



ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

Annual Report for the year ended 30 June 2018

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Share Marketing Arrangements

Following changes to the regulation of companies providing matched-bargain services by the Financial Conduct Authority, Link MBS (who were employed to act as nominated stockbrokers to the Company and to operate a matched bargain service designed to bring buyers and sellers of shares together) withdrew from the market as did other companies providing this type of service. At the time of writing we have been unable to implement an alternative system, so movement of existing shares is limited to sales between known parties and transfers between family members.

The Company employ Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as Registrars and any transfer of shares should be carried out through them.

Details are available from our website by selecting the options "Club" and then "Shares".

Any shareholder wanting additional advice on their shares should contact Roy Johnston at Pittodrie Stadium on 01224 650400.

Directors and Advisers

CHAIRMAN

Stewart Milne

CHIEF EXECUTIVE

Duncan G Fraser

COMMERCIAL DIRECTOR

Robert S Wicks

NON-EXECUTIVE DIRECTORS

Gordon A Buchan

Ian Jack

J Craig Brown

Duncan R Skinner

David A Cormack

COMPANY SECRETARY

Roy M Johnston

FOOTBALL MANAGEMENT

Derek McInnes

Anthony Docherty

REGISTERED OFFICE

Pittodrie Stadium

Pittodrie Street

Aberdeen

AB24 5QH

BANKERS

HSBC Bank PLC

95-99 Union Street

Aberdeen

AB11 6BD

SOLICITORS

Burness Paull LLP

Union Plaza

1 Union Wynd

Aberdeen

AB10 1DQ



Chairman's Statement

While silverware eluded us once again in season 2017/18, with disappointing losses to Motherwell in both the quarter finals of the Betfred Cup and the last four of the William Hill Scottish Cup, our victory at Celtic Park on the final day of the season once again secured the runners-up spot in the Ladbrokes SPFL Premiership.

In the close season, Lewis Ferguson arrived from Hamilton Academical, with a tribunal subsequently deciding the compensation fee to be paid, Chris Forrester joined from Peterborough United and Stephen Gleeson from Ipswich Town on two-year deals, Dominic Ball returned for a second season long loan from Rotherham, Watford's Tommie Hoban, Manchester United's James Wilson and Derby County's Max Lowe also arrived on loan while former Partick Thistle keeper Tomas Cerny signed a one-year contract.

Earlier in the January transfer window, Sam Cosgrove and Michael Devlin arrived from Carlisle United and Hamilton Academical respectively, while leaving Pittodrie were Anthony O'Connor, Daniel Harvie, Adam Rooney, Kari Arnason and Nicky Maynard, while the loan deals of Kenny McLean, Ryan Christie, Greg Stewart, Chidi Nwakali and Freddie Woodman all ended with the players returning to their parent clubs, and at the start of the current campaign keeper Danny Rogers joined St. Mirren on loan.

One of the most satisfying on-field aspects over the past twelve months has been the continued emergence of our younger players, none more so than Scott McKenna, who established himself as a first team regular, being capped for Scotland before being handed the captaincy of the national side for the game against Mexico. In addition, Scott Wright, Frank Ross and Danny Rogers continue to impress, and much credit must be given to our youth and development staff for this, while Bruce Anderson, Dean Campbell and Connor McLennan are also progressing. Contract extensions have been put in place for Scott McKenna, Scott Wright, Frank Ross, Danny Rogers, Bruce Anderson and Dean Campbell to underline the importance of developing players able to step-up to the First Team squad.

During the season, there was once again unwelcome attention regarding our management team of Derek McInnes and Tony Docherty, this time from Rangers, but thankfully the outcome was the same as on the previous occasion, with our management team electing to remain at Pittodrie.

We were delighted when in January of this year Aberdeen City Council (ACC) voted in favour of the planning application for the training and community facilities and new stadium on the Kingsford site, with final planning consent following in April. Groundworks on the site commenced in late June with the completion of the Phase 1 professional training facilities, youth facilities and community facilities anticipated in the summer of next year with the Phase 2 new stadium to follow after a comprehensive consultation with our fans. On 20 July 2018, a pressure group "No Kingsford Stadium Limited" was granted an order by the Court of Session to allow a petition for a judicial review of the ACC decision to grant the planning application for Kingsford. In late September it was announced that a procedural hearing was scheduled to take place on 19 December 2018 with a substantive hearing on 29-31 January 2019. Whilst this was unwelcome news, the Directors remain confident that the planning procedure has been robust and that the plans for training facilities and a new stadium will go ahead as intended.

I would draw your attention to the Notice of Annual General Meeting on page 37, where Resolution 6 proposes an increase in the authorised share capital of the Company and to authorise the Directors to allot shares as they consider appropriate. It is intended that new shares are issued following approval by shareholders at the Annual General Meeting to support funding for the Phase 1 training facilities project through to completion. Further information is given in note 3 in the Report of the Directors.

Paragraph e) vii of Resolution 6 in the Notice of Annual General Meeting on page 37 recognises the substantial investment in the Club made by The Deeside 2008 Family Trust of which David A. Cormack is a Trustee and beneficiary, and the person appointed to represent the Trust on the Club's Board.

Much has happened in the last year, with a rigorous review of the Club's activities undertaken, and a substantial re-shaping of the Executive taking place as a result. The Board took the decision that Duncan Fraser as Chief Executive would head up a new executive team with a Commercial Director and Finance Director joining the Club. Rob Wicks joined the Club as Commercial Director in March of this year, and in a relatively short space of time, he has made a substantial contribution to the Club's operations and has overseen the implementation of the extremely successful AberDNA membership scheme. Kevin MacIver joined the Club as Finance Director at the start of November, tasked with developing the financial systems of the Club to help us to increase the scale of the Club's operations ahead of our move to a new stadium.

