

Dunfermline Athletic Football Club Limited
Financial Statements
31st May 2013



CONDIE & CO
Chartered Accountants & Statutory Auditor
10 Abbey Park Place
Dunfermline
Fife
KY12 7NZ

Dunfermline Athletic Football Club Limited

Financial Statements

Year Ended 31st May 2013

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Dunfermline Athletic Football Club Limited

Officers and Professional Advisers

The Board of Directors

Mr R M Garmory
Mr I Hunter
Mr J Leishman
Mr C McBay
Mr P C McWhirter
Miss E M Ross

Registered Office

East End Park
Halbeath Road
Dunfermline
Fife
KY12 7RB

Auditor

Condie & Co
Chartered Accountants
& Statutory Auditor
10 Abbey Park Place
Dunfermline
Fife
KY12 7NZ

Bankers

Santander UK plc
2 Triton Square
Regent's Place
London
NW1 3AN

Solicitors

dwf Biggart Baillie
310 St Vincent Street
Glasgow
G2 5QR

Dunfermline Athletic Football Club Limited

Chairman's Statement

Year Ended 31st May 2013

Football

As a result of the company being in administration, a number of employees, including several senior players, were made redundant in a cost saving exercise and, separately, the club was subject to a fifteen point penalty imposed by the Scottish Football League. The combined effect of the weakened playing squad and the points penalty was that the football club was relegated from the First Division of the Scottish Football League at the end of the 2012-2013 season.

Finances

As reported in previous financial statements, the company has traded unprofitably for a number of years and had accumulated very substantial debts. During the first quarter of 2013, HM Revenue & Customs was understood to be on the point of petitioning the Court of Session for the winding up of the company. As a consequence, the Directors applied to the Court for the company to be put into administration.

During the period of the administration, the continued operation of the football club was facilitated by significant injections of cash, in the form of donations and loans, from Pars United, the name adopted by the various groups who came together with the common aim of saving the club.

On 15 October 2013, Pars United CIC, a community interest company formed specifically for the purpose, acquired 93.6% of the company's shares and on 13 December 2013 the company formally emerged from administration.

Post Administration Trading

Since the company has been under the control of Pars United CIC, its entire business model has been transformed. Commercial revenue has been increased, costs have been reduced, new financial controls and disciplines have been introduced and a significant new income stream has been established in the form of donations from the Centenary Club Lifeline, a supporters' initiative. As a result, the company has generated positive cash returns and has been able to meet all of its financial commitments to its suppliers, its employees and the football community promptly and in full.


Mr R M Garmory
Chairman

28th February 2014

Dunfermline Athletic Football Club Limited

Directors' Report

Year Ended 31st May 2013

The directors present their report and the financial statements of the company for the year ended 31st May 2013.

Principal Activities

The principal activity of the company continued to be the promotion and practice of football, and other related commercial activities.

Directors

The directors who served the company during the year were as follows:

Mr J W Yorkston
Mr G G Masterton
Miss K E Masterton
Mrs T S Martin

Mrs T S Martin was appointed as a director on 25th June 2012 and resigned on 24th September 2013.

Mr R M Garmory was appointed as a director on 10th September 2013.

Mr I Hunter was appointed as a director on 30th September 2013.

Mr J Leishman resigned as a director on 24th October 2012 and was re-appointed as a director on 30th September 2013.

Mr C McBay resigned as a director on 24th October 2012 and was re-appointed as a director on 30th September 2013.

Mr P C McWhirter resigned as a director on 24th October 2012 and was re-appointed as a director on 30th September 2013.

Miss E M Ross was appointed as a director on 30th September 2013.

Mr J W Yorkston resigned as a director on 24th September 2013.

Mr G G Masterton resigned as a director on 24th September 2013.

Miss K E Masterton resigned as a director on 24th September 2013.

Mr S L Curtis resigned as a director on 24th October 2012.

Mr I Jones resigned as a director on 24th October 2012.

Mr R Shearer resigned as a director on 24th October 2012.

Mr F M McConnell resigned as a director on 25th June 2012.

Mr W R Hodgins resigned as a director on 22nd October 2012.

Auditors

Condie & Co were appointed auditors during the year and their reappointment will be confirmed at the forthcoming AGM.

Directors' Responsibilities

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

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

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.
-

Dunfermline Athletic Football Club Limited

Directors' Report *(continued)*

Year Ended 31st May 2013

Directors' Responsibilities *(continued)*

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.

