

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

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DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

Company Information

Directors	Mr R I McArthur Mr W A Braisby Mr R M Garmory Mr I Hunter Mr J Leishman Mr A Main Mr C McBay	(Appointed 16 January 2017)
Company number	SC011580	
Registered office	East End Park Halbeath Road Dunfermline Fife KY12 7RB	
Auditor	Condie & Co 10 Abbey Park Place Dunfermline Fife KY12 7NZ	
Business address	East End Park Halbeath Road Dunfermline Fife KY12 7RB	
Bankers	Santander UK plc 2 Triton Square Regent's Place London NW1 3AN	

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

Contents

	Page
Chairman's statement	1 - 3
Statement of financial position	4
Notes to the financial statements	5 - 12

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

Chairman's Statement

For The Year Ended 31 May 2017

General

I am pleased to present the company's accounts for the year ended 31 May 2017. These accounts cover the third full year of operations since the company came out of administration on 13 December 2013 and reflect the continued progress which has been made in that period.

Football Review

It is very satisfying to be able to report that the club continues to improve and to make progress towards our goal of a return to the SPFL Ladbrokes Premiership.

Despite having got off to a slow start, our first season in the SPFL Ladbrokes Championship proved to be very successful and the club missed out on a play-off position by only four points. Our thanks are due to Allan Johnston, the rest of the management team and the playing squad for their professionalism, their enthusiasm and their commitment to our great club.

The following table reflects the season's performance:

	2016/17	2015/16	2014/15
SPFL Championship - Final Placing	5th	-	-
SPFL League One - Final Placing	-	1st	7th
Scottish Cup	Round 5	Round 4	Round 4
League Cup	Group Stage	Round 3	Round 2
Challenge Cup	Quarter Final	Quarter Final	Round 2

Finances and Trading

For the second year running, our accounts show a modest profit. This is despite the fact that the accounts reflect the costs incurred on the pitch in two close seasons; prior to the start of, and immediately after, the 2016/17 season.

Your Board now has in place robust accounting systems and a rigid approach towards budgeting and forecasting and we will continue to run the club on a cautious and conservative basis while, at the same time, looking to continue the improvement to date.

The average attendance level at all our first team's home games in 2016/17 was 3,913 – once again, a great statement of the loyalty of our supporters and a reflection of the quality of football being played.

The only area where we experienced a shortfall in our budgetary expectations related to non-matchday income, which reflects the increasing competition within the wider marketplace for private functions and conferences.

The club's cash position has continued to strengthen and we continue to meet all of our financial obligations on time. During the year, Pars United CIC, our parent company, converted its loan into equity and provided further equity capital to the club, thereby strengthening our balance sheet.

Of course, as I have said on so many occasions before, our club is only able to show a profit for the year because we have a very loyal support, which continues to be shown in so many ways: the number of supporters who come along to East End Park and who travel to support the club is envied by other clubs; volunteers continue to give freely of their time, expertise and other resources to help in so many ways; and, the Centenary Club Lifeline, the 1885 DAFC Business Club, the DASC Shop and the Pars Supporters' Trust all make financial contributions which, quite frankly, form the essential foundation on which the club's finances are built.

Our social media presence, across a number of the main platforms, continues to grow and to engage with a widening audience every year and we are now one of the top six clubs in Scotland in terms of reach. Social media provides the ability to reach an audience much greater than supporters who might attend a fixture, and allows us to portray the many good things happening in and around our club.

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

Chairman's Statement (Continued)

For The Year Ended 31 May 2017

Community Activity

We continue to develop our community activities in conjunction with the Pars Foundation and the Dunfermline Athletic Heritage Trust. A lot of fantastic work is being undertaken, in and around West Fife on a weekly basis, much of which is delivered by volunteers on behalf of our club. Our Schools Engagement Programme continues to go from strength to strength, and is paying dividends in terms of the number of younger fans now watching The Pars.

Our supporters' clubs also continue to thrive, none more so than our revitalised Dunfermline Athletic Disabled Supporters' Club which continues to grow in terms of new members.

The Future

Success brings with it increased expectations. Having just missed out on a play-off position last season, everyone associated with the club is keen to reach that target this year and to see the improvements continue. This is, however, a difficult division from which to secure promotion and there are other clubs who justifiably share our aims.

