

The 17th PricewaterhouseCoopers  
annual financial review of Scottish  
football. *Season 2004/05*

# An Introduction by David Glen



David Glen

Welcome to the 17th PricewaterhouseCoopers annual financial review of the Scottish Football Premier League covering the season 2004/05.

## A profit at last

For the first time in over a decade, the SPL clubs collectively recorded a profit in respect of the season under review, albeit a modest one of £2.8m. However, before we get too carried away it is important to highlight that these results benefit from one-off credits totalling £22m, including:

- a £15m accounting gain at Rangers
- £3.6m from the write-off of debt at Dundee, and
- a similar £3.3m write-off of debt at Dunfermline

An underlying loss of approximately £19m therefore exists, although this is an improvement compared with last year's underlying loss of £25m.

Other highlights from this year include:

- the combined SPL debt has fallen to £129m from £184m, principally as a result of Rangers' £52m rights issue
- it is predicted that this debt will have fallen to under £100m at the end of season 2005/06 led by encouraging financial performance from both sides of the Old Firm
- expenditure on wages has again fallen, and now sits below £100m for the first time in 5yrs with total expenditure of £96m
- 7 out of the 12 clubs now have a wage to turnover ratio of less than 60%
- for the second year running there was no net expenditure by the SPL on transfer fees

## Action has been taken by all clubs

The financial recovery of the SPL continues but this recovery will remain a slow and painful process as the debt burden continues to be tackled and costs controlled. It is heartening to see that each and every club has in some way dealt with the situation through a variety of initiatives over recent years (some perhaps more so than others though) as can be summarised overleaf:

# An Introduction by David Glen

## Aberdeen

- Over the past 2 years the wage bill has been reduced by c£800k
- Combined with tight control over other costs, annual losses have been reduced by over £2m, compared with their peak 5 years ago
- The Club's debt has climbed to a high of over £9m, however, it is understood that the aim is to restructure this debt through the sale of Pittodrie and the move to a community owned stadium

## Celtic

- Over the past 5 years the Club's gross income has grown by over £20m, principally as a result of excellent performances on the park in Europe and a strong performance in merchandising sales off the park
- This has supported a significant wage bill which has peaked at £40m, but at least £5m has been cut from this annual cost in recent years
- A £15m rights issue and shrewd moves in the transfer market, combined with the above have reduced Celtic's debt by over £10m in recent years, to c£9m at June 2006

## Dundee

- Unfortunately Dundee had to suffer the pain of going into Administration to tackle its financial problems
- The process was, however, successful resulting in debts of over £7m being written off
- This also involved significant cost reduction across the board, with the annual wage bill being reduced by nearly £3.5m, compared with its peak of £5.3m 4 years ago
- Further cuts have been made following their relegation from the SPL in summer 2005

## Dundee United

- Dundee United have been able to reduce their annual losses in recent times by over £1m
- This has come about from a growth in their annual income from c£4m to over £5m, rather than as a result of a reduction in wage costs, which have remained steady over the past 5 years at c£3.5m.
- The rate of growth of their debt has levelled out, but nevertheless sits beyond £7m and will no doubt continue to be closely monitored by Eddie Thompson and his fellow directors

## Dunfermline

- Have reduced their annual wage bill by over £2m compared with its peak of £4.6m of three years ago
- Over £6.8m has been shaved off their net debt from its peak of £14.7m
- Of the £7.9m debt that remains, only £2m is bank debt

## Hearts

- The full financial impact of the 'Romanov era' has yet to be revealed, however, in recent times Hearts have benefited from a steady growth in gross income and a reduction in the wage bill of over £2.5m in the past 5 years
- The clubs' debt burden has, however, grown to over £21m which led to moves being made to dispose of Tynecastle
- The debt, however, has since been refinanced by Vladimir Romanov via Yukio Bankas, in which he is understood to have a controlling interest

## Hibernian

- Following a reduction in the wage bill approaching £2.5m and some shrewd player trading in recent years, Hibs have moved from peak annual losses of nearly £3m to a break-even position
- The club's debt has fallen by over £6m from its peak of c£15m of 3 years ago, assisted by a partial waiver of debt by its holding company

## Inverness Caledonian Thistle

- Inverness are the latest entrants to the SPL and the early indications are of a club run on a financially prudent basis
- At June 2005 the club has no debt and the smallest SPL wage bill at £1.3m

## Kilmarnock

- Kilmarnock have managed to shave c£700k from their wage bill in recent years and have been prudent in the transfer market
- Their debt burden has however continued to rise to £13m as annual losses continue at c£1.3m
- We can therefore expect some further financial initiatives from the directors

## Livingston

- Another club to suffer the pain of the Administration process, the full impact of this has yet to be published, it is anticipated that debt of significant value will have been written off
- Relegation from the SPL has resulted in a further tightening of the purse strings over summer 2006 under the guidance of Pierce Flynn

## Motherwell

- Were the first club to go into Administration
- This process eradicated £7m of debt which had been provided by owner John Boyle
- Over £1m has been cut from the wage bill
- Combined with the financial benefit of a number of player sales, the club's debt now sits at under £1m

## Rangers

- Rangers have probably undertaken the most significant financial restructure of all the SPL
- In particular, the Rights Issue in 2005 raised over £52m
- More recently, an innovative merchandising agreement has been signed with JJB Sports with a minimum value of £48m over a 10 year period, with a substantial upfront payment
- The combined effect has been to reduce the club's net debt from a peak of £74m to just £6m at June 2006, with their bank debt all but eliminated
- The annual wage bill has been reduced by over £10m to £27m, whilst net expenditure on transfer fees has been significantly reduced

## The next step

By far the majority of the financial initiatives discussed above concern cost reduction. The next phase for all the SPL clubs will be to try to secure and increase revenues and attain a truly sustainable business model. This will not be an easy task; not everyone can get into Europe; not everyone can have extended cup runs, both of which present the most obvious opportunity to grow income.

There is perhaps therefore a need to 'spice up' the SPL to introduce more excitement and competition – such as play offs for relegation/promotion to/from the First Division (or will it be the SPL 2?). Increased excitement should bring with it increased audiences and it is the audience figures which interest the media, advertisers, sponsors and their cheque books.

My thanks to Patsy Kelly and Craig French for their assistance in compiling this report.

David Glen  
September 2006

Key Highlights	League	Profit/(Loss)	Profit	Turnover	Turnover	Wages	Wages	Debt	Debt
£'000	Position	Before Tax	Ranking		Ranking		Ranking		Ranking
Rangers	1	12,410	1	55,134	2	27,303	2	23,148	1
Celtic	2	-7,733	12	62,168	1	37,394	1	19,503	3
Hibernian	3	65	5	7,225	4	3,326	8	9,295	7
Aberdeen	4	-987	8	7,178	5	4,636	3	9,374	6
Heart of Midlothian	5	-2,728	11	8,428	3	4,541	4	21,526	2
Motherwell	6	303	4	4,043	9	2,404	10	635	11
Kilmarnock	7	-1,300	10	6,137	6	3,512	6	13,025	4
Inverness CT	8	-102	6	2,742	11	1,310	12	-134	12
Dundee United	9	-1,177	9	5,374	7	3,492	7	7,354	9
Livingston (est.)	10	-628	7	4,908	8	3,689	5	5,616	10
Dunfermline	11	1,885	3	3,285	10	2,569	9	7,933	8
Dundee	12	2,818	2	2,726	12	1,943	11	11800	5
Total		2,826		169,348		96,119		129,075	