In June, George Yule left his role as Executive Vice Chairman at the Club, following an unfortunate health scare. I would like to put on record my personal thanks to George for the sterling work he did in his six years at Pittodrie, particularly that relating to the progression of the Kingsford project, and to extend the best wishes of all of us at the Club for his continued good health.

It falls to me to again thank our fantastic support, with season ticket sales matching those of last year and to-date almost 6,500 members having signed-up for the new AberDNA scheme, a figure that has exceeded even the most optimistic expectations. The combination of season ticket holders, AberDNA members and Stand Free members allows fans across the world the opportunity to show their support for the Club as only they can. I thank you all.

Strategic Report

Introduction

The 2017/18 season finished on a high note with victory at Parkhead for the first time since October 2004 to secure second place in the league for a fourth successive season. The Club also reached the third qualifying round of the Europa League for a fourth successive season, but agonisingly couldn't take a further step into the Europa League play-off round, narrowly losing-out to a very good Apollon Limassol side. Having reached both cup finals in the 2016/17 season, it was disappointing to go out at the quarter-final stage of the League Cup and the semi-final stage of the Scottish Cup.

Second place in the Premiership again allowed the Club to enter into the UEFA Europa League in season 2018/19 and the players and staff acquitted themselves well in the second qualifying round against very tough opposition in Burnley, who had finished seventh in the English Premier League in season 2017/18. The financial impact of the Europa League matches in July and August 2018 will be reflected in the Annual Report for the year ended 30 June 2019.







Strategic Report (cont)

Business Review

The Directors consider the key performance indicators of the Group to be turnover, the ratio of payroll costs to turnover and operating profit. The fixed costs of the business, which are mainly football related payroll costs and the upkeep of the football stadium, must be maintained within the constraints of the turnover figure. Turnover is directly influenced by the performance of the Club in the Scottish Professional Football League (SPFL), the Scottish Professional Football League Cup (League Cup) and the Scottish Football Association Cup (Scottish Cup) each season. The Club's final position in each of these competitions will impact on the future prospects for the Group. Further positive impact on turnover can be achieved in the event of a sustained run in European club competitions.

Turnover increased by £0.134 million from £15.281 million to £15.415 million as the Club reached the third qualifying round of the UEFA Europa League having played two rounds, the quarter-final of the League Cup, the semi-final of the Scottish Cup and finished second in the SPFL, as opposed to the third qualifying round of the UEFA Europa League having played three rounds, the final of the League Cup, the final of the Scottish Cup and second in the SPFL in season 2016/17. The turnover figure of £15.415 million is another new record for the Club, with the main factors being a substantial increase in sponsorship, advertising and commercial income, offset by a reduction in UEFA prize monies as a result of playing in fewer rounds of the Europa League. Domestically, the average ticket sales for SPFL matches increased from 15,254 to 15,775 which was reflected in higher SPFL gate receipts and season ticket sales, which allied to strong earnings from the cups in the 2017/18 season, offset the loss of gate receipts earned from reaching the finals of both the League and Scottish Cups in 2016/17. The turnover figures can be examined in further detail in Note 5 to the Financial Statements.

Wages increased from £7.761 million to £8.564 million as a direct result of our continuing investment in the overall quality of the playing squad, the level of success in all competitions and securing the management team on new contracts. Balancing the First Team squad remains as difficult as ever, with wages pressure from English football the highest that it has ever been. The move of Adam Rooney to non-League Salford City exemplifies this. The wages to turnover ratio has increased from 51% to 56% as the Club invested in the First Team squad but is still well within accepted industry norms and compares favourably to other clubs.

Cost of sales increased slightly from £3.049 million to £3.100 million, whilst Other Operating Expenses fell from £3.684 million to £3.555 million. The comparison for Other Operating Expenses is masked by one-off costs incurred in 2016/17 for the transformer failure and pitch improvements and there is a small underlying increase in the costs in this category. Operating expenses figures can be examined in further detail in Note 6 to the Financial Statements.

The financial performance discussed above delivered an operating loss of £756,000 (2017 – profit of £533,000) having generated operating profits in each of the four prior years. However, the operating profit pre-amortisation is positive for the fifth year in succession. The following table helps to analyse our operating profits over the last five years.

	2018	2017	2016	2015	2014
	£000	£000	£000	£000	£000
Operating profits generated:					
Reporting operating (loss)/profit	(756)	533	448	542	34
Amortisation of intangible assets (players)	841	170	151	88	56
Operating profit pre-amortisation	85	703	599	630	90
Additional profits generated:					
Profit/(loss) from player sales	319	667	-	81	(29)

Operating profit continues to be an important statistic, and careful management of this will allow us to deliver a balanced budget over the medium-term and help to put the Club in a strong position when subjected to monitoring under UEFA Financial Fair Play regulations. The Club has raised £1.9 million of share capital over the last two financial years, part of which was used to fund transfer fees for new players and part of which has been set aside for the new training facilities under construction. The Club also sold Jonny Hayes to Celtic at the end of the 2016/17 season and Kenny McLean to Norwich during season 2017/18 and these funds were applied towards improving the football operation. The investment in new players has resulted in greatly increased amortisation charges in 2018 as the costs for new player registrations capitalised in the balance sheet are charged to the profit and loss account over the term of the players' contracts. This investment in new players has been possible without draining the Club of working capital or requiring the Club to take on additional debt.