Losing Hibernian and Raith Rovers from the SPFL Ladbrokes Championship will undoubtedly have a significant impact on our anticipated income this season, and although that will be true for most other clubs, our ideal geographic location for both clubs, will likely cause us more discomfort than most.

We have described season 2017/18 as "The Lap of Honour" to mark the 50th anniversary of our last lifting the Scottish Cup. It is hoped that these glory days will act as an inspiration to the current playing squad. A number of activities are planned throughout the course of the season to celebrate that great day at Hampden Park.

As the club's financial stability improves, your Board can start to look at offering longer term contracts to players and management allowing us to build for the medium, rather than just the short, term. We can also turn our attention to bigger projects to repair and upgrade the stadium facilities and to improve the matchday experience for supporters. With the help of The Scottish Football Partnership, a significant investment has been made to improve our turnstiles and access control systems.

The Board has agreed to work with the SFA in its bid for the Women's Euro competition in 2019, as part of which East End Park will be one of the designated competition venues.

Our supporters and local businesses continue to show their loyalty and I cannot overstate how much this is appreciated by the Board. Our season tickets have sold well, and the Centenary Club Lifeline continues to provide crucial financial contributions. Our sponsors and advertisers continue to provide us with important sources of income and we greatly value the support we receive from SRJ Windows and the Purvis Group.

As I write this, our 2017/18 league campaign has got off to a promising start and I firmly believe that we have in place a management team and a playing squad which can, and will, deliver success.

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

Chairman's Statement (Continued)

For The Year Ended 31 May 2017

Appreciation

Many of you will have heard me say this before, but I make no apology for repeating here how grateful I and the other members of the Board are to so many loyal and generous individuals and organisations.

I could not possibly single anybody out, but to every member of our staff; to every sponsor; to every advertiser; to everyone guest at hospitality; and to every supporter who attends matches or contributes in some other way I want to offer my sincere thanks. You are the people who make this club what it is.

Your loyalty is greatly appreciated and will never be taken for granted.

On behalf of the board



Mr R I McArthur

Director

11 September 2017

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

Statement Of Financial Position

As At 31 May 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	3	1,392,700		1,407,101	
Investments	4	66		-	
		<u>1,392,766</u>		<u>1,407,101</u>	
Current assets					
Stocks		17,728		20,805	
Debtors	6	100,778		189,898	
Cash at bank and in hand		483,158		326,425	
		<u>601,664</u>		<u>537,128</u>	
Creditors: amounts falling due within one year	7	<u>(447,947)</u>		<u>(973,861)</u>	
Net current assets/(liabilities)			153,717		(436,733)
Total assets less current liabilities			<u>1,546,483</u>		<u>970,368</u>
Capital and reserves					
Called up share capital	9	1,260,292		710,553	
Share premium account		7,786,014		7,786,014	
Profit and loss reserves		<u>(7,499,823)</u>		<u>(7,526,199)</u>	
Total equity			<u>1,546,483</u>		<u>970,368</u>

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 11 September 2017 and are signed on its behalf by:



Mr R I McArthur
Director

Company Registration No. SC011580

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

Notes To The Financial Statements

For The Year Ended 31 May 2017

1 Accounting policies

Company information

Dunfermline Athletic Football Club Limited is a private company limited by shares incorporated in Scotland. The registered office is East End Park, Halbeath Road, Dunfermline, Fife, KY12 7RB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 May 2017 are the first financial statements of Dunfermline Athletic Football Club Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 June 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

At the time of approving the financial statements, the directors have reviewed the company forecasts and projections, and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents the income arising from football for the year in respect of gate receipts, advertising boards, sponsorships and corporate hospitality and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Season ticket sales are deferred and, together with gate receipts and other matchday revenues, recognised throughout the football season as games are played. Sponsorship and other commercial income is recognised over the duration of the respective contracts. Broadcasting revenues are recognised when the relevant televised match is played. Merit awards are recognised when they are certain.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

Notes To The Financial Statements (Continued)

For The Year Ended 31 May 2017

1 Accounting policies

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Leasehold property	3.33% straight line
Plant and machinery	20% straight line
Equipment	25% reducing balance
Motor vehicles	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Costs associated with the acquisition of players' registrations are charged to the income statement in the year in which they arise.