Statement of Disclosure to Auditors

The company entered Administration on 11 April 2013 and emerged from Administration on 13 December 2013. As a consequence of this, there are no directors currently serving on the Board who were directors during the financial year ended 31 May 2013. Therefore the directors are unable to confirm that there is no relevant audit information of which the company's auditors are unaware. In addition, the directors were unable to take all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Small Company Provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Signed on behalf of the directors



Mr R M Garmory
Director

Approved by the directors on 28th February 2014

Dunfermline Athletic Football Club Limited

Independent Auditor's Report to the Shareholders of Dunfermline Athletic Football Club Limited

Year Ended 31st May 2013

We have audited the financial statements of Dunfermline Athletic Football Club Limited for the year ended 31st May 2013 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 4, the directors are responsible for the preparation of the Annual Report, financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. Due to the matters referred to in the Basis for Disclaimer of Opinion paragraph we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Basis for Disclaimer of Opinion on Financial Statements - Limitation of Scope

The audit evidence available to us was limited because there are currently no directors on the board who were directors during the year ended 31 May 2013. The directors are therefore unable to provide us with sufficient appropriate audit evidence in certain areas and in some respects representations that we require as part of the audit process. This constitutes a limitation of scope on our audit work of such a material and pervasive nature that we are unable to express an opinion on the financial statements.

Qualified Opinion on Financial Statements

Because of the significance of the possible impact of the circumstances outlined in the Basis for Disclaimer of Opinion on financial statements paragraph, to the financial statements, we have not been able to obtain sufficient evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial statements.

Opinion on Other Matter Prescribed by the Companies Act 2006

Notwithstanding our disclaimer of opinion on the financial statements, in our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Dunfermline Athletic Football Club Limited

Independent Auditor's Report to the Shareholders of Dunfermline Athletic Football Club Limited (continued)

Year Ended 31st May 2013

Matters on Which We are Required to Report by Exception

Notwithstanding the disclaimer of opinion on the financial statements, 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the director's report.

10 Abbey Park Place
Dunfermline
Fife
KY12 7NZ

28th February 2014

George Primrose (Senior Statutory Auditor)
For and on behalf of
CONDIE & CO
Chartered Accountants
& Statutory Auditor

Dunfermline Athletic Football Club Limited

Profit and Loss Account

Year Ended 31st May 2013

	Note	2013 £	2012 £
Turnover		2,244,643	3,116,080
Cost of sales		2,029,843	3,123,243
Gross Profit/(Loss)		214,800	(7,163)
Administrative expenses		508,786	458,457
Other operating income	2	(253,860)	(151,035)
Operating Loss	3	(40,126)	(314,585)
Interest payable and similar charges		5,496	51,190
Loss on Ordinary Activities Before Taxation		(45,622)	(365,775)
Tax on loss on ordinary activities		-	-
Loss for the Financial Year		(45,622)	(365,775)
Balance brought forward		(17,302,533)	(16,936,758)
Balance carried forward		(17,348,155)	(17,302,533)

The notes on pages 9 to 14 form part of these financial statements.

Dunfermline Athletic Football Club Limited

Balance Sheet

31st May 2013

	Note	2013 £	2012 £
Fixed Assets			
Tangible assets	5	1,808,364	1,882,315
Investments	6	1	1
		<u>1,808,365</u>	<u>1,882,316</u>
Current Assets			
Stocks		16,490	27,495
Debtors due within one year	7	63,961	117,900
Cash at bank and in hand		375,773	26,993
		456,224	172,388
Creditors: Amounts Falling due Within One Year	8	<u>1,199,965</u>	<u>1,387,531</u>
Net Current Liabilities		(743,741)	(1,215,143)
Total Assets Less Current Liabilities		1,064,624	667,173
Creditors: Amounts Falling due after More than One Year	9	9,916,212	9,473,139
		<u>(8,851,588)</u>	<u>(8,805,966)</u>
Capital and Reserves			
Called-up equity share capital	12	710,553	710,553
Share premium account	13	7,786,014	7,786,014
Profit and loss account		(17,348,155)	(17,302,533)
Deficit		<u>(8,851,588)</u>	<u>(8,805,966)</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

These accounts were approved by the directors and authorised for issue on 28th February 2014, and are signed on their behalf by:


 Mr R M Garmory
 Director

Company Registration Number: SC011580

The notes on pages 9 to 14 form part of these financial statements.

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2013

1. Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements have been prepared on a going concern basis which assumes the company will continue in operational existence for the foreseeable future.

