

THE DUNDEE FOOTBALL CLUB LIMITED
FINANCIAL STATEMENTS
31 MAY 2016

FOURM LIMITED

Chartered Accountants & Statutory Auditor
Stannergate House
41 Dundee Road West
Broughty Ferry
Dundee
DD5 1NB

THE DUNDEE FOOTBALL CLUB LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2016

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THE DUNDEE FOOTBALL CLUB LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

| | |
|-------------------------------|--|
| The board of directors | Mr I R Crighton Mr S Martin Mr R W Hynd Mr J Nelms Mr T Keyes Mr B Lawrence |
| Registered office | Dens Park Stadium Sandeman Street Dundee Scotland DD3 7JY |
| Auditor | FourM Limited Chartered Accountants & Statutory Auditor Stannergate House 41 Dundee Road West Broughty Ferry Dundee DD5 1NB |
| Bankers | Barclays Bank plc 24 High Street Dundee DD1 1SZ |
| Solicitors | Thorntons Law LLP Whitehall House 33 Yeaman Shore Dundee DD1 4BJ |

THE DUNDEE FOOTBALL CLUB LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 MAY 2016

The directors present their report and the financial statements of the company for the year ended 31 May 2016.

PRINCIPAL ACTIVITIES

The principal activity of the company during the period continued to be that of a professional football club.

DIRECTORS

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

Mr I R Crighton

Mr S Martin

Mr R W Hynd

Mr J Nelms

Mr T Keyes (Appointed 11 August 2015)

Mr B Lawrence (Appointed 4 March 2016)

AUDITOR

FourM Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is 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.

Registered office:
Dens Park Stadium
Sandeman Street
Dundee
Scotland
DD3 7JY

Signed on behalf of the directors

J Nelms

Director

Approved by the directors on 27 February 2017

THE DUNDEE FOOTBALL CLUB LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
YEAR ENDED 31 MAY 2016

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.

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 DUNDEE FOOTBALL CLUB LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
DUNDEE FOOTBALL CLUB LIMITED
YEAR ENDED 31 MAY 2016

We have audited the financial statements of The Dundee Football Club Limited for the year ended 31 May 2016 on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 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 DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the 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.

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 directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

THE DUNDEE FOOTBALL CLUB LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
DUNDEE FOOTBALL CLUB LIMITED *(continued)*
YEAR ENDED 31 MAY 2016

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemptions from the requirement to prepare a strategic report.

IAIN McBRIDE MA CA (Senior
Statutory Auditor)
For and on behalf of
FOURM LIMITED
Chartered Accountants
& Statutory Auditor

Stannergate House
41 Dundee Road West
Broughty Ferry
Dundee
DD5 1NB

27 February 2017

THE DUNDEE FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MAY 2016

| | Note | 2016 £ | 2015 £ |
|--|----------|---------------------------|---------------------------|
| TURNOVER | 2 | 3,994,845 | 4,014,791 |
| Administrative expenses | | <u>4,511,947</u> | <u>4,210,723</u> |
| OPERATING LOSS | 3 | (517,102) | (195,932) |
| Interest receivable | | 2,591 | 3,259 |
| Interest payable and similar charges | 5 | (15,865) | (5,072) |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | <u>(530,376)</u> | <u>(197,745)</u> |
| Tax on loss on ordinary activities | | – | – |
| LOSS FOR THE FINANCIAL YEAR | | <u>(530,376)</u> | <u>(197,745)</u> |
| Balance brought forward | | <u>(3,364,464)</u> | <u>(3,166,719)</u> |
| Balance carried forward | | <u><u>(3,894,840)</u></u> | <u><u>(3,364,464)</u></u> |

The notes on pages 8 to 14 form part of these financial statements.