The net assets of the Club improved to £14.957 million (2017 - £14.620 million) reflecting the net movement of the £775,000 proceeds received from an equity share issue and the loss for the financial year of £438,000.

During the year the Directors decided to make the wholly-owned subsidiary Stadium Aberdeen Limited, formerly Talltray Limited, the vehicle through which to develop the site at Kingsford for both training, youth and community facilities, and for a new stadium. Consequently, assets totalling £2.315 million have been transferred from the Company to Stadium Aberdeen Limited.

Strategic Report (cont)

Principal Risks and Uncertainties

The Directors believe that the principal risks and market uncertainties include a) a downturn in First Team football performance in the SPFL particularly if the team were to finish in the bottom six (out of 12); b) the general economic climate affecting spending capacity of commercial partners and supporters; c) the ability of central football authorities to develop and maintain key revenue streams for broadcast and league sponsorship; and d) achievement of key milestones required to progress the new stadium and training facilities projects. The difficult period experienced by Aberdeen's oil sector as a consequence of the market downturn requires careful monitoring, with special efforts being made to gain business from other (non-oil-related) sectors. However, the impact of these difficulties and uncertainties is lessened by the ongoing careful management of operating finances and an open-minded and flexible approach by our commercial team.

Going Concern

The Directors have undertaken a process to ensure that an appropriate funding structure is in place to meet both the short-term funding requirements of the Group's football operations and are working to develop a structure to position the Group for the longer term. The Board continue to concentrate primarily on achieving an operating break-even position in the short to medium term, whilst seeking to move forward with new training facilities and new stadium developments.

The Directors have considered and approved future financial projections which demonstrate that the Group will have sufficient resources to continue to meet its obligations and liabilities for the foreseeable future. The Directors have considered the assumptions and estimates used in the preparation of the future financial projections, including those in relation to activity levels which are influenced by the performance of the football team and the availability of future funding, including support from certain shareholders if required. Having considered the projections including reasonably possible sensitivities, the Directors have a reasonable expectation that the Group will continue as a going concern in the foreseeable future.

Financial Risk Management

The Group's activities expose it to a number of financial risks including credit risk and liquidity risk. The Group's principal financial assets are cash at bank and trade debtors. The Group's credit risk is primarily attributable to its trade debtors and the amounts presented in the balance sheet are net of allowances for doubtful receivables where thought necessary. The Group's credit risk can in certain circumstances be concentrated on football clubs in respect of the sale of player registrations. The credit risk on liquid funds is considered limited because the counterparty is a bank with a recognised credit-rating assigned by international credit-rating agencies. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses cash generated from operations, including player sales when these occur. The Group does not make use of derivative financial instruments for speculative purposes.

Commercial Strategy

Considerable work has gone into the planning and development of the Club's commercial strategy over the past nine months. This included the appointment of Rob Wicks as Commercial Director in March 2018 and a strengthening of the commercial sales team with a focus on new business growth.

Development of the Club's commercial strategy is based on three key areas: generating sustainable increased turnover, improving levels of fan engagement to retain and grow the supporter base, and ensuring the Club are best positioned to take advantage of a period of significant change across the sports broadcast, sponsorship and marketing landscape.

A cornerstone of the commercial strategy has been the successful launch of the Club's B2C AberDNA membership initiative, which to-date has seen almost 6,500 fans from around the world sign up in just six months. AberDNA provides the club with a sustainable new revenue source and enables AFC's global supporter base to feel a closer affinity with the club. Funds raised from AberDNA are directed to one of three key areas: to the first team, directly supporting the football management team's budget, to the youth academy, enhancing the ability to identify, recruit and inspire local young talent and towards helping to create a high-performance environment with a best-in-class football medicine, sports science and performance analysis support structure at the club. In return for their support of the football operation fans join one of four different membership categories and receive several valuable benefits.

Another new initiative launched in 2018 was the Club's 'By Official Appointment' (BOA) programme, a B2B affinity programme aimed at bringing together local businesses, the Club and fans. The initiative drives local business, creates broader engagement and provides fans with special offers from the leading businesses in the city.

2018 has also seen the development of a new holistic fan engagement strategy designed to engage distinct groups of fans inside and outside Pittodrie and that goes beyond just the 90 minutes of matchday experience.

The need to enhance and improve levels of fan engagement is just one of a number of significant changes being seen across a rapidly changing sports marketing landscape. Other developments include a greater fusion of sports and entertainment, reduced attention spans and media consumption habits, the introduction of new technologies, social responsibility playing a key part of new partnerships, increased investment in data, together with more cautious and more demanding sponsors.

To ensure the Club is positioned to take advantages of these changes, various projects were undertaken during the year. These included a comprehensive digital audit, sponsorship valuation research, detailed audience demographic research and the development of a new communications strategy.

The digital audit is assisting the club in the monetisation and development of its digital rights portfolio, the sponsorship valuation work continues to provide useful insight and benchmarking for the Club's wider commercial rights, while the audience research has not only provided a panoramic view of the fan base but has also highlighted an affluent and enviable demographic. The Club have also embarked on a bold communications strategy designed to position AFC as a 'challenger brand' and this will be evident in future communication across the Club.