Source: Statutory Accounts

# Part one Profit and loss Overview

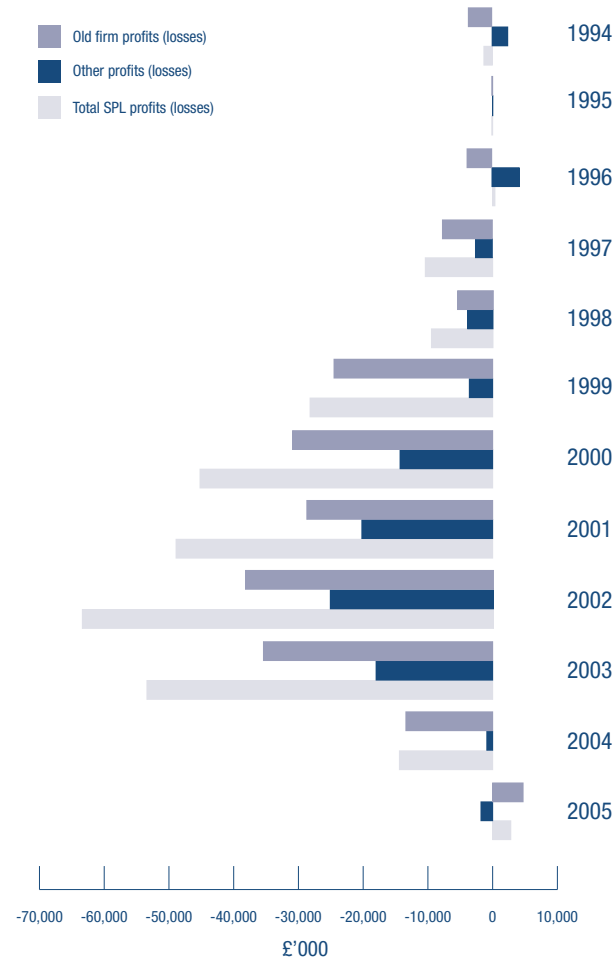
“Total wages fell by 8% from £105m to £96m during the season”

For the first time in over a decade, the Scottish Premier League has generated a profit after tax which is in stark contrast to the recurring losses experienced in the past. The SPL has undergone significant financial changes in recent years as clubs have entered into administration and felt the burden of years of overspending. The tightening of the financial purse strings however was evidenced last year with losses reducing by £39m to £14m and this has continued into season 2004/05.

Total profit after tax for the SPL clubs was £2.8m, with nearly half of the clubs generating a profit. Although the main contributor to this position was Rangers, due to an exceptional gain, the majority of SPL clubs have seen their financial position improve over the period.

The financial results of the SPL clubs have been obtained from their Statutory Accounts for the year ended 2005. The most recent set of financial data for Livingston was abbreviated accounts for the year-end 2004, thus 2005 results have been estimated based on the prior year.

## Historic Profit/(Loss) Analysis



“For the first time in over a decade, the Scottish Premier League has generated a profit after tax”

The SPL Clubs' Combined Profit and Loss Account	2005 £'mill	2004 £'mill	Movement %
Turnover	169	173	-2%
Wages	(96)	(105)	-8%
Other operating expenses	(76)	(70)	8%
<b>Operating loss before player registrations</b>	<b>(2)</b>	<b>(2)</b>	<b>17%</b>
Amortisation of player registrations	(14)	(18)	-22%
Impairment on player registrations	(1)	(5)	-74%
Net gain/(loss) on player registrations	8	10	-17%
<b>Operating loss</b>	<b>(9)</b>	<b>(15)</b>	<b>-39%</b>
Exceptional gains/losses	22	11	96%
Net interest cost	(10)	(10)	-7%
<b>Loss before tax</b>	<b>3</b>	<b>(14)</b>	<b>-120%</b>
Taxation	0	0	0%
<b>Loss after tax</b>	<b>3</b>	<b>(14)</b>	<b>-121%</b>

Source: Statutory Accounts

Key highlights of Season 2004/05 noted as follows:

- The SPL generated revenue of £169m, down by 2% from last season (2004: £173m). However, this fall is largely driven by decreases in Old Firm revenue as the majority of clubs outwith the Old Firm have seen turnover increase.
- Total wages fell by 8% from £105m to £96m during the season, with the Old Firm wage bill decreasing by £6m.
- Amortisation cost of players registration decreased by £4m to £14m, with £13m of this cost assigned to the Old Firm.
- The gain on player registration is largely attributed to Rangers, due to the gain on sale of Jean-Alain Boumsong to Newcastle.
- Exceptional gains/losses include the following: Rangers' £15m accounting gain arising from the acquisition of preference shares in a subsidiary, Dunfermline's £3.3m gain primarily due to loans write-off and Dundee's £3.6m gain due to write-offs in accordance with the terms of administration. The exceptional gain in the prior year arose from debt writes-offs due to administration proceedings.
- Total net interest costs remain stable at £10m however individual clubs have had mixed results, with Hearts experiencing a £314k increase in costs while Dundee decreased costs by £467k. This is driven by movements in debt levels, and is discussed further in the Balance Sheet section of the Report.

# Profit and loss

## Turnover

“The majority of clubs outwith the Old Firm have seen revenue increase by approx 18% on average.”

Combined SPL turnover fell during the season from £173m to £169m. This drop of £4m however is misleading as the majority of clubs outwith the Old Firm have seen revenue increase by approx 18% on average. Celtic incurred a £7m fall in revenue while Rangers saw turnover fall by £2m. Despite this, the revenue-generating capacity of the Old Firm continues to dwarf all other SPL participants. Celtic accounted for 37% of SPL turnover (2004: 40%) and Rangers 33% (2004: 33%). The nearest rival to the Old Firm is Hearts, who increased revenue by 18% to £8.4m this season.

Turnover generated by Aberdeen during the season has remained stable at £7m. However, taking into account the additional £1m revenue incurred in the prior year relating to centenary events, turnover has increased relatively year-on-year. This is due to better on-field performances during the season, ultimately resulting in a fourth place position in the SPL. The main revenue sources of the club were customer and ticket services (42%), broadcasting income (17%) and corporate hospitality (21%). The remaining sources relate to sponsorship income, club shop royalties and community income.

For the first time in 10 years turnover generated by Celtic fell, from £69m to £62.2m. This is largely driven by the clubs lack of significant progression in both the Champions League and the UEFA Cup compared to prior years. However, the club have secured guaranteed minimum revenue contracts with Nike for merchandising and Carling for sponsorship. In what was Martin O’Neil’s last season in charge, the league

was lost to Rangers at Motherwell but the Scottish Cup won resulting in the Irishman leaving on a high.

Turnover at Dundee continued to fall from last year, from £3.8m to £2.7m, with the main decrease relating to TV income due to no European football in 2004/05. Despite starting the year out of administration, the club was relegated at the end of the season after a defeat to Livingston.

Dundee United increased turnover in the season by £1.6m/42%. This significant increase is attributed to the club’s successful run in both Cup Competitions – leading to a semi-final against Rangers in the CIS Cup and the Scottish Cup final at Hampden against Celtic. Despite losing to both sides of the Old Firm, the established run helped boost turnover levels. In the SPL, the relegation fight contributed to attracting higher attendance levels during the latter half of the season with a 9th spot finish guaranteeing continued top flight football for United next year.