THE DUNDEE FOOTBALL CLUB LIMITED

BALANCE SHEET

31 MAY 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-------------------------|-------------------------|
| FIXED ASSETS | | | |
| Intangible assets | 6 | 41,765 | 40,738 |
| Tangible assets | 7 | 183,571 | 154,094 |
| | | <u>225,336</u> | <u>194,832</u> |
| CURRENT ASSETS | | | |
| Stocks | 8 | 10,283 | 7,972 |
| Debtors | 9 | 613,578 | 249,422 |
| Cash at bank and in hand | | 176,909 | 489,766 |
| | | <u>800,770</u> | <u>747,160</u> |
| CREDITORS: Amounts falling due within one year | 10 | <u>1,740,137</u> | <u>1,246,374</u> |
| NET CURRENT LIABILITIES | | (939,367) | (499,214) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | (714,031) | (304,382) |
| CREDITORS: Amounts falling due after more than one year | 11 | <u>6,121</u> | <u>4,100</u> |
| | | <u>(720,152)</u> | <u>(308,482)</u> |
| CAPITAL AND RESERVES | | | |
| Called up equity share capital | 16 | 1,489,681 | 1,401,095 |
| Share premium account | 17 | 1,685,007 | 1,654,887 |
| Profit and loss account | | <u>(3,894,840)</u> | <u>(3,364,464)</u> |
| DEFICIT | | <u>(720,152)</u> | <u>(308,482)</u> |

These accounts were approved by the directors and authorised for issue on 27 February 2017, and are signed on their behalf by:

J Nelms
Director

Company Registration Number: SC004585

The notes on pages 8 to 14 form part of these financial statements.

THE DUNDEE FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2016

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 January 2015).

The financial statements for the year ended 31 May 2017 will be prepared under a new financial reporting standard, FRS 102. The Directors consider that, as a result of transitioning to comply with FRS 102, there will be a significant restatement required to the company's Profit and loss reserve which will increase the amount of the deficit on shareholders' funds in the 31 May 2016 comparative figures. This adverse impact is as a result of how the new accounting rules are applied to recognise quantifiable lease costs on a straight line basis over the full lease term, rather than recognising the actual rent payable each year. Due to the property lease for Dens Park stadium including significant quantifiable rent escalations for its remaining term, the deficit at 31 May 2016, will be increased by an estimated £507,000 as a result of complying with FRS 102.

Going Concern

The company has prepared detailed financial projections for the period to 31 May 2018. The projections reflect the expected trading results for seasons 2016/17 and 2017/18, drawn up on the basis of conservative assumptions.

These projected results, together with an undertaking from the major shareholder to make additional funds available to the company, will ensure the company has sufficient funds available to meet its debts as they fall due for the 12 months period from the date of signing the accounts.

Consequently, the directors consider that it is appropriate to prepare the accounts on the going concern basis.

Turnover

Turnover comprises amounts invoiced or received by the company in respect of season ticket sales, gate receipts, player sales, donations and other commercial income, exclusive of Value Added Tax. Season ticket and commercial income sales which relate to the next football season starting after the year end date are deferred and recognised in the following year.

Intangible assets and amortisation

Amortisation 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:

| | |
|----------------------|---|
| Player Registrations | - Straight line over the period of the contract |
| Website | - Straight line over 3 years |

THE DUNDEE FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2016

1. ACCOUNTING POLICIES *(continued)*

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:

| | | |
|----------------------------------|---|--|
| Leasehold Property | - | Straight line over the life of the lease |
| Plant & Machinery | - | 10-25% Straight Line and Reducing Balance |
| Fixtures, fittings and equipment | - | 10-33% Straight Line |
| Motor Vehicles | - | 20-100% Reducing Balance and Straight Line |

Stocks

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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

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.

Pension costs

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

| | 2016 | 2015 |
|----------------|------------------|------------------|
| | £ | £ |
| United Kingdom | <u>3,994,845</u> | <u>4,014,791</u> |

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

THE DUNDEE FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2016

3. OPERATING LOSS

Operating loss is stated after charging:

| | 2016 | 2015 |
|--|-----------------------|----------------|
| | £ | £ |
| Amortisation of intangible assets | 28,556 | 9,031 |
| Depreciation of owned fixed assets | 27,247 | 18,938 |
| Depreciation of assets held under hire purchase agreements | 5,116 | 2,648 |
| Loss on disposal of fixed assets | 1,936 | – |
| Auditor's remuneration | | |
| - as auditor | 6,750 | 6,500 |
| - other services | 2,510 | 1,160 |
| - tax services | 250 | – |
| | <u>120,367</u> | <u>120,241</u> |