Strategic Report (cont)

Future Prospects

The development of modern professional training facilities, youth development facilities and community facilities to replace our inadequate training sites at Balgownie and the Barracks in the Bridge of Don and at Countesswells, and a new stadium to replace the ageing Pittodrie Stadium have been among the Club's main strategic focuses over a long period of time, so it was excellent news when Aberdeen City Council (ACC) voted in favour of our planning application for the Kingsford site on 29 January 2018. Final planning consent was granted on 23 April 2018, and in the following months, the Section 75 legal agreement was put in place and the various conditions attached to the planning consent for the first phase of the development were agreed in detail and approved by ACC.

Development of the site will be in two distinct phases, with Phase 1 being the training facilities and Phase 2 being the new stadium. Groundworks for both phases commenced on 25 June 2018 and are progressing rapidly. The next steps under Phase 1 would be to start the laying-out of the grass and 4G pitches, followed by construction of the groundsmen's accommodation and the pavilion containing the changing, medical and other facilities necessary for a modern training complex. It is expected that Phase 1 will be completed by the summer of next year with the Phase 2 new stadium to follow after a comprehensive consultation process with our fans.

Having followed our strategy for a number of years, of breaking-even over the medium term and ensuring that costs are maintained at as low a level as is possible in an ageing Pittodrie Stadium, the Board have reviewed that policy and are more certain than ever that it is the correct approach. The challenge of maintaining the quality of the playing squad and the level of performances seen over the last five seasons is considerable and will only increase with the passing of time. We have a strategy to increase the level of turnover that the business generates, with the new stadium being a key part of that. We will continue to operate the business in a manner that keeps the ratio of wages to turnover at or below industry norms, and where seen as good business, look for opportunities to supplement our income with transfer fees.

Economically, the local area has seen a number of challenges over the last few years, but there are signs of recovery, with crowds increasing last season and the housing market having stabilised. At some point in the near future we plan to sell Pittodrie Stadium to help fund the new stadium and a strong housing market will help in this regard. The immediate future of the Club looks very promising and we are optimistic that further success will be achieved, both on and off the field.

**Approved by the Board of Directors and signed on its behalf by
Duncan G Fraser
Chief Executive
16 November 2018**

Report of the Directors

The Directors have pleasure in submitting their Annual Report and audited Financial Statements for the year ended 30 June 2018. The principal activity of the Group is that of a professional football club. The loss for the year amounted to £438,000 (2017 – loss of £1,209,000). The Directors do not propose payment of a dividend (2017 - £Nil) and the loss has been set against reserves. A business review, summary of key performance indicators, commentary on future prospects, details on financial risk management and the risks and uncertainties in the business is contained in the Strategic Report on pages 3 to 10.

1. Directors Information

Brief biographical details of the Directors who served during the year and to the date of this report are as follows: -

Stewart Milne was appointed a director of the Company in June 1994. Stewart became Vice Chairman in 1997 and Executive Chairman in June 1998 and following the appointment of the Club's first Chief Executive in November 1999, stepped down to a non-executive role. Stewart is also Executive Chairman of the Stewart Milne Group.

Duncan Fraser was appointed an executive director of the Company in May 2004, having been Company Secretary since November 2002. In November 2007 he was promoted to the role of Managing Director and in August 2010 was appointed Chief Executive. As Chief Executive, he will head up the new Executive team. He is a Chartered Accountant and held senior positions in the oil and gas industry prior to his appointment. He remains an elected member of the SFA Professional Gaming Board. Duncan is also a member of the UEFA Match Delegate Board and the FIFA Match Commissioners Board as well as a Trustee of the Scottish Football Benevolent Trust. He brings vast experience in the professional game having held board positions on both the SPFL and its predecessor and been an elected member of the Competitions Working Group of the European Club Association.

Robert Wicks was appointed an executive director of the Company on 30 July 2018 with full responsibility for all commercial operations, including sponsorships, ticketing, hospitality, marketing, PR & communications, supporter engagement and retail. Rob joined the Company in March 2018 from motorsport promoter, Powerboat PI where, at various times, he held the roles of Commercial Director, Chief Operating Officer and Managing Director. Prior to joining Powerboat PI, Rob was Head of Sponsorship for Suzuki MotoGP and Marketing & Commercial Manager for the Superbike World Championship. Originally from South Africa, he studied Economics and Journalism at Rhodes University and began his career with South African publishing business Times Media Limited. Rob was also recently appointed to the Board of Trustees for the Aberdeen FC Community Trust.

Gordon Buchan was appointed a non-executive director of the Company in April 1992. He is a solicitor and advises the Board on all legal matters concerning the Company.

Ian Jack was appointed a non-executive director of the Company in July 2011. He has 30 years experience in the Energy sector and took early retirement from his role as Vice-President with M-I Swaco in August, but remains involved in the Energy Industry and with other interests.

Craig Brown was appointed a non-executive director of the Company in March 2013. Craig has a wealth of experience in football, being the longest serving Scotland manager over a period of 8 years encompassing 70 international matches and back-to-back qualifications for the 1996 European Championships and the 1998 World Cup. In club football Craig has managed Clyde, Preston North End, and Motherwell and managed the Club during the 2011/12 and 2012/13 seasons.

Duncan Skinner was appointed a non-executive director of the Company in January 2015. He is a Chartered Management Accountant with 34 years of experience in the Oil and Gas industry. Duncan took early retirement from his role as Chief Financial Officer at Wood Group PSN in April 2013 to concentrate his activities on social enterprise and charity work. He is Chairman of Glencraft Aberdeen Limited, a social enterprise employing blind and disabled people in the mattress and bed manufacturing sector, and also the Chairman of the Aberdeen FC Community Trust and is involved in a number of other similar organisations.

