

## Analysis of Patienceform Ltd financial statements year ended June 2015

The financial statements up to the 30<sup>th</sup> June 2015 for Patienceform Ltd (the trading name of DRFC) have been completed and passed to the Viking Supporters Co-Operative for analysis. The results of which are provided below.

### Accounting Profit

In a positive light the club has seen the loss incurred within the accounts reduce substantially. This has been a reduction from £1.29M to a profit of £2.3M. However, this is purely an accounting profit due to a change in the loan structure (discussed below), without this the losses would have increased from last year's base to circa £1.7M.

### Income Reduction

Unsurprisingly relegation from the Championship saw the club incur a drop in revenue to £5.0M (down from £8.7M in the previous accounts). As detailed in last year's summary this is an identical drop to the increase seen upon promotion. This reflects the revenue structure of the football club whereby gate receipts make up £1.3M of the total figure. The drop corresponds with the expected decrease in gate receipts but largely relates to the drop in Football league and Premier league payments as a league one club.

The large positive is that commercial income remained static with only a modest change. This has to be seen as a huge positive for the football club with non-football led revenue remaining static.

### Wages

Upon relegation, the wage bill at DRFC decreased in line with revenue drops. The wage bill decreased from £7.3M to £4.1M. It can also be stated that there was a big change in staffing structure with much lower numbers of non-footballing staff stated within the headcount. This therefore means that the playing budget will have made up a much larger proportion of this figure in terms of player wages. It has been confirmed that this would have put DRFC within the top 3 figures in league 1. It is clear that if the owners were to choose a "break-even" path only, with the current level of revenue available a wage bill of this size could not be supported.

### Loans and Debt

The football club saw a drop in the loan values (£14.4M to £12.3M), due to the write off of John Ryan's loans, as per the note in last year's summary. The loans undertaken came as expected from the two major shareholders (interest free) with a further £1.5M issued from Club Doncaster. The total position therefore demonstrates;

Owner	Balance at June 15	Balance at June 14	2014/15 Loans	Percentage of total company loans
Club Doncaster	1,500,000.00	0.00	1,500,000.00	12.13%
T G Bramall	5,099,000.00	4,924,000.00	175,000.00	41.24%

R Watson	5,099,000.00	4,924,003.00	174,997.00	41.24%
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The value of the fixed and floating charge held by Mr Bramall and Mr Watson remains unchanged from 2014 in the latest financial statements.

### **Club Doncaster Relationship**

The accounts demonstrate an expected change in the relationship between Patienceform and Club Doncaster. As is common knowledge, the Club Doncaster brand aims to improve and enhance the business of DRFC as a whole by generating more revenue and shared efficiencies across Doncaster's sporting clubs. This is further demonstrated in the provision of the loan from Club Doncaster to Patienceform.

It is anticipated that the future ownership of Patienceform will move to Club Doncaster in the near future. This will tie the two together in a parent-subsidiary relationship. There are many benefits to the club of this including an increase in revenue and cashflow, vital for both business and footballing growth (in relation to salary caps etc). At this point it is anticipated that a favourable restructure of all held loans will be commenced.

### **Going concern**

This can be stated with confidence given the note surrounding going concern. This appears in every set of accounts published by the company and states the following;

*"The directors consider the basis of the preparation to be appropriate based on their continuing financial support"*

This demonstrates that the future of the club is secure and that the directors remain committed to ensuring the financial security of the club is in place on an ongoing basis.

### **Conclusion**

Overall the financial situation of the club is in line with expectations. As ever the club relies heavily on financial backing from the owners in order to retain the key figure of going concern.