As previously reported, on 11 April 2013 the company was granted an Administration order by the Court of Session and Bryan A Jackson and Robert W Barclay of PKF (UK) LLP (now BDO LLP) were appointed Administrators. On 30 July 2013, the creditors approved a Company Voluntary Arrangement (CVA) as set out in the Report to Creditors dated 11 July 2013. As a result of this approval, £10,039,087 of amounts payable to non-preferential creditors will be written off in the year to 31 May 2014.

On 15 October 2013 control of the company was transferred from the Administrators to Pars United Community Interest Company. The company exited from Administration on 13 December 2013 and day to day control was returned to a substantially new Board of Directors.

The company currently has no bank lending facilities in place and operates from its bank current account with the support of its new parent company to meet commitments as they fall due.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 398 of the Companies Act 2006 not to prepare group accounts.

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.

Fixed Assets

All fixed assets are initially recorded at cost.

Depreciation

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

Land and Buildings Leasehold	- 1.67 - 3.33% straight line
Plant & Machinery	- 12.5% straight line
Motor Vehicles	- 25% reducing balance
Computer Equipment	- 25% reducing balance

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2013

1. Accounting Policies *(continued)*

Stocks

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

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Transfer Fees

Costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. The directors consider that it is appropriate to write these costs off over the period of the players' initial contracts.

2. Other Operating Income

	2013 £	2012 £
Profit on disposal of fixed assets	–	14,731
Other operating income	253,860	136,304
	<u>253,860</u>	<u>151,035</u>

3. Operating Loss

Operating loss is stated after charging/(crediting):

	2013 £	2012 £
Depreciation of owned fixed assets	83,145	38,524
Loss on disposal of fixed assets	413	–
Profit on disposal of fixed assets	–	(14,731)
Auditor's fees	<u>5,500</u>	<u>5,750</u>

4. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services were:

	2013 £	2012 £
Aggregate remuneration	<u>27,721</u>	<u>46,120</u>

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2013

5. Tangible Fixed Assets

	Land and buildings £	Plant & Machinery £	Motor Vehicles £	Equipment £	Total £
Cost					
At 1 June 2012	1,962,197	148,523	48,815	54,319	2,213,854
Additions	-	535	-	9,073	9,608
Disposals	-	-	-	(6,270)	(6,270)
At 31 May 2013	<u>1,962,197</u>	<u>149,058</u>	<u>48,815</u>	<u>57,122</u>	<u>2,217,192</u>
Depreciation					
At 1 June 2012	196,551	66,365	44,448	24,175	331,539
Charge for the year	62,493	10,404	1,091	9,157	83,145
On disposals	-	-	-	(5,856)	(5,856)
At 31 May 2013	<u>259,044</u>	<u>76,769</u>	<u>45,539</u>	<u>27,476</u>	<u>408,828</u>
Net Book Value					
At 31 May 2013	<u>1,703,153</u>	<u>72,289</u>	<u>3,276</u>	<u>29,646</u>	<u>1,808,364</u>
At 31 May 2012	<u>1,765,646</u>	<u>82,158</u>	<u>4,367</u>	<u>30,144</u>	<u>1,882,315</u>

6. Investments

	Investment in subsidiary £
Cost	
At 1st June 2012 and 31st May 2013	<u>1</u>
Net Book Value	
At 31st May 2013 and 31st May 2012	<u>1</u>

Investments represent a shareholding of 1 ordinary share of £1 (100% of the issued ordinary share capital) of Black & White (Dunfermline) Limited, a company registered in Scotland. The principal activity of Black & White (Dunfermline) Limited is that of football youth development.

The aggregate amount of capital and reserves and the results of Black & White (Dunfermline) Limited for the last two relevant financial years were as follows:

	2013 £	2012 £
Aggregate capital and reserves		
Black & White (Dunfermline) Limited	<u>(190,866)</u>	<u>(167,896)</u>
Profit and (loss) for the year		
Black & White (Dunfermline) Limited	<u>(22,970)</u>	<u>(73,537)</u>

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2013

7. Debtors

	2013	2012
	£	£
Trade debtors	28,313	31,813
Amounts owed by group undertakings	12,326	–
Other debtors	23,322	86,087
	<u>63,961</u>	<u>117,900</u>

8. Creditors: Amounts Falling due Within One Year

	2013	2012
	£	£
Trade creditors	525,047	324,455
Other creditors including taxation and social security:		
PAYE and social security	64,716	198,383
VAT	199,009	290,161
Other creditors	113,812	151,441
Accruals and deferred income	297,381	423,091
	<u>674,918</u>	<u>1,063,076</u>
	<u>1,199,965</u>	<u>1,387,531</u>

In accordance with the CVA which was approved on 30 July 2013, £669,710 of creditors falling due within one year are not payable. As the CVA was not agreed until after the year end, the relevant liabilities still existed at the balance sheet date and will not be written off until the next financial year.