David Cormack was appointed a non-executive director of the Company in June 2017. He has 35 years of experience in the applications software industry. David lives in the United States, is an advisor to Battery Ventures, a Trustee of the Cormack Charitable Foundation, and an Ambassador for Children International.

Stewart Milne and Duncan Skinner retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting. Robert Wicks was appointed since the last Annual General Meeting and requires his appointment to be ratified. Colin Welsh resigned as a Director on 19 September 2017. George Yule resigned as a Director on 22 June 2018.

An insurance policy for Directors' and Officers' Liability has been maintained during the course of the year, which also covers the role as Directors of the subsidiary Stadium Aberdeen Limited.

2. Environment

The Group recognises the importance of its environmental responsibilities. As the principal activity is the running of a professional football club, the impact on the environment is considered limited.

3. Share Capital

In the Notice of Annual General Meeting on page 37, paragraphs e) v and e) vi of Resolution 6 refer to the Convertible A Ordinary Shares of the Company, which under the existing Articles have the same rights as the Ordinary Shares except that they carry no voting rights. These shares are available if someone wishes to subscribe for shares but in the knowledge that if he were to subscribe for Ordinary Shares, his holding and the holdings of those acting in concert with him would take him above the threshold of 29.9% of the voting shares in issue and which would (under the provisions of The City Code on Takeovers and Mergers) require an offer to be made for all the issued equity shares of the Company. Subscribing for Convertible A Ordinary Shares would avoid this requirement, which, where the subscriber does not want to obtain control, the subscriber would want to avoid, but would nevertheless allow the Company to benefit from receipt of the subscription monies. It will therefore be in the interests of the Company to provide that, where possible, the rights of the Convertible A Ordinary Shares and of the Ordinary Shares converge. The resolution would amend the Articles to make it clear that if an offer is made to obtain or consolidate control of the Company, the same price will require to be offered for a Convertible A Ordinary Share as for an Ordinary Share; and further to provide that if the Code were to cease to apply to the Company and/or the Company were to re-register as a private company (in which case the 29.9% limit would no longer be relevant), the Convertible A Ordinary Shares would be converted into an equivalent number of Ordinary Shares. To re-register as a private company, a Special Resolution of the Ordinary Shareholders would be needed, which would require the support of 75% of those Ordinary Shareholders voting on the resolution - the Convertible A Ordinary Shareholders would not be entitled to vote on that resolution.

This recognises the fact that the subscription price which has been paid, and which is expected to be paid in future subscriptions, for a Convertible A Ordinary Share is the same as for an Ordinary Share.

4. Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual 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) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 the Group and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- 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 Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination on financial statements may differ from legislation in other jurisdictions.

5. Audit Information

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

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

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

6. Auditor

In keeping with our corporate governance objectives our audit committee conducted a full review of this appointment, and following a tender process decided to appoint Anderson, Anderson & Brown LLP as the Company's new auditors.

**Approved by the Board of Directors and signed on its behalf by
Duncan G Fraser
Chief Executive
16 November 2018**

Independent Auditor's Report

to the Members of Aberdeen Football Club plc

Report on the audit of the Financial Statements

Opinion

In our opinion the Financial Statements of Aberdeen Football Club plc (the 'parent company') and its subsidiary collectively (the 'group');

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements which comprise:

- the consolidated profit and loss account;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows and related notes; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the Financial Statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – new stadium and training facilities

We draw attention to Note 12 to the Financial Statements which discloses that the balance sheet at 30 June 2018 includes capitalised costs amounting to £2,315,000 in connection with the proposed development of a new stadium and training facilities. A number of important milestones, including completion of the judicial review on the planning consent obtained from the Aberdeen City Council and the securing of the necessary funding, need to be achieved before the project can progress to completion. As further disclosed in Note 12, notwithstanding the risks and uncertainties involved, the Directors are confident of progressing the development. Accordingly, the Directors have concluded that it is appropriate to carry these costs in the balance sheet. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the Financial Statements is not appropriate; or
- the directors have not disclosed in the Financial Statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement contained in the Report of the Directors, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Report of the Directors.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

Use of our report

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.

Graeme Sheils CA
(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, Scotland
16 November 2018

Consolidated Profit and Loss Account

for the year ended 30 June 2018

	Notes	Group	
		2018	2017
		£000	£000
Turnover	5	15415	15281
Operating Expenses	6	(16171)	(14748)
Operating (loss)/profit	7	(756)	533
Gain on disposal of intangible assets		319	667
Exceptional item - impairment of Pittodrie Stadium	8	-	(2750)
Loss before interest and taxation		(437)	(1550)
Interest payable and similar expenses	9	(1)	-
Loss before taxation		(438)	(1550)
Tax on loss	10	-	341
Loss for the financial year		(438)	(1209)

As is permitted by Section 408 of the Companies Act 2006, no separate Profit and Loss Account or Statement of Comprehensive Income is presented in respect of the parent company. The loss for the financial year for the parent company was £685,000 (30 June 2017 – profit of £952,000).

There are no gains or losses for the current and preceding financial years other than those dealt with through the Profit and Loss Account shown above. Consequently, no separate Consolidated Statement of Comprehensive Income is presented.

The notes on pages 21 to 36 form part of the Financial Statements.