Dunfermline failed to match the increase in revenue in the prior year, as turnover fell by £1m to £3.3m. This can be attributed to the Pars poor SPL performance in the year, after finishing in 11th spot compared to a top 5 finish in the prior year. Further, the club failed to match their run to the Scottish Cup final experienced in the prior year.

Hearts continued to expand revenue in the current year, with an 18% increase to £8.4m. This increase can be attributed to additional revenue in commercial and match day income, after participation in the Group Stages of the UEFA Cup. Domestically Hearts finished 5th in the SPL, down from 3rd position in the prior year thus missing out on a European slot the following season.

Despite being his first managerial appointment, Tony Mowbray’s first season in charge at Hibernian helped swell the club’s turnover by £1.5m to £7.3m. Finishing 3rd in the league in the prior year meant European competition for the Edinburgh side in season 04/05.

The effects of promotion to the SPL increased Inverness Caledonian Thistle’s turnover by £1.4m. This was due to additional revenue gained from higher season ticket sales, merchandising and access to additional TV revenue.

Kilmarnock’s turnover remained stable at £6.1m compared to season 03/04. The club once again finished in the bottom half of the SPL, resulting in limited scope to generate additional revenue.

Motherwell increased turnover by £1m to £4m in the season, largely driven by increases in gate receipts and other income combined with a good run in the CIS Cup. The club reached the final of the CIS Cup, but were defeated by Rangers 5-1 on the day.

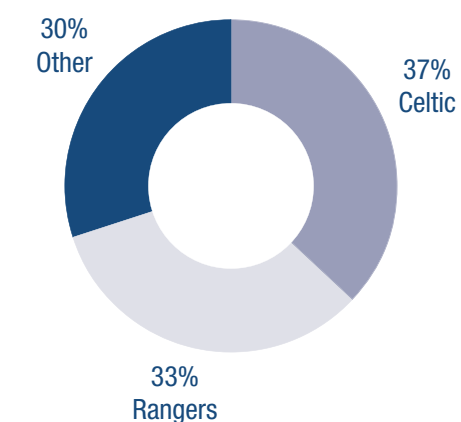
Rangers decreased turnover by 4% to £55m in the year. This was as a result of a £5.3m fall in revenue associated with European Competitions, however increased revenue from season ticket sales, sponsorship, retail and hospitality resulted in a net fall of £2m.

Turnover By Club	2005 £'000	2004 £'000	2005 Increase	2004 Increase
Aberdeen	7,178	7,132	1%	1%
Celtic	62,168	69,020	-10%	14%
Dundee	2,726	3,773	-28%	-4%
Dundee United	5,374	3,812	41%	24%
Dunfermline Athletic	3,285	4,143	-21%	3%
Heart of Midlothian	8,428	7,162	18%	20%
Hibernian	7,225	5,818	24%	5%
Inverness Caledonian Thistle	2,742	1,328	106%	-15%
Kilmarnock	6,137	6,146	0%	14%
Livingston (est.)	4,908	4,908	0%	0%
Motherwell	4,043	2,980	36%	-5%
Rangers	55,134	57,079	-3%	16%
<b>Total</b>	<b>169,348</b>	<b>173,301</b>	<b>-2.3%</b>	<b>6.1%</b>

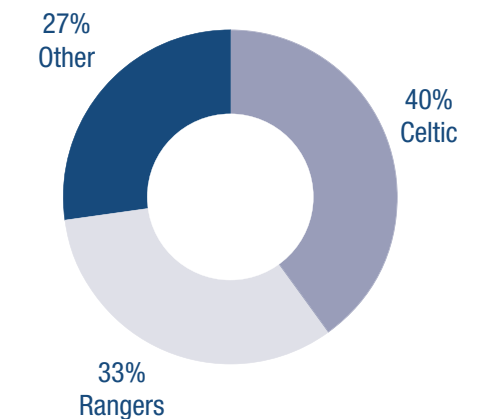
Source: Statutory Accounts

	2005	2004	2005	2004
Average	14,112	14,442	14%	6%
Average exl/Old Firm	5,205	4,720	18%	4%

Share of SPL turnover 2005



Share of SPL turnover 2004



## Profit and loss Attendance level

“Attendance levels across the SPL were up against last year”

Attendance levels across the SPL were up against last year, with an average attendance level of 187,000 in 04/05 compared to 178,000 last year. Aberdeen, Dundee United, Hearts, Hibernian, Livingston and Motherwell all experienced higher average attendance levels in the current year. The Old Firm continue to operate near to stadium capacity with utilisation ratios of 96% for Celtic and 97% for Rangers.

Celtic once again drew in the biggest crowd on the 16th April 2005 at the Aberdeen game where 59,998 supporters were in attendance. SPL newcomers, Inverness Caledonian Thistle registered the smallest crowd, with 1,125 supporters taking in the Dundee United game on the 23rd November 2004.

Due to the increase in average attendance levels, clubs are utilising stadium facilities more but still many only use less than 60% of their potential capacity. Note that utilisation figures are based on average attendance/stadium capacity.

Average Attendance by Club	Average Attendance 2005	Average Attendance 2004	Utilisation 2004/05	Utilisation 2003/04
Aberdeen	13,576	10,385	63%	48%
Celtic	57,958	58,442	96%	97%
Dundee	6,879	7,125	60%	62%
Dundee United	8,210	7,927	58%	56%
Dunfermline	6,192	6,130	52%	51%
Heart of Midlothian	12,219	11,962	69%	68%
Hibernian	11,830	9,107	68%	52%
Inverness Caledonian Thistle	4,067	N/A	56%	N/A
Kilmarnock	5,930	6,961	33%	38%
Livingston	5,157	4,551	52%	45%
Motherwell	6,960	6,225	51%	45%
Rangers	48,992	48,992	97%	97%
<b>Totals</b>	<b>187,970</b>	<b>177,808</b>	<b>74%</b>	<b>71%</b>

Source: Scotpremier.com

## Profit and loss Employee costs

	Total Wages			Wages/Turnover Ratio	
	2005	2004	Movement	2005	2004
	£'000	£'000	%	£'000	£'000
Aberdeen	4,636	4,456	4%	65%	62%
Celtic	37,394	40,502	-8%	60%	59%
Dundee	1,943	3,450	-44%	71%	91%
Dundee United	3,492	3,588	-3%	65%	94%
Dunfermline Athletic	2,569	3,581	-28%	78%	86%
Heart of Midlothian	4,541	5,044	-10%	54%	70%
Hibernian	3,326	3,342	0%	46%	57%
Inverness Caledonian Thistle	1,310	1,015	29%	48%	76%
Kilmarnock	3,512	3,852	-9%	57%	63%
Livingston (est.)	3,689	3,689	0%	75%	75%
Motherwell	2,404	2,171	11%	59%	73%
Rangers	27,303	30,345	-10%	50%	53%
<b>Total</b>	<b>96,119</b>	<b>105,035</b>	<b>-8%</b>	<b>57%</b>	<b>61%</b>

Source: Statutory Accounts

Total wages of the SPL decreased by 8% from £105m to £96m, with the Old Firm contributing £65m of this cost. Excluding the Old Firm, the average wage bill of the remaining 10 SPL clubs was £8m which is stable from the prior year. Celtic continue to have the largest wage bill in the SPL with a cost of £37m, while Inverness bring up the rear with £1.3m.

