

AMENDING .

**DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2002**



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COMPANIES HOUSE 06/05/03

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	J W Yorkston C. R. Woodrow G G Masterton CBE A. T. Gillies J Meiklem F M McConnell G A Thomson W B Robertson
<b>Secretary</b>	E J Cromwell
<b>Head Coach</b>	J Calderwood
<b>Company number</b>	SCO 11580
<b>Registered office</b>	East End Park, Halbeath Road Dunfermline Fife KY12 7RB
<b>Auditors</b>	Thomson Cooper & Co. 18 Viewfield Terrace Dunfermline Fife KY12 7JU
<b>Business address</b>	East End Park, Halbeath Road Dunfermline Fife KY12 7RB
<b>Bankers</b>	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 2002

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The year under review has been one of substantial re-organisation of the Club's financial position.

While the loss for the year is disappointing, the trading position represents a meaningful improvement on previous years. The continued uncertainties associated with the future financial return to the member clubs of the SPL has reinitiated a further critical review of our existing costs. The Bank in the current year and the Board have set an objective of achieving break-even position, if not in this year, certainly in subsequent years.

While costs are being attacked so also are our efforts to enhance the Club's income sources particularly those from non-match days. In June 2002 the Club established a Joint Venture Company, Dunfermline Stadia Management Limited, with its major shareholder Stadia Investment Group Limited (SIG) to embark upon a major redevelopment of the Stadium. Already the refurbished Sportsmans Bar (Legends) and the new Conference and Function Suites are beginning to perform strongly. DAFC own 75% of the JV Company which is managed and operated by subsidiary companies of SIG. The future developments of a Business Centre, Hotel and Leisure Centres are in varying degrees of design, and work is hoped to commence on the Business Centre shortly. SIG will arrange the necessary finance for the projects, which over the years will enhance the income to DAFC.

The Balance Sheet presented reflects the injection of further loans of £5 million from SIG and Wood Investments Limited, a Company owned on a 50:50 basis by SIG and Redcam Limited. The Wood Investment loan represents a loan against future player transfer receipts based on a pre-arranged formula. In the event that no receipts are received DAFC will be liable to repay only £1 million of the loan. There is no current arrangement for repayment of the SIG loan. During the year SIG also converted £1,500,000 of loan stock in DAFC to new shares in the Company.

The balance of our external borrowings are represented by lease arrangements repayable over 3 years, a term loan of £1 million repayable over 10 years and a Bank overdraft.

The reorganisation now completed clearly indicates that the bulk of our indebtedness is from subsidiary companies of our major shareholders (SIG and Redcam) and has been provided on a long term basis. The balance of around £3 million is subject to formal agreed facilities provided by our Bank on both a long and short-term basis.

Your Board are therefore satisfied that the Club's finances are under control.

  
J W Yorkston  
Chairman

28th March 2003

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2002

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The directors present their report and financial statements for the year ended 31 May 2002.

### 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 £3,183,286 (2001 : £2,987,597). 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 6.

The loss for the year after taxation amounted to £1,358,092 (2001 : Loss £3,025,577). The directors are unable to recommend the payment of a dividend.

### Directors

The following directors have held office since 1 June 2001:

J W Yorkston  
C. R. Woodrow  
G G Masterton CBE  
W M Rennie (Deceased 1 September 2002)  
A. T. Gillies  
J Meiklem  
F M McConnell  
G A Thomson  
W B Robertson

### Directors' interests

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

	Ordinary Shares of £ 1 each	
	31 May 2002	1 June 2001
C. R. Woodrow	50	50
G G Masterton CBE	4,300	4,300
W M Rennie	2,026	2,026
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.

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2002

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### 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.

### 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 2003

# **DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED**

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We have audited the financial statements of Dunfermline Athletic Football Club Limited on pages 6 to 18 for the year ended 31 May 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the directors and auditors**

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' and chairman's report and consider the implications for our report if we become aware of any apparent misstatements within them.

#### **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 1.10. We consider that, in view of the matters referred to above and in accounting policy 1.10, there is a significant level of concern as to the appropriateness of the going concern basis. Our opinion is not qualified in this respect.