4. DIRECTORS' REMUNERATION

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

| | 2016 | 2015 |
|-------------------------|-----------------------|----------------|
| | £ | £ |
| Remuneration receivable | 120,367 | 120,241 |
| | <u>120,367</u> | <u>120,241</u> |

5. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2016 | 2015 |
|-------------------------------|----------------------|--------------|
| | £ | £ |
| Finance charges | 4,231 | 1,826 |
| Other similar charges payable | 11,634 | 3,246 |
| | <u>15,865</u> | <u>5,072</u> |

THE DUNDEE FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2016

6. INTANGIBLE ASSETS

| | Player Registration £ | Website £ | Total £ |
|-----------------------|-----------------------------|-----------------|----------------------|
| COST | | | |
| At 1 June 2015 | 45,000 | 7,150 | 52,150 |
| Additions | 30,000 | 900 | 30,900 |
| Disposals | – | (8,050) | (8,050) |
| At 31 May 2016 | <u>75,000</u> | <u>–</u> | <u>75,000</u> |
| AMORTISATION | | | |
| At 1 June 2015 | 6,671 | 4,741 | 11,412 |
| Charge for the year | 26,564 | 1,992 | 28,556 |
| On disposals | – | (6,733) | (6,733) |
| At 31 May 2016 | <u>33,235</u> | <u>–</u> | <u>33,235</u> |
| NET BOOK VALUE | | | |
| At 31 May 2016 | <u>41,765</u> | <u>–</u> | <u>41,765</u> |
| At 31 May 2015 | <u>38,329</u> | <u>2,409</u> | <u>40,738</u> |

7. TANGIBLE ASSETS

| | Leasehold Property £ | Plant & Machinery £ | Fixtures & Fittings £ | Motor Vehicles £ | Total £ |
|-----------------------|----------------------------|---------------------------|-----------------------------|------------------------|-----------------------|
| COST | | | | | |
| At 1 June 2015 | 108,774 | 41,810 | 53,549 | 11,500 | 215,633 |
| Additions | 40,960 | 15,234 | 6,764 | – | 62,958 |
| Disposals | – | – | (1,444) | – | (1,444) |
| At 31 May 2016 | <u>149,734</u> | <u>57,044</u> | <u>58,869</u> | <u>11,500</u> | <u>277,147</u> |
| DEPRECIATION | | | | | |
| At 1 June 2015 | 13,675 | 10,960 | 31,216 | 5,688 | 61,539 |
| Charge for the year | 14,956 | 7,404 | 7,703 | 2,300 | 32,363 |
| On disposals | – | – | (326) | – | (326) |
| At 31 May 2016 | <u>28,631</u> | <u>18,364</u> | <u>38,593</u> | <u>7,988</u> | <u>93,576</u> |
| NET BOOK VALUE | | | | | |
| At 31 May 2016 | <u>121,103</u> | <u>38,680</u> | <u>20,276</u> | <u>3,512</u> | <u>183,571</u> |
| At 31 May 2015 | <u>95,099</u> | <u>30,850</u> | <u>22,333</u> | <u>5,812</u> | <u>154,094</u> |

THE DUNDEE FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2016

7. TANGIBLE ASSETS *(continued)*

Hire purchase agreements

Included within the net book value of £183,571 is £17,908 (2015 - £21,087) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £5,116 (2015 - £2,648).

8. STOCKS

| | 2016 £ | 2015 £ |
|-------|---------------|--------------|
| Stock | <u>10,283</u> | <u>7,972</u> |

9. DEBTORS

| | 2016 £ | 2015 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 224,795 | 81,062 |
| Other debtors | 45,084 | 27,091 |
| Prepayments and accrued income | 343,699 | 141,269 |
| | <u>613,578</u> | <u>249,422</u> |

10. CREDITORS: Amounts falling due within one year

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| DFC 50 bonds | 200,000 | 150,000 |
| Trade creditors | 189,982 | 185,178 |
| Other creditors including taxation and social security: | | |
| Other taxation and social security | 209,170 | 264,931 |
| Hire purchase agreements | 5,800 | 6,905 |
| Other creditors | 492,149 | 34,603 |
| | <u>1,097,101</u> | <u>641,617</u> |
| Accruals and deferred income | 643,036 | 604,757 |
| | <u>1,740,137</u> | <u>1,246,374</u> |

The DFC 50 Bonds totalling £200,000 (2015: £150,000) are redeemable at any time at the option of the directors.