The majority of clubs have reduced their wage bill during the season, and combined with increases in turnover – the wages to turnover ratio for clubs is moving in the right direction. The industry-accepted benchmark continues to be set at no more than 60% and over half of the SPL clubs achieved this in 04/05.

Total wage costs at Aberdeen have increased by 9% to £4.2m, due to additional playing staff bonuses in the current year. Due to turnover remaining stable over the year, the wage ratio has increased from 62% to 65%. Total average monthly employee numbers have remained stable at 97, of which 39 can be attributed to players.

Although Celtic has the largest wage bill in the SPL, the club decreased its payroll costs by £3m in the year. This is attributed to the lack of significant bonus payments made in the current year. However this reduction in wage costs has not impacted the wage/turnover ratio as turnover has also fallen during the season.

Total average monthly employee numbers have fallen during the year from 493 to 453, with 154 employees assigned to the football division. The departure of high earner, Henrik Larsson in the previous year will have helped to reduced costs further.

The effects of administration proceedings on wage costs have continued into season 04/05 at Dundee, as costs have further declined from £3.4m in the prior year to £1.9m in 04/05. However, due to a decrease in turnover – the wage ratio continues to be above the industry-standard at 71%.

Wage levels at Dundee United remain stable at £3.5m. Wage to turnover ratio is 65% down from 94% in the prior year, which is driven by the remarkable increase in 04/05 turnover.

Despite reduction in revenue over the year, Dunfermline has reduced their wage ratio from 86% to 78%. The reduction of approx £1m from the wage bill can be attributed to the decrease in monthly average employee numbers from 116 to 90.

Hearts improved their wage ratio considerably and now operate under the industry standard. Current year ratio is 54% compared to 70% in the prior year. This is due to a combination of both increase in turnover and decrease in wage costs.

Hibernian continue to operate within the industry standard, and have actually further reduced their wage ratio from 57% to 46% in the current year. This is due to an increase in turnover levels, as wage costs have remained stable. Hibernian now operates with the lowest wage to turnover ratio in the SPL.

Total employee costs at Kilmarnock decreased by £339k/9% during the season to £3.5m thus the club now operates within the industry standard, as their wage ratio is 57%. The average number of monthly employees was noted as 211, of which 58 employees were attributed to playing staff, which is up by 2 from the prior year.

Despite an 11% increase in wage costs, the wage ratio has reduced from 73% to 59% at Motherwell, due to a 36% increase in turnover. However, the ability of the club to sustain such increases in turnover year on year is uncertain, therefore wage costs will need to continue to be closely monitored going forward.

Rangers' wage costs decreased by 10% to £27m, which represents 50% of turnover. The departure last season of Lorenzo Amoroso, Neil McCann and Barry Ferguson (although Barry Ferguson later returned) has contributed to this fall in costs. The continued effort of the Ibrox club to focus on cost control has improved their wage ratio considerably in recent years.

# Profit and loss

## Player registration fees

## Exceptional items

### Player Registration Fees

The costs associated with the amortisation of player transfer fees has reduced during the year to £14m (2004:£18m). The Old Firm continue to contribute the majority of this charge with Celtic incurring a £5m cost and Rangers £6m. Other clubs with notable charges include Dundee United with a £358k cost and a £204k cost at Hearts. As noted in prior year Reports this charge will continue to decline whilst clubs remain cautious in the transfer market. Celtic continues to hold £5m on the Balance Sheet which will be released to the profit and loss account in future periods and Rangers hold £6m.

The £8m gain on net player transfer fees was incurred almost entirely at Rangers due to the departure of Jean-Alain Boumsong to Newcastle for £8m who joined Rangers on a free transfer. No other clubs incurred significant gains or losses through the profit and loss account relating to transfer activity.

### Exceptional Items

The £22m gain on exceptional items in the current year arose principally in Rangers, Dunfermline and Dundee. Rangers incurred a £15m gain on negative goodwill due to the purchase of £15m worth of preference shares in subsidiary company, Rangers Media Investment Company for a purchase price of £1. Both Dunfermline and Dundee benefited from the write-off of debt. Dunfermline incurred a gain of £3.3m primarily due to the write-off of a loan from Wood Investment (Scotland) Ltd and Dundee gained £3.6m due to write-offs in accordance with terms of the administration agreement reached in the prior year.

# Profit and loss

## Profit/loss before tax

Net profit/(loss) before tax by club	2005 £'000	2004 £'000	Movement %
Aberdeen	-987	-1,699	-42%
Celtic	-7,733	-7,471	4%
Dundee	2,818	2,221	27%
Dundee United	-1,177	-1,888	-38%
Dunfermline Athletic	1,885	-880	-314%
Heart of Midlothian	-2,728	-2,424	13%
Hibernian	65	-1,925	-103%
Inverness Caledonian Thistle	-102	-238	-57%
Kilmarnock	-1,300	-1,386	-6%
Livingston (est.)	-628	-628	0%
Motherwell	303	7,879	-96%
Rangers	12,410	-5,939	-309%
<b>Total</b>	<b>2,826</b>	<b>-14,378</b>	<b>-120%</b>

Source: Statutory Accounts

The SPL generated a profit before tax of £2.8m in Season 04/05 (2005: £14m Loss). Although the profit was incurred due to various exceptional gains at Rangers, Dunfermline and Dundee, the majority of SPL clubs have seen their financial performance improve over the year.

Aberdeen reduced their total loss after tax by 42% from £1.7m to £987k, mainly due to a decrease in exceptional costs by £1m. These costs related to payments made to playing staff on their departure from the club. In the prior year, this included the departure of the entire football management team of Steve Paterson, Duncan Shearer and Oshor Williams. Despite this decrease, both recurring operating costs and interest payable have increased year-on-year by £297k and £148k respectively.

Despite a reduction in revenue of 10%, Celtic's loss before tax remained stable at £7.7m. Both operating and amortisation costs reduced by £6m and £3m respectively, however an additional £3m were incurred on labour costs due to early termination of players contracts. Interest costs remained stable at £1.3m.

Dundee continued to generate a profit due to exceptional gains from debt write-offs. Interest payable costs also reduced from £1.2m to £0.7m in the year. Dunfermline also benefited from debt write-offs as they generated a profit of £1.9m compared to a £880k loss in the prior year.

An operating loss of £1.2m was incurred at Dundee United, down from £1.9m in the prior period. The reduction is largely attributed to the £1.5m increase in turnover, as cost of sales and interest payable has increased by £677k and £143k respectively.

Hearts were the only club in the SPL not to show an improvement in their profit and loss for the year. However, due to the fact that operating costs incurred were in line with additional revenue, the reason for the increase in loss can be attributed to an additional £300k charge on interest payable.

Hibernian generated a profit before tax of £65k, a significant turnover from last seasons loss of £1.9m. Due to an additional £1.4m of revenue generated and reductions in the following costs - £320k reduction in amortisation costs, £316k net gain on player transfers and £210k reduction in interest costs, the Edinburgh side's financial results moved into the black.

In their first season in the SPL, Inverness Caledonian Thistle reduced their loss before tax by 57% to £102k. This was ultimately due to additional revenue generated of £1.4m, as operating costs increased in line by £1.3m.

Kilmarnock managed to decrease operating losses by £221k due to tightening of costs, however combined with an increase in interest costs of £77k, total operating loss after tax was £1,229k, down £86k from 03/04.

Livingston's results were based on the most recent set of financial statements being for the year-ended 2004. This showed a loss of £628k and this was assumed to continue into season 04/05.