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

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### 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 2002 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 2003



# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2002

	Notes	2002 £	2001 £
Turnover	2	3,183,286	2,987,597
Cost of sales		(5,300,846)	(5,081,161)
<b>Gross loss</b>		(2,117,560)	(2,093,564)
Other operating income	3	269,695	262,643
		(1,847,865)	(1,830,921)
Administrative expenses		(439,769)	(476,255)
		(2,287,634)	(2,307,176)
Net transfer fees		232,864	(307,750)
<b>Operating loss</b>	4	(2,054,770)	(2,614,926)
Exceptional Items	4	1,002,430	-
<b>Loss on ordinary activities before interest</b>		(1,052,340)	(2,614,926)
Interest payable and similar charges	5	(305,752)	(410,651)
<b>Loss on ordinary activities before taxation</b>		(1,358,092)	(3,025,577)
Tax on loss on ordinary activities	6	-	-
<b>Loss on ordinary activities after taxation</b>	14	(1,358,092)	(3,025,577)

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 2002

	Notes	2002 £	£	2001 £	£
<b>Fixed assets</b>					
Tangible assets	7		584,463		4,280,186
<b>Current assets</b>					
Stocks	8	58,343		47,955	
Debtors	9	976,401		334,597	
Cash at bank and in hand		861		2,049	
		<u>1,035,605</u>		<u>384,601</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(2,265,024)</u>		<u>(2,488,747)</u>	
<b>Net current liabilities</b>			<u>(1,229,419)</u>		<u>(2,104,146)</u>
<b>Total assets less current liabilities</b>			<u>(644,956)</u>		<u>2,176,040</u>
<b>Creditors: amounts falling due after more than one year</b>					
Loans and other creditors	11	(1,914,464)		(5,338,906)	
Subordinated loan	11	<u>(4,500,000)</u>		<u>(2,750,000)</u>	
			<u>(6,414,464)</u>		<u>(8,088,906)</u>
<b>Accruals and deferred income</b>	12		-		(1,551,962)
			<u>(7,059,420)</u>		<u>(7,464,828)</u>
<b>Capital and reserves</b>					
Called up share capital	13		228,407		85,642
Share premium account	14		2,966,768		1,346,033
Profit and loss account	14		<u>(10,254,595)</u>		<u>(8,896,503)</u>
<b>Shareholders' funds - equity interests</b>	15		<u>(7,059,420)</u>		<u>(7,464,828)</u>

The financial statements were approved by the Board on 28 March 2003

  
G G Masterton CBE  
Director

  
J W Yorkston  
Director

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2002

	2002	2001
	£	£
<b>Net cash outflow from operating activities</b>	(1,467,800)	(2,359,364)
<b>Returns on investments and servicing of finance</b>		
Interest paid	(317,391)	(365,999)
Interest element of finance lease rentals	(29,379)	(26,707)
<b>Net cash outflow for returns on investments and servicing of finance</b>	(346,770)	(392,706)
<b>Capital expenditure</b>		
Payments to acquire tangible assets	-	(13,527)
Receipts from sales of tangible assets	2,406,469	(54,664)
<b>Net cash inflow/(outflow) for capital expenditure</b>	2,406,469	(68,191)
<b>Net cash outflow before management of liquid resources and financing</b>	591,899	(2,820,261)
<b>Financing</b>		
Issue of ordinary share capital	1,763,500	1,200
New long term bank loan	-	3,000,000
Other new long term loans	2,000,000	2,750,000
Other new short term loans	-	50,000
Repayment of long term bank loan	(1,866,667)	(833,333)
Repayment of other long term loans	(1,709,786)	(285,857)
Repayment of other short term loans	(150,000)	200,000
Capital element of finance lease contracts	(97,988)	(97,988)
<b>Net cash (outflow)/inflow from financing</b>	(60,941)	4,784,022
<b>(Decrease)/increase in cash in the year</b>	530,958	1,963,761

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2002

1	Reconciliation of operating loss to net cash outflow from operating activities	2002	2001
		£	£
	Operating loss	(502,808)	(2,614,926)
	Depreciation of tangible assets	214,721	222,244
	Increase in stocks	(10,388)	(42,198)
	Increase in debtors	(116,804)	3,330
	Increase in creditors within one year	499,441	140,717
	Movement on grant provision	(1,551,962)	(68,531)
	<b>Net cash outflow from operating activities</b>	<b>(1,467,800)</b>	<b>(2,359,364)</b>

  

2	Analysis of net debt	1 June 2001	Cash flow	Other non-cash changes	31 May 2002
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	2,049	(1,188)	-	861
	Bank overdrafts	(1,121,263)	532,146	-	(589,117)
		<u>(1,119,214)</u>	<u>530,958</u>	<u>-</u>	<u>(588,256)</u>
	Debt:				
	Finance leases	(407,069)	97,988	-	(309,081)
	Debts falling due within one year	(350,000)	150,000	-	(200,000)
	Debts falling due after one year	(7,779,825)	1,576,454	-	(6,203,371)
		<u>(8,536,894)</u>	<u>1,824,442</u>	<u>-</u>	<u>(6,712,452)</u>
	<b>Net debt</b>	<b>(9,656,108)</b>	<b>2,355,400</b>	<b>-</b>	<b>(7,300,708)</b>

