS)	5	124,523	(178,738)
Interest receivable and similar income		573	291
		125,096	(178,447)
Interest payable and similar expenses	6	-	2,727
PROFIT/(LOSS) BEFORE TAXATION		125,096	(181,174)
Tax on profit/(loss)	7	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		125,096	(181,174)
OTHER COMPREHENSIVE INCOME			
Revaluations		-	(1,254,989)
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	(1,254,989)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		125,096	(1,436,163)

The notes form part of these financial statements

The Kilmarnock Football Club Limited (Registered number: SC006219)

Balance Sheet

30 May 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	8	10,348,585	10,309,455
Investments	9	20,000	20,000
		<u>10,368,585</u>	<u>10,329,455</u>
CURRENT ASSETS			
Stocks	10	1,000	1,000
Debtors	11	801,775	806,288
Cash at bank		1,156,119	1,022,588
		<u>1,958,894</u>	<u>1,829,876</u>
CREDITORS			
Amounts falling due within one year	12	1,450,546	1,628,303
NET CURRENT ASSETS		<u>508,348</u>	<u>201,573</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,876,933</u>	<u>10,531,028</u>
CREDITORS			
Amounts falling due after more than one year	13	(500,000)	(600,000)
ACCRUALS AND DEFERRED INCOME	15	(1,241,779)	(1,298,647)
NET ASSETS		<u>9,135,154</u>	<u>8,632,381</u>
CAPITAL AND RESERVES			
Called up share capital	16	5,676,853	5,299,176
Share premium	17	6,593,734	6,593,734
Revaluation reserve	17	6,590,819	6,669,619
Other reserves	17	421,603	421,603
Retained earnings	17	(10,147,855)	(10,351,751)
SHAREHOLDERS' FUNDS		<u>9,135,154</u>	<u>8,632,381</u>

The financial statements were approved by the Board of Directors on 10 February 2020 and were signed on its behalf by:

Billy Bowie

Mr W D Bowie - Director

The notes form part of these financial statements

The Kilmarnock Football Club Limited

Statement of Changes in Equity
for the Year Ended 30 May 2019

	Called up share capital £	Retained earnings £	Share premium £
Balance at 31 May 2017	4,898,426	(10,170,577)	6,593,734
Changes in equity			
Issue of share capital	400,750	-	-
Total comprehensive income	-	(181,174)	-
Balance at 30 May 2018	<u>5,299,176</u>	<u>(10,351,751)</u>	<u>6,593,734</u>
Changes in equity			
Issue of share capital	377,677	-	-
Total comprehensive income	-	203,896	-
Balance at 30 May 2019	<u>5,676,853</u>	<u>(10,147,855)</u>	<u>6,593,734</u>
	Revaluation reserve £	Other reserves £	Total equity £
Balance at 31 May 2017	7,924,608	421,603	9,667,794
Changes in equity			
Issue of share capital	-	-	400,750
Total comprehensive income	(1,254,989)	-	(1,436,163)
Balance at 30 May 2018	<u>6,669,619</u>	<u>421,603</u>	<u>8,632,381</u>
Changes in equity			
Issue of share capital	-	-	377,677
Total comprehensive income	(78,800)	-	125,096
Balance at 30 May 2019	<u>6,590,819</u>	<u>421,603</u>	<u>9,135,154</u>

The notes form part of these financial statements

The Kilmarnock Football Club Limited

Cash Flow Statement
for the Year Ended 30 May 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	109,366	444,689
Interest paid		-	(2,727)
Net cash from operating activities		109,366	441,962
Cash flows from investing activities			
Purchase of tangible fixed assets		(354,085)	(321,529)
Sale of tangible fixed assets		-	6,001
Interest received		573	291
Net cash from investing activities		(353,512)	(315,237)
Cash flows from financing activities			
Share issue		377,677	400,750
Net cash from financing activities		377,677	400,750
Increase in cash and cash equivalents		133,531	527,475
Cash and cash equivalents at beginning of year	2	1,022,588	495,113
Cash and cash equivalents at end of year	2	1,156,119	1,022,588