Motherwell continued to generate a profit this season of £297k despite no exceptional gains from debt write-offs in the period. The combination of increases in revenue and decreases in operating costs has resulted in a continued profitable position.

As a result of the £15m exceptional gain at Rangers, the Ibrox club produced an overall profit of £12.4m. Ignoring the exceptional gain an underlying trading loss of £2.3m was recorded in the year due to high operating costs, however this was down from a loss of £5.6m last year as a result of reduced amortisation costs and sustained gains on player transfers.

## Part 2

### Balance sheet

## Balance sheet

### Overview

The SPL Clubs' Combined Balance Sheet	Total 2005 £'000	Total 2004 £'000	Movement %
<b>FIXED ASSETS</b>			
Intangible Assets	12,958	14,191	-9%
Tangible Assets	253,343	252,830	0%
<b>TOTAL FIXED ASSETS</b>	<b>266,301</b>	<b>267,021</b>	<b>0%</b>
<b>CURRENT ASSETS</b>			
Stocks	4,959	4,173	19%
Debtors	16,978	20,481	-17%
Cash at bank and in hand	8,085	1,967	311%
<b>TOTAL CURRENT ASSETS</b>	<b>30,022</b>	<b>26,621</b>	<b>13%</b>
Creditors: due with one year.	-83,526	-121,249	-31%
<b>Net current assets</b>	<b>-53,504</b>	<b>-94,628</b>	<b>-43%</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>212,797</b>	<b>172,393</b>	<b>23%</b>
Creditors: due > 1year.	-144,896	-145,132	0%
<b>NET ASSETS</b>	<b>67,901</b>	<b>27,261</b>	<b>149%</b>
<b>Capital and reserves</b>			
Called up share capital	51,186	46,029	11%
Share premium account	133,422	87,147	53%
Rangers Bond	8,512	8,512	0%
Revaluation reserve	87,551	86,189	2%
Other reserves	30,829	30,829	0%
Profit and loss account	-243,599	-246,445	-1%
Shareholders' funds - equity interests	67,901	12,261	454%
Minority Interests	0	15,000	-100%
<b>TOTAL</b>	<b>67,901</b>	<b>27,261</b>	<b>149%</b>

The balance sheet of the SPL has strengthened during Season 2004/05, as net assets increased from £27m to £68m. However, this is ultimately due to the substantial decrease in debt at Rangers as a result of their Rights Issues, as just under half of clubs still remain technically insolvent. Total net debt of the SPL is £129m, down £53m from the prior year.

Key balance sheet highlights are noted as follows:

- Tangible and intangible assets remain relatively unchanged due to lack of additional investment in stadium facilities and lack of significant transfer activity.
- Cash at bank has increased by 134%, largely due to Rangers holding £7m of cash at the year-end.
- Five clubs in the SPL were technically insolvent at the end of the year, and a further five clubs experienced a decrease in their net asset position.
- Net debt decreased by 30% to £129m (2004: £183m). This is largely due to the Rangers Rights Issue which wiped nearly £51m of debt off the balance sheet. In total, 5 clubs actually increased their debt levels during the year for a combined value of £7m.

Net Assets/Liabilities per Club	2005 £'000	2004 £'000	Movement %
Aberdeen	740	1,727	-57%
Celtic	16,215	25,393	-36%
Dundee	-9,402	-12,221	-23%
Dundee United	-3,730	-3,341	12%
Dunfermline Athletic	-9,026	-10,914	-17%
Heart of Midlothian	-6,677	-6,148	9%
Hibernian	2,368	1,936	22%
Inverness	419	513	-18%
Kilmarnock	2,467	3,763	-34%
Livingston (est.)	-5,490	-4,862	13%
Motherwell	1,178	881	34%
Rangers	78,839	30,534	158%
<b>Total</b>	<b>67,901</b>	<b>27,261</b>	<b>149%</b>

“Total net debt of the SPL is £129m, down £53m from the prior year.”

# Balance sheet

## Net debt

Analysis of combined SPL net debt	2005 £'000	2004 £'000	Movement %	2005 % of total debt	2004 % of total debt
Cash at bank and in hand	8,085	2,006	303%		
Bank Overdraft	(18,004)	(56,951)	-68%		
<b>Net cash/(overdraft)</b>	<b>(9,919)</b>	<b>(54,945)</b>	<b>-82%</b>	<b>8%</b>	<b>30%</b>
Borrowings due within one year	(2,358)	(6,318)	-63%	2%	3%
Borrowings due in more than one year	(111,580)	(116,260)	-4%	86%	63%
Amounts owed under hire purchase	(5,218)	(5,609)	-7%	4%	3%
<b>Net debt</b>	<b>(129,075)</b>	<b>(183,132)</b>	<b>-30%</b>	<b>100%</b>	<b>100%</b>

Source of Borrowings								
£'000	Borrowings due < 1 year		Borrowings due > 1 year		HP/ Finance Leases	Total Borrowing	Overdraft/ (Cash balance)	Net Debt
Club	External	Connected	External	Connected				
Aberdeen	-	-	5,013	-	49	5,062	4,312	9,374
Celtic	-	174	19,500	-	-	19,674	(171)	19,503
Dundee	-	-	6,483	5,472	-	11,955	(155)	11,800
Dundee United	-	617	6,000	130	-	6,747	607	7,354
Dunfermline Athletic	-	-	1,000	4,013	8	5,021	2,912	7,933
Heart of Midlothian	15	1,250	12,344	3,335	-	16,944	4,582	21,526
Hibernian	237	-	7,000	1,440	3	8,680	615	9,295
Inverness Caledonian Thistle	-	-	-	20	-	20	(154)	(134)
Kilmarnock	65	-	8,812	-	160	9,037	3,988	13,025
Livingston	-	-	5,883	-	-	5,883	(267)	5,616
Motherwell	-	-	-	1,362	14	1,376	(741)	635
Rangers	-	-	23,773	-	4,984	28,757	(5,609)	23,148
<b>Total</b>	<b>317</b>	<b>2,041</b>	<b>95,808</b>	<b>15,772</b>	<b>5,218</b>	<b>119,156</b>	<b>9,919</b>	<b>129,075</b>
2005	0%	2%	74%	12%	4%	-	8%	100%
2004	3%	1%	50%	13%	3%	-	30%	100%

Source: Statutory Accounts

The Rangers Rights Issue, which was underwritten by David Murray's trading group Murray Holdings Ltd, has contributed to the 30% fall in SPL net debt levels to £129m (2004: £183m). The issue helped raise approx £51m for the Ibrox side which has reduced their debt level to a more manageable balance of £23m.

Other clubs have had mixed results, 6 clubs have increased debt levels through the use of overdrafts or term loans. On the other hand, 5 clubs have followed Rangers' lead and reduced debt levels, although none quite as significant as the Ibrox side.

During 04/05, the mixture of facilities used by clubs to fund spending has changed as more clubs are opting to use overdraft facilities in exchange for external loans. In total, 14% of debt is from connected parties, with Dundee having the highest level at £5m, representing 46% of their total debt. Rangers are the only club with significant levels of HP/Finance Lease debt, which represents 22% of their overall debt.