  

3	Reconciliation of net cash flow to movement in net debt	2002	2001
		£	£
	Increase in cash in the year	530,958	1,963,761
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	1,824,442	(4,782,822)
	<b>Movement in net debt in the year</b>	<b>2,355,400</b>	<b>(2,819,061)</b>
	Opening net debt	(9,656,108)	(6,837,047)
	<b>Closing net debt</b>	<b>(7,300,708)</b>	<b>(9,656,108)</b>

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2002

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### 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
Plant and machinery	20% Reducing balance
Computer Equipment	25% Reducing balance
Motor Vehicles	25% Reducing balance

#### 1.4 Leasing

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 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.

#### 1.8 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.

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2002

### 1 Accounting policies

(continued)

#### 1.9 Transfer Fees

Transfer fees paid or received are charged or credited to the profit and loss account in the period in which they arise.

#### 1.10 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 believe the going concern basis is appropriate given the financial restructuring that took place in the year and the subordinated, deferred nature of the majority of the company's remaining debt. The company has agreed facilities in place at the year end with the company's bankers and the directors are satisfied, based upon the cash flow and budget projections they have prepared, that the company can meet its obligations as they fall due for the foreseeable future.

### 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

	2002 £	2001 £
Donations - Centenary Club	10,000	20,000
Amortisation of grants	68,531	68,531
Other income	191,164	174,112
	<u>269,695</u>	<u>262,643</u>

### 4 Operating loss

	2002 £	2001 £
Operating loss is stated after charging:		
Depreciation of tangible assets	214,721	222,244
Operating lease rentals		
- Plant and machinery	9,657	8,860
- Other assets	150,000	150,000
Auditors' remuneration	6,000	4,500
Exceptional items (see below)	(1,002,430)	-
Government grants	(68,531)	(68,531)
	<u></u>	<u></u>

At the year end the company sold its Leasehold buildings on which it made a loss on sale of £481,001. The sale of the buildings however released the deferred grants resulting in a credit of £1,483,431. The net gain of £1,002,430 is shown as an exceptional item in the profit and loss account.

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2002

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5	Interest payable	2002 £	2001 £
	Bank overdraft and loan interest	291,139	340,377
	Finance lease interest	29,379	26,707
	Other interest	(14,766)	43,567
		<u>305,752</u>	<u>410,651</u>

## 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.

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2002

### 7 Tangible fixed assets

	Leasehold Buildings £	Plant and machinery £	Computer Equipment £	Motor Vehicles £	Total £
<b>Cost</b>					
At 1 June 2001	4,777,392	102,935	90,578	61,848	5,032,753
Reclassification of assets	(619,522)	619,522	-	-	-
Disposals	(4,157,870)	-	-	-	(4,157,870)
At 31 May 2002	-	722,457	90,578	61,848	874,883
<b>Depreciation</b>					
At 1 June 2001	595,937	81,179	51,956	23,496	752,568
Reclassification of assets	(110,164)	110,164	-	-	-
On disposals	(676,869)	-	-	-	(676,869)
Charge for the year	191,096	4,381	9,656	9,588	214,721
At 31 May 2002	-	195,724	61,612	33,084	290,420
<b>Net book value</b>					
At 31 May 2002	-	526,733	28,966	28,764	584,463
At 31 May 2001	4,181,455	21,757	38,622	38,352	4,280,186

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

	Plant and machinery £	Leasehold buildings £	Motor Vehicles £	Total £
<b>Net book values</b>				
At 31 May 2002	509,358	-	22,686	532,044
At 31 May 2001	-	534,139	30,248	564,387
<b>Depreciation charge for the year</b>				
31 May 2002	-	24,781	7,561	32,342
31 May 2001	-	24,781	10,082	34,863

### 8 Stocks

	2002 £	2001 £
Finished goods and goods for resale	58,343	47,955



# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2002

9 Debtors	2002 £	2001 £
Trade debtors	657,538	63,619
Other debtors	299,978	270,978
Prepayments and accrued income	18,885	-
	<u>976,401</u>	<u>334,597</u>

10 Creditors: amounts falling due within one year	2002 £	2001 £
Bank loans and overdrafts	789,117	1,321,263
Net obligations under finance leases	97,988	97,988
Trade creditors	149,678	69,753
Taxes and social security costs	695,735	167,913
Other creditors	77,658	458,285
Accruals and deferred income	454,848	373,545
	<u>2,265,024</u>	<u>2,488,747</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 (CONTINUED) FOR THE YEAR ENDED 31 MAY 2002