The notes form part of these financial statements

The Kilmarnock Football Club Limited

Notes to the Cash Flow Statement
for the Year Ended 30 May 2019

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019 £	2018 £
Profit/(loss) before taxation	125,096	(181,174)
Depreciation charges	314,955	310,411
Government grants	(56,868)	(56,868)
Finance costs	-	2,727
Finance income	(573)	(291)
	<u>382,610</u>	<u>74,805</u>
Increase in stocks	-	(250)
Decrease/(increase) in trade and other debtors	4,513	(1,728)
(Decrease)/increase in trade and other creditors	<u>(277,757)</u>	<u>371,862</u>
Cash generated from operations	<u><u>109,366</u></u>	<u><u>444,689</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 30 May 2019

	30.5.19 £	31.5.18 £
Cash and cash equivalents	<u><u>1,156,119</u></u>	<u><u>1,022,588</u></u>

Year ended 30 May 2018

	30.5.18 £	31.5.17 £
Cash and cash equivalents	<u><u>1,022,588</u></u>	<u><u>495,113</u></u>

The notes form part of these financial statements

The Kilmarnock Football Club Limited

Notes to the Financial Statements **for the Year Ended 30 May 2019**

1. STATUTORY INFORMATION

The Kilmarnock Football Club Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The financial statements have been prepared on a going concern basis which assumes the company will continue to trade for a period of 12 months from the date of approval by the directors.

The current and future cash position of the Club has been reviewed by the Board. This included a comprehensive review of the Company's forecast cash flow projections, covering a period beyond one year from the date of approval of the financial statements.

The forecasts make key assumptions, based on Financial information available to the Board, around:

- Maintaining membership of the SPFL Premiership
- Season ticket revenues and match day income being consistent with previous years amounts and timings
- Sponsorship and commercial income being consistent with previous years amounts and timings
- Maintaining a constant review of overheads and payroll costs to ensure that they remain at a level consistent with the Club's financial position.
- The Company having sufficient positive flows to allow the continuation of regularly monthly payments to Directors and related parties.

After due consideration of the above, the Board is satisfied that there is reasonable expectation that the Club will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board considers it appropriate to prepare the financial statements on the going concern basis.

The presentation currency of the financial statements is £ sterling

Turnover/revenue recognition

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the company's activities.

Sales are presented, net of value-added tax, rebates and discounts.

Gate and other match day revenues are recognised over the period of the football season as games are played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. Broadcasting revenues are recognised over the duration of the football season,

Notes to the Financial Statements - continued
for the Year Ended 30 May 2019

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Stadium	- 2% - 4% straight line
Plant and machinery	- 20% straight line
Motor vehicles	- 25% straight line
Fixtures, fittings & equipment	- 20% straight line

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carry amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Financial instruments

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account.

Loans and borrowings are initially recognised at the transaction price including transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The Kilmarnock Football Club Limited

Notes to the Financial Statements - continued **for the Year Ended 30 May 2019**

2. ACCOUNTING POLICIES - continued

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the terms of the lease.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held with banks or other short term liquid investments. Bank overdrafts, if applicable, are shown within borrowings in current liabilities

Players' registrations

Players registrations are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal amounts over the length of the contract.

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.

3. TURNOVER

The turnover and profit (2018 - loss) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2019 £	2018 £
Football activities	6,604,727	5,048,839
Fitness on line	38,663	56,951
	<u>6,643,390</u>	<u>5,105,790</u>

4. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages and salaries	3,689,649	2,866,250
Social security costs	320,726	265,146
Other pension costs	35,234	17,893
	<u>4,045,609</u>	<u>3,149,289</u>

The Kilmarnock Football Club Limited

Notes to the Financial Statements - continued
for the Year Ended 30 May 2019

4. EMPLOYEES AND DIRECTORS - continued

The average number of employees during the year was as follows:

	2019	2018
Players & football administration	79	74
Administration	6	6
Retail, commercial & fitness centre	16	14
	<u>101</u>	<u>94</u>

	2019 £	2018 £
Directors' remuneration	-	-

5. OPERATING PROFIT/(LOSS)

The operating profit (2018 - operating loss) is stated after charging/(crediting):

	2019 £	2018 £
Other operating leases	2,718	11,604
Depreciation - owned assets	314,955	310,411
Auditors' remuneration	6,000	6,000
Government grant release	(56,868)	(56,868)

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Loan interest	-	2,727

7. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 30 May 2019 nor for the year ended 30 May 2018.

The Kilmarnock Football Club Limited

Notes to the Financial Statements - continued
for the Year Ended 30 May 2019

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit/(loss) before tax	<u>125,096</u>	<u>(181,174)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	23,768	(34,423)
Effects of:		
Income not taxable for tax purposes	(20,825)	(18,536)
Capital allowances in excess of depreciation	(11,099)	(14,814)
Tax losses carried forward	8,156	-
Tax losses brought forward	-	67,773
Total tax charge	<u>-</u>	<u>-</u>

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 30 May 2019.

	Gross £	2018 Tax £	Net £
Revaluations	<u>(1,254,989)</u>	<u>-</u>	<u>(1,254,989)</u>

The deferred tax asset in relation to trading losses has not been recognised in the accounts as although the company may make sufficient taxable profits in the future to absorb the losses this is expected to take a long number of years.

No provision for deferred tax liability has been made in respect of the revaluation of the land and buildings as capital losses available exceed any potential capital gain.

The Kilmarnock Football Club Limited

Notes to the Financial Statements - continued
for the Year Ended 30 May 2019

8. TANGIBLE FIXED ASSETS

	Sports bar and leisure facilities £	Stadium £	Plant and machinery £
COST OR VALUATION			
At 31 May 2018	589,589	9,550,000	640,027
Additions	-	253,542	18,820
At 30 May 2019	589,589	9,803,542	658,847
DEPRECIATION			
At 31 May 2018	195,483	-	385,348
Charge for year	11,808	194,705	60,298
At 30 May 2019	207,291	194,705	445,646
NET BOOK VALUE			
At 30 May 2019	382,298	9,608,837	213,201
At 30 May 2018	394,106	9,550,000	254,679
	Fixtures, fittings and equipment £	Motor vehicles £	Totals £
COST OR VALUATION			
At 31 May 2018	1,301,458	27,550	12,108,624
Additions	81,723	-	354,085
At 30 May 2019	1,383,181	27,550	12,462,709
DEPRECIATION			
At 31 May 2018	1,217,764	574	1,799,169
Charge for year	41,256	6,888	314,955
At 30 May 2019	1,259,020	7,462	2,114,124
NET BOOK VALUE			
At 30 May 2019	124,161	20,088	10,348,585
At 30 May 2018	83,694	26,976	10,309,455

The following tangible fixed asset categories are classified as freehold land and buildings:

- Sports bar & leisure facilities; and
- Stadium.

The Kilmarnock Football Club Limited

Notes to the Financial Statements - continued
for the Year Ended 30 May 2019

8. TANGIBLE FIXED ASSETS - continued

Cost or valuation at 30 May 2019 is represented by:

	Sports bar and leisure facilities £	Stadium £	Plant and machinery £
Valuation in 2012	-	6,311,435	-
Valuation in 2014	-	100,000	-
Valuation in 2018	-	(2,471,427)	-
Cost	589,589	5,863,534	658,847
	<u>589,589</u>	<u>9,803,542</u>	<u>658,847</u>

	Fixtures, fittings and equipment £	Motor vehicles £	Totals £
Valuation in 2012	-	-	6,311,435
Valuation in 2014	-	-	100,000
Valuation in 2018	-	-	(2,471,427)
Cost	1,383,181	27,550	8,522,701
	<u>1,383,181</u>	<u>27,550</u>	<u>12,462,709</u>