1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

Notes To The Financial Statements (Continued)

For The Year Ended 31 May 2017

1 Accounting policies

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

Notes To The Financial Statements (Continued)

For The Year Ended 31 May 2017

1 Accounting policies

1.10 Equity Instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

Notes To The Financial Statements (Continued)

For The Year Ended 31 May 2017

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 87 (2016 - 83).

3 Tangible fixed assets

	Leasehold property £	Plant and machinery £	Equipment £	Motor vehicles £	Total £
Cost					
At 1 June 2016	1,789,725	18,055	63,208	15,000	1,885,988
Additions	-	6,500	44,431	18,595	69,526
At 31 May 2017	1,789,725	24,555	107,639	33,595	1,955,514
Depreciation and impairment					
At 1 June 2016	424,226	7,255	39,906	7,500	478,887
Depreciation charged in the year	59,499	5,300	11,833	7,295	83,927
At 31 May 2017	483,725	12,555	51,739	14,795	562,814
Carrying amount					
At 31 May 2017	1,306,000	12,000	55,900	18,800	1,392,700
At 31 May 2016	1,365,499	10,800	23,302	7,500	1,407,101

4 Fixed asset investments

	2017 £	2016 £
Investments	66	-

Investments are recorded at cost and reviewed annually for impairment.

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

Notes To The Financial Statements (Continued)

For The Year Ended 31 May 2017

4 Fixed asset investments

Movements in fixed asset investments

	Shares in participating interests	Other investments other than loans	Total
	£	£	£
Cost or valuation			
At 1 June 2016	-	-	-
Additions	65	1	66
	<hr/>	<hr/>	<hr/>
At 31 May 2017	65	1	66
	<hr/>	<hr/>	<hr/>
Carrying amount			
At 31 May 2017	65	1	66
	<hr/>	<hr/>	<hr/>
At 31 May 2016	-	-	-
	<hr/>	<hr/>	<hr/>

The company holds one Ordinary Share of £1 in the Scottish Professional Football League Limited, which represents a 2.38% interest in the company.

5 Associates

Details of the company's associates at 31 May 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Fife Elite Football Academy Limited	Crescent House Carnegie Campus, Enterprise Way, Dunfermline, Fife, KY11 8GR	Promotion of youth association football	Ordinary	45.45 -

6 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	19,668	64,860
Other debtors	81,110	125,038
	<hr/>	<hr/>
	100,778	189,898
	<hr/>	<hr/>

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

Notes To The Financial Statements (Continued)

For The Year Ended 31 May 2017

7 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	65,008	39,426
Amounts due to group undertakings	-	416,929
Other taxation and social security	116,833	116,649
Other creditors	266,106	400,857
	<u>447,947</u>	<u>973,861</u>

8 Deferred taxation

There were no deferred tax movements in the year.

Deferred tax is not recognised in respect of tax losses of £20,982,996 as it is not probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

9 Called up share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
1,260,292 Ordinary of £1 each	<u>1,260,292</u>	<u>710,553</u>

Reconciliation of movements during the year:

	Ordinary Number
At 1 June 2016	710,292
Issue of fully paid shares	<u>550,000</u>
At 31 May 2017	<u>1,260,292</u>

During the year, the company issued 550,000 ordinary shares to the parent company, Pars United Community Interest Company, via a debt for equity swap of £416,929 and cash of £133,071.

10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Sharon Collins.

The auditor was Condie & Co.

DUNFERMLINE ATHLETIC FOOTBALL CLUB LIMITED

Notes To The Financial Statements (Continued)

For The Year Ended 31 May 2017

11 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2017	2016
£	£
2,600,683	1,691,217

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

2017	2016
£	£
8,800	8,800

12 Related party transactions

The company has elected to take advantage of the exemption conferred by FRS102 Section 1 A from the need to disclose transactions with related parties which are not material and concluded under normal market conditions.

13 Parent company

The parent company is Pars United Community Interest Company. No individual party holds a controlling interest.