9. Creditors: Amounts Falling due after More than One Year

	2013	2012
	£	£
Other creditors	<u>9,916,212</u>	<u>9,473,139</u>

In accordance with the CVA which was approved on 30 July 2013, all creditors due after more than one year are not payable. As the CVA was not agreed until after the year end, the liabilities still existed at the balance sheet date and will not be written off until the next financial year.

10. Contingent Liabilities

There is a contingent liability in respect of a claim against the company by a former employee for compensation as a result of early termination of contract. At this stage the extent of any settlement is not known.

There is a further contingent liability in respect of a Notice of Calling up of a Standard Security served to the company on 3 December 2013 over the tenant's leasehold interests in Pitreavie Playing Fields. At this stage the outcome of this cannot yet be determined.

Dunfermline Athletic Football Club Limited

Notes to the Financial Statements

Year Ended 31st May 2013

11. Related Party Transactions

The company was under the control of Charlestown Holdings Limited until 3 April 2013 when that company's shareholding (being 93.6% of the issued share capital of Dunfermline Athletic Football Club) was transferred to the Administrators BDO LLP. On 15 October 2013, Pars United Community Interest Company acquired the shares from the Administrators and on 13 December 2013 the company formally emerged from Administration. No individual party has a controlling interest in Pars United Community Interest Company.

Mr G G Masterton is a director of Charlestown Holdings Limited and First Scottish Group Limited. Mr J W Yorkston is a director of Charlestown Holdings Limited and First Scottish Group Limited. Miss K Masterton is a director of Charlestown Holdings Limited and East End Park Limited (In Administration).

Included in other long term creditors are the following amounts due to:

Charlestown Holdings Limited - £2,748,989 (2012 - £2,018,518)
East End Park Limited - £5,792,971 (2012 - £2,018,518)
Charlestown Developments Limited - £29,381 debtor (2012 - £1,842)
Charlestown Developments (LPR) Limited - £nil (2012 - £48,215 debtor)
First Scottish Searching Services Limited - £36,813 (2012 - £381,570)

Included in other long term creditors are the following amounts due to former directors:

Mr G G Masterton - £19,000 (2012 - £16,000 debtor)
Mr J W Yorkston - £51,532 (2012 - £364,296)
Miss K E Masterton - £21,058 (2012 - £26,935)
Mrs T S Martin - £38,314 (2012 - £10,992)
Mr R Shearer - £10,917 (2012 - £12,646)
Mr F M McConnell - £43,424 (2012 - £54,001)

Included in other long term creditors are the following amounts due to current directors:

Mr C McBay - £295,000 (2012 - £289,000)
Mr J Leishman - £29,590 (2012 - £30,919)

Included in other long term creditors are the following amounts due to the following companies:

BitWise Limited - £76,680 (2012 - £89,680). A company in which director Mr P C McWhirter is also a director and shareholder
Steve Curtis Cars Limited - £79,012 (2012 - £122,162). A company in which former director Mr S L Curtis is also a director and shareholder.

Following the Company Voluntary Arrangement (CVA) approval on 30 July 2013 the above creditors are no longer payable and will be written off in the year to 31 May 2014.

Included in other debtors is £12,326 (2012 - £nil) due from Black & White (Dunfermline) Limited, a company which is a 100% subsidiary of Dunfermline Athletic Football Club Limited.

Dunfermline Athletic Football Club Limited

Notes to the Detailed Profit and Loss Account

Year Ended 31st May 2013

12. Share Capital

Allotted, called up and fully paid:

	2013		2012	
	No	£	No	£
Ordinary shares of £1 each	<u>710,553</u>	<u>710,553</u>	<u>710,553</u>	<u>710,553</u>

13. Share Premium Account

There was no movement on the share premium account during the financial year.

14. Post Balance Sheet Events

A Meeting of Creditors was held on 30 July 2013 which approved the proposals of the Joint Administrators for a Company Voluntary Arrangement as set out in the Report to Creditors dated 11 July 2013. As a result of this arrangement, substantially the whole of amounts payable to non-preferential ordinary creditors will be written off in the year to 31 May 2014.

On 13 December 2013, the company formally emerged from Administration.