If the stadium had not been revalued it would have been included at the following historical cost:

	2019 £	2018 £
Cost	5,863,534	5,424,292
Aggregate depreciation	3,252,865	3,135,594

The company's stadium at Rugby Park, Rugby Road, Kilmarnock was subject to a full revaluation dated 23 February 2018 by Graham & Sibbald, Chartered Surveyors, on a depreciated replacement cost basis, in accordance with both the RICS Appraisal and Valuation Standard and the provisions of FRS 102 relating to specialised properties, at £9.55 million. The directors are of the opinion that this reflects the value, on this basis, at 30 May 2019.

The Kilmarnock Football Club Limited

Notes to the Financial Statements - continued
for the Year Ended 30 May 2019

9. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 31 May 2018 and 30 May 2019	<u>20,000</u>
NET BOOK VALUE	
At 30 May 2019	<u>20,000</u>
At 30 May 2018	<u>20,000</u>

10. STOCKS

	2019 £	2018 £
Goods for resale	<u>1,000</u>	<u>1,000</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade debtors	241,445	60,302
Other debtors	501	501
Prepayments and accrued income	559,829	745,485
	<u>801,775</u>	<u>806,288</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	187,857	152,060
Amounts owed to associates	142,834	313,048
Social security and other taxes	539,864	392,878
Other creditors	47,376	133,106
Accruals and deferred income	103,502	112,558
Advance income	429,113	524,653
	<u>1,450,546</u>	<u>1,628,303</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £	2018 £
Amounts owed to associates	<u>500,000</u>	<u>600,000</u>

The Kilmarnock Football Club Limited

Notes to the Financial Statements - continued
for the Year Ended 30 May 2019

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019 £	2018 £
Within one year	161	2,718
Between one and five years	-	161
	<u>161</u>	<u>2,879</u>

15. ACCRUALS AND DEFERRED INCOME

	2019 £	2018 £
Deferred government grants	<u>1,241,779</u>	<u>1,298,647</u>

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
5,299,176	Ordinary	£1	<u>5,676,853</u>	<u>5,299,176</u>

17. RESERVES

	Retained earnings £	Share premium £	Revaluation reserve £	Other reserves £	Totals £
At 31 May 2018	(10,351,751)	6,593,734	6,669,619	421,603	3,333,205
Profit for the year	125,096				125,096
Difference between actual and historical cost depreciation	78,800	-	(78,800)	-	-
At 30 May 2019	<u>(10,147,855)</u>	<u>6,593,734</u>	<u>6,590,819</u>	<u>421,603</u>	<u>3,458,301</u>

Other reserves includes reserves provided for by the Articles of Association.

The Kilmarnock Football Club Limited

Notes to the Financial Statements - continued
for the Year Ended 30 May 2019

18. RELATED PARTY DISCLOSURES

Consultancy and legal fees of £84,500 (2018 - £78,000) were charged during the year by Messes J & A Boyd, a firm in which Mr Michael Johnston is the principal. The amount outstanding and due to Messrs J & A Boyd at 30 May 2019 was £nil (2018 - £nil).

During the year the company entered into transactions with The Park Hotel Ayrshire Limited ("Hotel") in normal commercial terms and in the normal course of business. The net value of these transactions during the year was £410,629 (2018 - £354,111). The amount due to the Hotel included in creditors as at 30 May 2019 was £39,455 (2018: - £32,925).

At 30 May 2019 a balance of £642,834 (2018 - £913,048) was due to Billy Bowie Special Projects Limited ("BBSP"), a company in which Mr William Bowie is both a director and a shareholder.

During the year, the company entered into transactions with BBSP in normal commercial terms and in the normal course of business. The value of these transaction were sales of £30,626 (2018 - £7,776) and purchases of £11,603 (2018 - £26,698).

19. ULTIMATE CONTROLLING PARTY

The company is controlled by William Bowie who holds a majority shareholding.