11 Creditors: amounts falling due after more than one year	2002 £	2001 £
Bank loans	800,000	2,666,667
Subordinated loan (see below)	4,500,000	2,750,000
Other loans	903,371	2,363,158
Net obligations under finance leases	211,093	309,081
	<u>6,414,464</u>	<u>8,088,906</u>
<b>Analysis of loans</b>		
Not wholly repayable within five years by instalments:		
Bank Loan	-	2,866,666
Other Loans	-	2,039,145
Not wholly repayable within five years other than by instalments:		
Other Loans	5,393,359	3,156,005
Wholly repayable within five years	1,010,012	68,009
	<u>6,403,371</u>	<u>8,129,825</u>
Included in current liabilities	(200,000)	(350,000)
	<u>6,203,371</u>	<u>7,779,825</u>
Instalments not due within five years	-	121
	<u>-</u>	<u>121</u>
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	210,012	408,000
In more than two years but not more than five years	800,000	1,410,000
In more than five years	5,393,359	6,311,825
	<u>6,403,371</u>	<u>8,129,825</u>
<b>Net obligations under finance leases</b>		
Repayable within one year	127,367	127,519
Repayable between one and five years	275,340	402,707
	<u>402,707</u>	<u>530,226</u>
Finance charges and interest allocated to future accounting periods	(93,626)	(123,157)
	<u>309,081</u>	<u>407,069</u>
Included in liabilities falling due within one year	(97,988)	(97,988)
	<u>211,093</u>	<u>309,081</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 5 years. Interest charged on the loan is at Base Rate plus 1.5% per annum.

The subordinated loan is a loan of £4,500,000 from Wood Investments (Scotland) Limited, repayable only when the proceeds are received from future player transfers. In the absence of any sale proceeds the loan is restricted to a maximum amount payable of £1,000,000.

The other loans of £903,371 include a loan of £500,000 from Stadia Properties Limited (see note 18). The loan has no specific terms for repayment but will not be repayable until the financial position of the company permits.

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2002

### 12 Accruals and deferred income

	Government grants £
Balance at 1 June 2001	1,551,962
Released in the year	(68,531)
Eliminated on disposals (see Note 4)	(1,483,431)
	<u>          </u>
Balance at 31 May 2002	<u>          </u> -

### 13 Share capital

	2002 £	2001 £
<b>Authorised</b>		
Ordinary Shares of £ 1 each	300,000	300,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
Ordinary Shares of £ 1 each	228,407	85,642
	<u>          </u>	<u>          </u>

During the year 15 Ordinary Shares of £1 each were issued at a price of £20 per share, and 69,400 Ordinary Shares of £1 each were issued at a price of £11.93 per share giving a total consideration, in cash, of £828,300. Also, 57,100 Ordinary Shares of £1 each were issued at a price of £12 per share, and 16,250 Ordinary Shares of £1 each were issued at a price of £15.38 as a capitalisation of loan stock for a total consideration of £935,200. The purpose of these issues were to raise additional working capital.

### 14 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 June 2001	1,346,033	(8,896,503)
Retained loss for the year	-	(1,358,092)
Premium on shares issued during the year	1,620,735	-
	<u>          </u>	<u>          </u>
Balance at 31 May 2002	<u>2,966,768</u>	<u>(10,254,595)</u>

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2002

15 Reconciliation of movements in shareholders' funds	2002 £	2001 £
Loss for the financial year	(1,358,092)	(3,025,577)
Proceeds from issue of shares	1,763,500	1,200
Net addition to/(depletion in) shareholders' funds	405,408	(3,024,377)
Opening shareholders' funds	(7,464,828)	(4,440,451)
Closing shareholders' funds	(7,059,420)	(7,464,828)

## 16 Financial commitments

At 31 May 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2002 £	2001 £
Expiry date:		
In over five years	200,000	150,000

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

## 17 Employees

### Number of employees

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

	2002 Number	2001 Number
Office and Management	36	19
Ground Staff and Players	84	62
	120	81

### Employment costs

	£	£
Wages and salaries	3,751,272	3,493,050
Social security costs	400,414	364,477
Other pension costs	43,938	45,965
	4,195,624	3,903,492

The Directors received no remuneration during the year.

# DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2002

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### 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 the Chairman of Stadia Properties 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 £ 353,359

Stadia Properties Limited £500,000

Wood Investments (Scotland) Limited £ 4,500,000

During the year the company paid rent to Stadia Properties Limited amounting to £150,000. At the year end the rent increased to £200,000 per annum.

On 31st May the company sold its Leasehold buildings to Stadia Properties Limited and transferred the obligations due in respect of related grants. Details of this transaction are shown in Note 4.