Consolidated and Company Balance Sheets

as at 30 June 2018

	Notes	Group		Company	
		2018	2017	2018	2017
		£000	£000	£000	£000
Fixed Assets					
Intangible Assets	11	1107	632	1107	632
Tangible Assets	12	18292	17313	727	2063
Investments	13	-	-	-	-
		19399	17945	1834	2695
Current Assets					
Stocks	14	781	453	781	453
Debtors	15	1781	3164	19836	19104
Cash at bank and in hand		1954	3532	1946	3524
		4516	7149	22563	23081
Creditors					
Amounts falling due within one year	16	(4166)	(3439)	(4166)	(3439)
Net Current Assets		350	3710	18397	19642
Total Assets less Current Liabilities		19749	21655	20231	22337
Creditors					
Amounts falling due after more than one year	17	(657)	(840)	(657)	(840)
Deferred Taxation	18	-	-	-	-
Deferred Income	19	(4135)	(6195)	(3430)	(5443)
Net Assets		14957	14620	16144	16054
Capital and Reserves					
Called-up share capital	20	3817	3714	3817	3714
Share Premium account	21	9000	8328	9000	8328
Profit and loss account	21	2140	2578	3327	4012
Shareholders' Funds		14957	14620	16144	16054

The loss for the financial year for the parent company was £685,000 (30 June 2017 – profit of £952,000).

The notes on pages 21 to 36 form part of the Financial Statements.

The Financial Statements of Aberdeen Football Club plc, registered number SC005364 were approved by the Board of Directors and authorised for issue on 16 November 2018.

Signed on behalf of the Board of Directors
Duncan G Fraser
Chief Executive
16 November 2018

Consolidated and Company Statements of Changes in Equity

for the year ended 30 June 2018

Group	Notes	Called-up Share Capital	Share Premium Account	Profit and Loss Account	Total
		£000	£000	£000	£000
At 1 July 2016		3528	7119	3787	14434
Issue of Ordinary shares - EMIS		9	58	-	67
Issue of Ordinary shares for cash		144	934	-	1078
Conversion of loans to Ordinary shares		33	217	-	250
Loss for the financial year and total comprehensive loss		-	-	(1209)	(1209)
At 30 June 2017		3714	8328	2578	14620
Issue of Ordinary shares for cash	20	103	672	-	775
Loss for the financial year and total comprehensive loss		-	-	(438)	(438)
At 30 June 2018		3817	9000	2140	14957

Company	Notes	Called-up Share Capital	Share Premium Account	Profit and Loss Account	Total
		£000	£000	£000	£000
At 1 July 2016		3528	7119	3060	13707
Issue of Ordinary shares - EMIS		9	58	-	67
Issue of Ordinary shares for cash		144	934	-	1078
Conversion of loans to Ordinary shares		33	217	-	250
Profit for the financial year and total comprehensive profit		-	-	952	952
At 30 June 2017		3714	8328	4012	16054
Issue of Ordinary shares for cash	20	103	672	-	775
Loss for the financial year and total comprehensive loss		-	-	(685)	(685)
At 30 June 2018		3817	9000	3327	16144

Consolidated Statement of Cash Flows

for the year ended 30 June 2018

Net Cash Flow	Notes	2018	2017
		£000	£000
Net cash (outflow)/inflow from operating activities	i	(25)	1733
Returns on investments and servicing of finance	ii	(1)	-
Net cash outflow from investing activities	iii	(1985)	(676)
Net cash (outflow)/inflow before financing		(2011)	1057
Net cash inflow from financing activities	iv	433	795
Net (decrease)/increase in cash for the year		(1578)	1852
Reconciliation of Net Cash Flow to Movement in Net Funds (see note v)	Notes	2018	2017
		£000	£000
Net (decrease)/increase in cash for the year		(1578)	1852
Cash outflow from decrease in debt		342	350
Change in net funds resulting from cash flows		(1236)	2202
Non-cash movements:			
New hire purchase		(149)	-
Capitalisation of shareholder loans		-	250
Change in net funds after non cash movements		(1385)	2452
Net funds at 1 July		2652	200
Net funds at 30 June		1267	2652

The notes on pages 21 to 36 form part of the Financial Statements.

Notes to the Consolidated Statement of Cash Flows

for the year ended 30 June 2018

i	Cash Flows from Operating Activities	2018	2017
		£000	£000
	Loss for the financial year	(438)	(1209)
	Amortisation of intangible assets	841	170
	Depreciation of tangible assets	158	132
	Amortisation of grants	(47)	(48)
	Gain on disposal of intangible assets	(319)	(667)
	Impairment of Pittodrie Stadium	-	2750
	Hire purchase interest	1	-
	(Increase)/decrease in stocks	(328)	176
	Decrease/(increase) in debtors	1383	(1337)
	Increase in creditors	737	910
	(Decrease)/increase in other deferred income	(2013)	1197
	Deferred taxation	-	(341)
	Net cash (outflow)/inflow from operating activities	(25)	1733
ii	Returns on Investments and Servicing of Finance	2018	2017
		£000	£000
	Hire purchase interest	(1)	-
iii	Cash Flows from Investing Activities	2018	2017
		£000	£000
	Payments to acquire players' registrations	(1327)	(530)
	Receipts from sale of players' registrations	330	667
	Payments to acquire tangible assets	(988)	(813)
	Net cash outflow from investing activities	(1985)	(676)

iv	Cash Flows from Financing Activities	2018	2017
		£000	£000
	Related Party loans	-	400
	Related Party loan repayments	(332)	(750)
	Capital element of hire purchase instalments	(10)	-
	Net cash outflow from changes in debt	(342)	(350)
	Issue of new Ordinary share capital	775	1145
	Net cash inflow from financing activities	433	795

v	Analysis of Changes in Net Funds	30 June 2017	Cash Flows	Non- Cash Changes	30 June 2018
		£000	£000	£000	£000
	Cash at bank and in hand	3532	(1578)	-	1954
	Debt due in less than one year:				
	Related Party loans	(40)	40	-	-
	Hire purchase	-	-	(30)	(30)
	Debt due after more than one year:				
	Related Party loans	(640)	292	-	(348)
	Other loans	(200)	-	-	(200)
	Hire purchase	-	10	(119)	(109)
	Net Funds	2652	(1236)	(149)	1267

The non-cash changes relate to new grow-lighting rigs to help improve the playing surface which were financed by means of hire purchase.