11. CREDITORS: Amounts falling due after more than one year

| | 2016 £ | 2015 £ |
|--------------------------|--------------|--------------|
| Other creditors: | | |
| Hire purchase agreements | <u>6,121</u> | <u>4,100</u> |

THE DUNDEE FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2016

12. PENSIONS

The company operates a defined benefit contribution pension scheme in respect of its eligible employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £10,903 (2015 - £10,930).

13. COMMITMENTS UNDER OPERATING LEASES

At 31 May 2016 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

| | 2016 £ | 2015 £ |
|--------------------------------|---------------|---------------|
| Operating leases which expire: | | |
| Within 2 to 5 years | 23,193 | 2,112 |
| After more than 5 years | 55,000 | 50,000 |
| | <u>78,193</u> | <u>52,112</u> |

14. CONTINGENCIES

Under the terms of certain contracts with other football clubs in respect of the transfer of player registrations, additional amounts would be payable by the company if specific future conditions are met, such as number of first team competitive appearances. At 31 May 2016, the maximum amount payable which could result from such contracts is £10,000.

15. RELATED PARTY TRANSACTIONS

Name of related party: Em4 Services (Dundee) Limited (Em4) Nature of relationship: Mr I Crighton, director, is also a director and shareholder of Em4. The transaction: During the year, Em4 invoiced the company for services amounting to £26,250 (2015: £30,000). The balance outstanding due to Em4 at the year-end is £16,250 (2015: £7,500)

Name of related party: Football Partners Scotland L.P. (FPS) Nature of relationship: FPS are the majority shareholders of Dundee Football Club Limited (DFC). The transaction: During the year, FPS advanced loan funds amounting to £483,286 to DFC. The full amount was still outstanding at the year-end and is included in Other creditors in the above note Creditors: Amounts falling due within one year. The loan has no set repayment dates or interest charged. FPS purchased a further £50,000 of DFC 50 bonds in the year. The amount owing to FPS at the year end is £150,000 (2015 - £100,000) which is included in Other creditors in the above note Creditors: Amounts falling due within one year. The loan has no set repayment dates or interest charged.

THE DUNDEE FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2016

16. SHARE CAPITAL

Allotted, called up and fully paid:

| | 2016 | | 2015 | |
|---|---------------------------|-------------------------|--------------------|------------------|
| | No. | £ | No. | £ |
| Ordinary shares (2015 - 124,634,200) of £0.01 each | 133,492,800 | 1,334,928 | 124,634,200 | 1,246,342 |
| Ordinary A shares of £0.01 each | 15,475,300 | 154,753 | 15,475,300 | 154,753 |
| | <u>148,968,100</u> | <u>1,489,681</u> | <u>140,109,500</u> | <u>1,401,095</u> |

During the year, the company issued 8,858,860 new Ordinary shares at a premium of £0.0034p per share (2015: no shares issued).

17. SHARE PREMIUM ACCOUNT

| | 2016 | 2015 |
|--------------------------------------|-------------------------|------------------|
| | £ | £ |
| Balance brought forward | 1,654,887 | 1,654,887 |
| Premium on shares issued in the year | 30,120 | — |
| Balance carried forward | <u>1,685,007</u> | <u>1,654,887</u> |

18. CAPITAL COMMITMENTS

The directors have confirmed that there were no capital commitments at 31 May 2016.

19. CONTROLLING INTEREST

The company is under the control of The Football Partners Scotland, a consortium of shareholders in which 3 directors, Mr T Keyes, Mr S Martin and Mr J Nelms, are members.