Debt Movement by Club	2005 Net Debt £'000	2004 Net Debt £'000	Movement £'000	Movement %
<b>£'000</b>				
Aberdeen	9,374	8,924	450	5%
Celtic	19,503	15,805	3,698	23%
Dundee	11,800	14,596	-2,796	-19%
Dundee United	7,354	7,161	193	3%
Dunfermline Athletic	7,933	9,764	-1,831	-19%
Heart of Midlothian	21,526	19,621	1,905	10%
Hibernian	9,295	10,187	-892	-9%
Inverness Caledonian Thistle	-134	-136	2	-1%
Kilmarnock	13,025	11,900	1,125	9%
Livingston	5,616	10,450	-4,834	-46%
Motherwell	635	954	-319	-33%
Rangers	23,148	73,906	-50,758	-69%
<b>Total</b>	<b>129,075</b>	<b>183,132</b>	<b>-54,057</b>	<b>-30%</b>
Average per Club	10,756	15,261	-4,505	-30%
Average per Club (excl Old Firm)	8,642	9,342	-700	-7%

Debt levels at Aberdeen have increased by £0.5m to £9.4m through the use of additional overdraft facilities. The remaining debt of the club is in the form of a term loan with the Bank of Scotland.

Further draw downs from the Loan facility held with the Co-operative Bank meant that Celtic's net debt increased by £3.7m to £20m in the year. No overdraft was utilised by the club.

As a result of further debt write-offs in line with the terms of administration, Dundee has reduced debt levels from £14.6m to £11.8m. Further, the type of debt has also changed significantly. In the prior year, the club was funded almost entirely through the use of overdraft facilities. In the current year however, the club have a £6.3m loan in place from the Bank of Scotland and a £5.5m loan from connected party, P&G Taverns Ltd.

Dundee United's debt levels increased slightly in the year by £0.2m to £7.4m, however the type of debt used has changed. In the prior year this was funded through a £4.7m overdraft and a £2m bank loan. This has now changed in the current year as the majority of the debt is via a bank loan (£6m), with the remaining funded via overdraft facilities (£0.7m) and director loans (£0.7m).

Due to the write-off of a £3.5m loan to Wood Investment (Scotland) Limited, Dunfermline's net debt has decreased from £9.8m to £7.9m. Although the club operates with a bank overdraft of £2.9m, a substantial amount of the clubs debt is held via connected parties which is only repayable under certain circumstances.

Hearts' net debt at the end of 2004/05 was £22m, up £2m from the prior year. The use of overdraft facilities has

remained stable at £4.6m, with additional funding achieved via the use of bank term loans. The club continued to hold £4.6m of convertible loan stock issued to SMG at the end of the year, however post-year end this was bought out.

Hibernian reduced their debt levels by £0.7m during the year from £10.1m to £9.3m due to a reduction in the use of the bank overdraft facilities. The main component of the remaining debt included a £6.5m stadium mortgage and £1.4m connected parent company debt.

Inverness Caledonian Thistle operate a net cash position as they hold only £20k of debt. This is in the form of an interest-free loan. This has remained unchanged from the prior period.

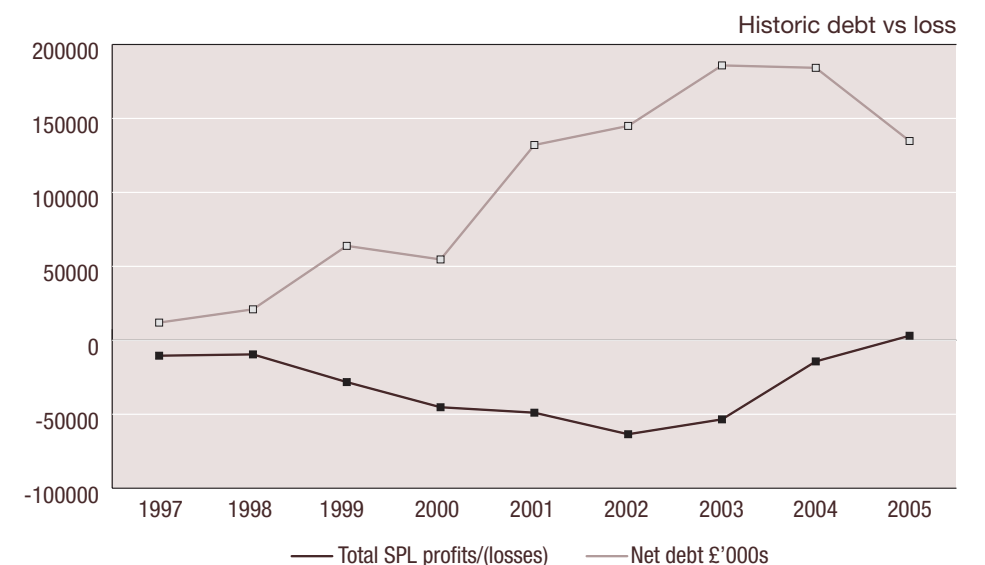
Net debt at Kilmarnock increased by £1.1m in the year through additional loans, from £11.9m to £13m. The club used a mixture of bank loans and overdraft facilities to fund investment.

The reduction in Livingston's debt is due to estimates used in the prior year because of unavailable financial information. The current debt of £5.6m is assumed to relate to bank loans.

Due to the positive cash position at Motherwell, as the club does not utilise overdraft facilities, net debt reduced from £954k to £635k. The gross debt held is in the form of a £1.4m loan from John Boyle.

Rangers' net debt of £23m is made up of a £22m bank loan, £7m from other loans and finance lease and £6m of positive cash. The proceeds raised from the Rights Issue were used to repay a large proportion of the bank loan which stood at £40m at the beginning of the year and repay a bank overdraft of £17m.

Based on the analysis below, Season 2004/05 has repeated the trend of recent years with continued reduction in losses and debt levels although both results are largely impacted by the activities of Rangers in the year.



## Part 3

### Cash flow

“Cashflow generated from operating activities has increased from £3.4m to £10.1m”

## Cash flow Overview

The combined cashflow position of the SPL has resulted in a net inflow of £24.2m, which is in stark contrast to the £3.7m outflow experienced in the prior year. This is largely due to the finance raised from the Rangers Rights Issue. However several other clubs generated a net cash inflow in the period.

Cashflow generated from operating activities has increased from £3.4m to £10.1m. The main contributors to the net inflow are Celtic £5.2m, Rangers £2.3m and Hibernian £1.6m. Hearts and Kilmarnock generated a net cash outflow from operating activities.

The effects of high debt levels continue to dominate the cashflow, as the outflow increased to £11.1m from £8.8m. This increase was driven by higher servicing requirements at Celtic (2005: £4.4m. £2004: £1.9m). Aberdeen also increased their outflow from £0.4m to £0.8m. Rangers reduced their outflow from £4.1m to £3.1m.

Cash outflow from capital expenditure increased slightly in the period from £4.8m to £5.9m. Celtic incurred the highest cash outflow of £4.5m and Rangers incurred a net inflow of £0.9m.

Due to the fact that no cashflow analysis was disclosed in their statutory accounts, the following clubs have been omitted from the analysis – Dundee, Dunfermline, Inverness Caledonian Thistle and Livingston.

Combined SPL Cash Flow	Total		Movement
	2005 £000	2004 £000	%
Net Cashflow from Operating Activities	10,109	3,370	200%
ROI and Servicing of Finance	(11,121)	(8,779)	27%
Capital Expenditure & Financial Investment	(5,891)	(4,814)	22%
Taxation	51	-	N/A
Cash outflow before Financing	(6,852)	(10,223)	-33%
Financing	31,013	6,513	376%
Net Cash Inflow/(Outflow)	24,161	(3,710)	751%

# Cash flow

## New finance raised

New finance raised in the year has increased significantly from £7m to £24m primarily as a result of the Rangers Rights Issues. This has increased both the Net Proceeds from Share Issue and Repayment of Debt lines in the table shown below. Further details on debt raised in the period is contained within the Balance Sheet section of the report.