Notes Forming Part of the Financial Statements

for the year ended 30 June 2018

1. Company Information

The Company (number SC005364) is a Public Limited Company limited by shares incorporated and registered in Scotland, United Kingdom, with its registered office and principal place of business at Pittodrie Stadium, Pittodrie Street, Aberdeen AB24 5QH. The principal activity of the Company is the operation of a professional football club playing its first team matches in the Scottish Premiership under the control of the Scottish Professional Football League and under the auspices of the Scottish Football Association.

2. Basis of Preparation

(a) Financial Statements

The Financial Statements have been prepared in UK Sterling currency under the historical cost convention and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 and with the Companies Act 2006.

The consolidated Financial Statements incorporate the Financial Statements of the Company and its wholly owned subsidiary Stadium Aberdeen Limited (formerly Talltray Limited), made up to 30 June. As is permitted by Section 408 of the Companies Act 2006, no separate Profit and Loss Account or Statement of Comprehensive Income is presented in respect of the Parent Company.

(b) Going Concern

The Directors have considered and approved future financial projections which demonstrate that the Group will have sufficient resources to continue to meet its obligations and liabilities as they fall due. The Directors have considered the assumptions and estimates used in the preparation of the future financial projections, including those in relation to activity levels which are influenced by the performance of the football team and the availability of future funding, including support from certain shareholders if required. Having considered the projections including reasonably possible sensitivities, the Directors have developed a reasonable expectation that the Group will continue as a going concern for the foreseeable future. Accordingly, the Financial Statements continue to be prepared on a going concern basis.

3. Principal Accounting Policies

The principal accounting policies, which have been applied consistently in the current and prior year are summarised below.

(a) Intangible Assets

Intangible assets are measured at cost less accumulated amortisation and any impairment losses. Amortisation is determined on a straight line basis over the estimated useful life of the intangible asset.

Fees and other costs payable on the transfer of players' registrations are capitalised and amortised over the period of the respective players' contracts. Fees receivable from other football clubs on the transfer of players' registrations are dealt with through the profit and loss account in the accounting period in which the transfer takes place. Signing-on fees are expensed to the profit and loss account in the accounting period in which they are payable. Compensation payments made to other clubs for young players or football management staff joining the Company are amortised over the period of the relevant contract.

Payments or receipts, which are contingent on the performance of the

team or players, are recognised in the profit and loss account when the events crystallising such payments or receipts occur. Compensation fees receivable for young players or management staff leaving the Company are not recognised in the profit and loss account until the events crystallising such payments or receipts have taken place.

(b) Tangible Assets

Tangible assets are stated at cost less depreciation, calculated to write off their cost in equal annual amounts over their estimated useful lives down to their estimated residual value. On transition to FRS 102, the estimated market value of Pittodrie Stadium at 1 July 2014 was adopted as the deemed cost and the policy of revaluation of the stadium ceased. Pittodrie Stadium is not depreciated as the net book value is deemed to equate to the residual value which is regularly assessed and any adjustments required taken to the profit and loss account. No depreciation is provided on the New Stadium and Training facilities as these are treated as construction in progress. Depreciation on the New Stadium and on the Training facilities costs will commence when the assets are available for use. The applied depreciation rates are as follows:

	% per annum
Plant, Furniture and Fittings	10 - 33%

(c) Investments

Investments are stated at cost, less accumulated impairment.

(d) Stocks

Stock of goods for resale is stated on a first in, first out basis, and at the lower of cost or net realisable value.

(e) Debtors and Creditors

Debtors represent the transactional price of debts including VAT where appropriate, less any provision for doubtful debts which may be required. Creditors represent the transactional cost where known, or where accruals for unbilled goods and services are necessary, at their estimated amount.

(f) Taxation

Corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(g) Grants

Grants received from the Football Trust for stands, safety improvements and plant are credited to deferred income and amortised through the profit and loss account over the estimated useful lives of the related assets.

(h) Other Deferred Income

Other deferred income represents income from season ticket renewals, advance ticket sales and from sponsorship agreements and other contractual arrangements, which are credited to the profit and loss account over the period of the agreement.

(i) Turnover

Turnover represents income receivable, net of VAT, from football and related commercial activities.

Gate and other match day revenues are recognised over the period of the football season as games are played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. AberDNA membership income is recognised over the 12-month duration of the membership. Other commercially orientated memberships are recognised over the 12-month duration of the membership. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst fees due for live coverage or highlights are taken when earned. Merit awards are accounted for only when the amount receivable is known. Income from commissions is recognised when known with reasonable accuracy.

(j) Donations from Lotteries

Donations from lotteries are accounted for in the accounting period in which they are received.

(k) Pension Costs

Contributions to defined contribution pension schemes are expensed to the profit and loss account in the period in which they become payable.

(l) Impairment of Assets

Assets other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in the profit and loss account. An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount is the higher of its fair value less costs to sell and its value in use.