Analysis of finance raised	Total		Movement
	2005 (£000)	2004 (£000)	%
Net Proceeds from Share Issue	50,677	404	12444%
Debts	7,755	10,122	-23%
Inflow from new finance	58,432	10,526	455%
Repayment of Debt	(34,039)	(3,204)	962%
Capital Element of finance lease	(380)	(809)	-53%
Outflow from finance	(34,419)	(4,013)	758%
Net cashflow from financing	24,013	6,513	269%

“Season 2004/05 has seen a further improvement on the Cashflow as clubs refrain from spending big in the transfer market”

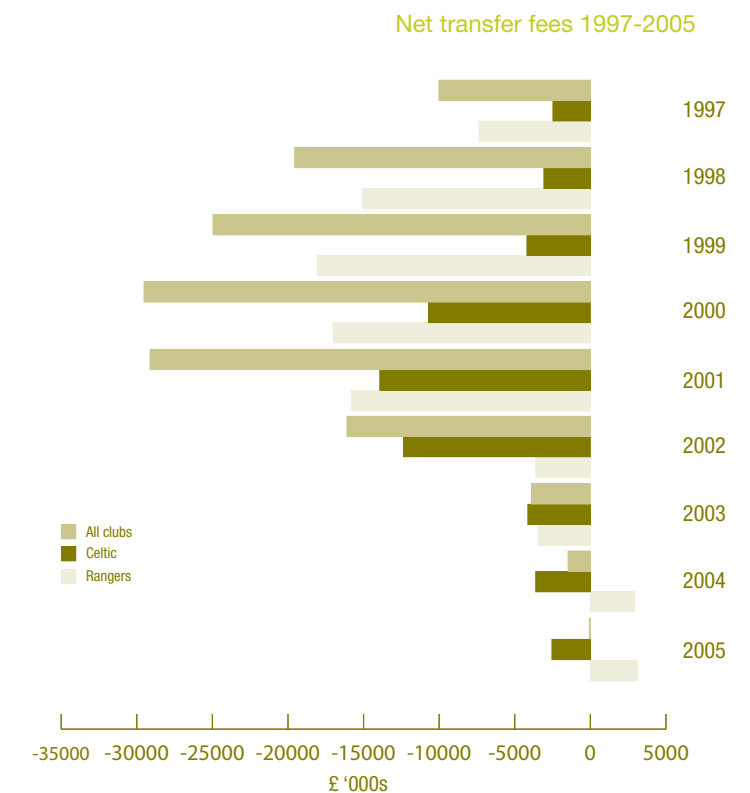
# Cash flow

## Cash flow from player transfers

There has been little movement in cash raised from player transfers from the prior period due to the lack of significant transfer fee spending in the year.

Due to the sale of Jean-Alain Bounsong, Rangers continued to recognise a net inflow from player transfers of £3.1m. The prior year inflow was due to the sale of Barry Ferguson, Lorenzo Amoruso and Neil McCann. The only other club to recognise a net inflow was Hibernian. Celtic have a net outflow of £2.5m which is down £1.1m from the prior year.

Over the past decade, the SPL has traditionally generated a net cash outflow from player transfers. However following on from the results of last year, Season 2004/05 has seen a further improvement on the Cashflow as clubs refrain from spending big in the transfer market and Rangers continue to generate sufficient funds from player sales.



£'000	2005			2004		
	Outflow	Inflow	Net	Outflow	Inflow	Net
Aberdeen	-315	30	-285	-210	0	-210
Celtic	-2891	350	-2541	-3,765	150	-3,615
Dundee	Not disclosed	0	0	Not disclosed	0	0
Dundee United	-414	0	-414	-369	0	-369
Dunfermline Athletic	Not disclosed	0	0	0	4	4
Heart of Midlothian	-116	110	-6	-66	194	128
Hibernian	0	79	79	-383	0	-383
Inverness Caledonian Thistle	0	0	0	0	0	0
Kilmarnock	0	0	0	-30	90	60
Livingston	Not disclosed	0	0	Not disclosed	0	0
Motherwell	0	0	0	0	0	0
Rangers	-7077	10183	3106	-3,929	6,843	2,914
Totals	-10,813	10,752	-61	-8,752	7,281	-1,471

Source: Statutory Accounts

## Part 4

# Post balance sheet events

### Celtic

Results released by Celtic for the period end 30 June 2006 highlight:

- Turnover decreased by 7.7% to £57.41m
- Loss before tax decreased to £4.22m from the restated prior year loss of £8.71m
- Net debt decreased by £10.24m to £9.09m
- £8.84m spent on acquisition of new players

During the 2005/06 season Celtic had a successful issue of 50 million new Ordinary Shares, raising £14.55m which has helped to reduce net debt. The failure to qualify for any European competitions has had a significant impact with turnover down for the second year in a row.

On the field, new manager Gordon Strachan led the team to success in both the CIS Cup and the league. This ensured automatic qualification for the lucrative group stages of the Champions League in the 2006/07 season, which should improve Celtic's financial position for the current year.

### Rangers

Recent annual results released by Rangers to the period ended 30 June 2006 highlighted the following:

- Turnover increased by 11% to £61.2m
- Profit before tax decreased from £12.7m to £96k. The prior year figure was aided by the exceptional gain of £15.5m from the buy back of a subsidiary.
- Net debt decreased from £23.1m to £5.9m

An extended run in the UEFA Champions League saw the club become the first ever Scottish team to qualify for the second round, providing a boost to revenue. Off the field, Rangers entered into an agreement with JJB Sports to take over its retail merchandising operations, worth a minimum of £48m to the club over the next 4 years. £17m of this was payable in the 2005/06 season which has allowed the club to reduce its net debt.

Manager Alex McLeish left the club at the end of the season, after a poor domestic campaign saw the club finish third in the league. Paul Le Guen was appointed as McLeish's successor but he will have to do without Champions League football for the 2006/07 season. This will obviously have an adverse impact on the club's finances but could be partially offset if the team were to have a successful UEFA Cup campaign.

# Appendix 1

## The season that was 2004/2005

### Prize Winners

#### Bank of Scotland Scottish Premier League:

Winners      Rangers  
Runners-up   Celtic

It was a dramatic end to the 2004/05 Scottish Premier League with both halves of the Old Firm in with a chance of winning the league title going into the last day of the season. In the end it was Rangers who emerged triumphant, snatching the league from Celtic's grasp with a 1-0 win over Hibs, whilst Celtic slipped to a 2-1 defeat at the hands of Motherwell. It was a crushing blow for Martin O'Neill, who had already announced his decision to stand down as Celtic manager at the end of the season.

At the other end of the league it was equally as dramatic with four teams in danger of relegation. In the end it was Dundee who dropped down to the first division with Falkirk taking their place in the SPL.

#### Tennents Scottish Cup Winner:

Winners      Celtic  
Runners-up   Dundee United

Celtic narrowly clinched the Scottish Cup with a 1-0 victory over Dundee United. Alan Thompson scored the only goal in the game allowing Martin O'Neill to leave the club victoriously.

#### CIS Insurance Cup Winner:

Winners      Rangers  
Runners-up   Motherwell

Rangers were deserved winners of the CIS Cup with a 5-1 defeat of Motherwell, courtesy of a double from Sotirios Kyrgiakos and goals from Nacho Novo, Maurice Ross and Fernando Ricksen. David Partridge grabbed the consolation for Motherwell.

#### European Qualification:

Champions League      Rangers, Celtic  
UEFA Cup                  Hibernian, Dundee United

#### Scottish Football Writer's Association Player of the Year 2005:

John Hartson (Celtic)

#### Scottish Professional Footballer's Association Player of the Year 2005:

Fernando Ricksen (Rangers) and John Hartson (Celtic)

#### Scottish Professional Football Association Young Player of the Year 2005:

Derek Riordan (Hibernian)

### Top Goal Scorer:

John Hartson (Celtic) 25 goals

### European Competitions

It was a somewhat disappointing season for the Scottish clubs in Europe. Celtic automatically qualified for the group stages of the Champion's League and were drawn with AC Milan, Barcelona and Shakhtar Donetsk. They could only muster one win and two draws in their six games, finishing bottom of their group and ending their involvement on Europe for another year.

Rangers lost out on a place in the group stages of the Champions' League thanks to a 3-2 defeat at CSKA Moscow, and instead had to make do with UEFA Cup football. They made it through to the newly formed group stages but could not finish any higher than fourth place.

Dunfermline and Hearts were the other two teams representing Scotland in European Competition. Dunfermline were drawn with FH Hafnafjordur in the UEFA Cup second qualifying round, narrowly losing out 4-3 on aggregate. Hearts fared better joining Rangers in the UEFA Cup Group stages with a 5-3 aggregate win over Braga. They were drawn in a tough group with Feyenoord, Schalke, Basel and Ferencvaros, eventually finishing last with only one win and three defeats.

### Changes in Management

Craig Levein left Hearts at the start of the season and was replaced with former Inverness boss John Robertson. His time in charge was fairly brief, however, resigning in May after being asked to take a demotion. Captain Steven Pressley and assistant manager John McGlynn took over on a caretaker basis until the end of the season, with George Burley announced as the new manager.

Alan Preston's spell in charge of Livingston came to an end in November after only five months. He was replaced by former Rangers player Richard Gough who also subsequently left the club at the end of the season. Ex-Celt Paul Lambert was announced as his replacement.

Following the dismissal of David Hay as Dunfermline manager in May, Jim Leishman returned to the club as manager for the second time, successfully helping the club escape relegation.

There was also a change of management at Dundee United during the season with Ian McCall being replaced by his assistant Gordon Chiscolm in March.

### National Team

#### FIFA World Cup Qualifier

September 2004	Scotland 0 – 0 Slovenia
October 2004	Scotland 0 – 1 Norway
October 2004	Moldova 1 – 1 Scotland
March 2005	Italy 2 – 0 Scotland
June 2005	Scotland 2 – 0 Moldova
June 2005	Belarus 0 – 0 Scotland

# Appendix 2

## What the Chairmen and Chief Executives thought

### Rangers: David Murray, Chairman

“Success on the field was accompanied by further improvements off the park. I was delighted at the response (to the Rights Issue), with over 3000 shareholders subscribing to the Issue and in many cases applying for additional shares.”

“Participation in the UEFA Cup group stages was welcome but does not provide the Club with the same level of income as the Champions League can guarantee. Regular and prolonged European football is a target for everyone at the Club, as this has the twin impact of improving financial performance and meeting the sporting aspirations we all have for our Club.”

Source: Rangers Football Club Statutory Annual Accounts

### Kilmarnock: Michael Johnston, Chairman

“...the principal challenge is to achieve further savings and grow revenues while remaining competitive within the SPL”

“...this level of loss (£1.3m) cannot be sustained and further cost cutting measures have been put in hand with a view to achieving the goal of ‘cash break-even’.”

Source: Kilmarnock Football Club Statutory Annual Accounts

### Inverness Caledonian Thistle: Ken Mackie, Chairman

“The 2003/2004 season ended on a happy note with the Club winning the Scottish Football League 1st Division Title but there followed a long and difficult summer negotiating promotion to the Scottish Premier League (SPL). An acrimonious dispute between Partick Thistle and the SPL involved the club in significant legal expense.”

“Support for the Club continues to grow and was never clearer than the doubling of season ticket holders to over 2000.”

Source: Inverness Caledonian Thistle Football Club Statutory Annual Accounts

### Heart of Midlothian: Roman Romanov, Chairman and Acting Chief Executive

“...there can be no doubt that the last financial year saw the first stages of the club going through a much needed transition period which is designed to deliver real on and off the field success for Heart of Midlothian plc.”

“the imminent move to private ownership through the offer document that has been circulated to shareholders would provide the opportunity for the Board to act quickly and effectively in order to realise the vision that it has for the Club.”

Source: Heart of Midlothian Football Club Statutory Annual Accounts

### Dunfermline Athletic: John Yorkston, Chairman

“Considerable progress has been made on the cost front but the benefits were to a degree offset by a reduction from television income, gate receipts etc reflecting our poorer playing performance in the year.”

Source: Dunfermline Athletic Football Club Statutory Annual Accounts

### Dundee: R Brannan, Chairman

“As was the case in the accounts for last year, the true trading results are masked by the effects of Administration. The final write-down of creditors in the year of £3,931,644, turned a trading loss of £813,747, into a profit of £2,817,897. This is clearly not a real profit.”

“...the negative shareholders funds figure (is) now sitting at £9.4m as opposed to £12.2m last year. An improvement for sure, but it still leaves the club saddled with an enormous unsustainable burden of debt.”

Source: Dundee Football Club Statutory Annual Accounts

### Aberdeen: Stewart Milne, Chairman

“One area on which we were forced to expend a substantial sum was on the Pittodrie playing surface. This work simply had to be undertaken due to major problems with the drainage system.”

“The losses which have been incurred since 30 June are in line with the Company’s projections.”

Source: Aberdeen Football Club Statutory Annual Accounts

### Celtic: Brian Quinn, Chairman

“On the face of it, last year marked a pause in the remarkable run of success enjoyed by Celtic in recent years. Turnover was down for the first time in ten years, with sales of merchandise in particular falling sharply following several years of uninterrupted growth. Net debt rose to £19.5 million.”

“Over a longer period the picture looks quite different. In the last five years, revenues have grown from £42 million to £62 million and profit from operations has been consistently positive.”

“... we continually consider the possibility of other international signings joining Celtic. These players open up the prospect of exploring new markets for the Celtic brand; but these markets are real rather than prospective only if the players play regularly for the Club, and that will happen only if they are good enough.”

Source: Celtic Football Club Statutory Annual Accounts

# Appendix 3

## Significant transfer activity

Player	Date	From	To	£
Nacho Novo	Jul-04	Dundee	Rangers	450,000
Thomas Buffel	Jan-05	Feyenoord	Rangers	2,500,000
Sotiros Kyrgiakos	Jan-05	Panathinaikos	Rangers	1,750,000
Barry Ferguson	Jan-05	Blackburn	Rangers	4,500,000
Jean-Alain Boumsong	Jan-05	Rangers	Newcastle	8,000,000
Stephen Hughes	Jan-05	Rangers	Leicester	100,000
Barry Nicholson	Jun-05	Dunfermline	Aberdeen	250,000
Lee Miller	Jun-05	Bristol	Dundee United	225,000

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