Notes Forming Part of the Financial Statements (cont)

for the year ended 30 June 2018

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

Carrying value of training facilities and new stadium project costs

During the year planning consent was approved for the site at Kingsford and the missives to purchase the land were completed and entry to the site was obtained.

Work has now commenced on a Phase 1 development at Kingsford to create new training, youth and community facilities. During the year £890,000 (2017 - £487,000) of cost has been capitalised in connection with the development including payments in connection with the purchase of the land.

Included in tangible assets are capitalised costs amounting to £900,000 (2017 - £900,000) in respect of the proposed new stadium at Kingsford, which represents stadium design and other costs incurred in prior years on the Loirston Loch site which the Directors consider to be transferable to the Kingsford site. Having obtained planning permission for the proposed Phase 2 new stadium development, the Directors are confident that the necessary funding will be put in place and, hence, it is appropriate to recognise these costs as assets in the balance sheet.

The total amount capitalised for the new stadium and training facilities at 30 June 2018 is £2,315,000 (2017 - £1,425,000).

On 20 July 2018, a pressure group "No Kingsford Stadium Limited" was granted an order by the Court of Session to allow a petition for a judicial review of the Aberdeen City Council decision to grant the planning application for Kingsford. In late September it was announced that a procedural hearing was scheduled to take place on 19 December 2018 with a substantive hearing on 29-31 January 2019. Whilst this was unwelcome news, the Directors remain confident that the planning procedure has been robust and that the plans for training facilities and a new stadium will go ahead as intended.

Key sources of estimation uncertainty

Carrying value of Pittodrie Stadium

Pittodrie Stadium is carried at net residual value. The determination of the residual value net of selling costs includes an estimation of the market value of a potential property development on the Pittodrie Stadium site. The Group appointed an external valuer to perform this assessment and a valuation report on Pittodrie Stadium was prepared by F G Burnett Limited as at 30 June 2017 and the reported market value of £15.25 million was adopted into the Financial Statements. The Directors have given consideration to the market conditions in the period since the valuation was carried out and have retained the value of Pittodrie Stadium at £15.25 million see Notes 8 and 12.

5. Turnover

	Group	
	2018	2017
	£000	£000
Gate receipts	4801	4880
Sponsorship and advertising	2008	1695
Broadcasting rights	2855	2921
Commercial	4875	4659
UEFA Solidarity and prize money	841	1080
Other operating revenue	35	46
	15415	15281

6. Operating Expenses

	Group	
	2018	2017
	£000	£000
Staff Costs (see below)	(8564)	(7761)
Depreciation and other amounts written off tangible assets, net of grant release	(111)	(84)
Amortisation of intangible assets	(841)	(170)
Cost of sales	(3100)	(3049)
Other operating expenses	(3555)	(3684)
	(16171)	(14748)
Staff costs consist of:		
Wages and salaries	7552	6926
Social security costs	880	795
Other pension costs	132	40
	8564	7761

The Executive Directors are considered to be the key management personnel and their remuneration is disclosed below: -

Directors' remuneration consists of:	Group	
	2018	2017
	£000	£000
Emoluments	478	411
Pension contributions	102	14
	580	425

The non-executive Directors waived fees in respect of the year totalling £42,000 (30 June 2017 - £42,000). The highest paid director received £360,000 (2017 - £221,000) including a one-off payment into a money-purchase pension scheme of £89,000 (2017 - £Nil).

Number of Directors who:-	2018	2017
	Number	Number
Are members of a defined contribution pension scheme	2	1
Are members of a money purchase pension scheme	-	1

Notes Forming Part of the Financial Statements (cont)

for the year ended 30 June 2018

6. Operating Expenses (cont)

The average number of full and part time employees during the year based on full time equivalents was as follows: -

	2018	2017
	Number	Number
Players	39	39
Football Management	19	19
Scouting/Youth development	11	9
Commercial/ Administration	49	43
Maintenance	11	11
	129	121

7. Operating (loss)/profit

	Group	
	2018	2017
	£000	£000
This is stated after charging/(crediting): -		
Auditors' remuneration - Audit services	22	16
- Tax compliance services	10	10
- Other audit related services	6	5
Amortisation of grants	(47)	(48)
Amortisation of players' registrations	841	170
Depreciation of owned tangible assets	158	132
Operating lease rentals	128	131
Donations from lotteries (net of expenses)	(45)	(74)

8. Exceptional item - impairment of Pittodrie Stadium

	Group	
	2018	2017
	£000	£000
Impairment of Pittodrie Stadium	-	(2750)

The impairment of the carrying value of Pittodrie Stadium was assessed by the Directors as at 30 June 2017, based on a valuation report prepared by F G Burnett Limited. The value of Pittodrie Stadium had been affected by a downturn in the local economy, accompanied by a consequent drop in property values throughout the North-East of Scotland. The carrying value of Pittodrie Stadium was assessed against the estimated realisable value of Pittodrie Stadium and surrounding car parks and ancillary land and an impairment charge of £2.75 million was recognised in the prior year's Financial Statements.

9. Interest Payable and Similar Expenses

	Group	
	2018	2017
	£000	£000
Hire purchase interest	(1)	-
Total interest payable	(1)	-

Notes Forming Part of the Financial Statements (cont)

for the year ended 30 June 2018

10. Tax on Loss for year

	Group	
	2018	2017
	£000	£000
UK corporation tax provided in year	-	-
Deferred tax - see note 18	-	341
Taxation credit	-	341

The Group has estimated taxation losses available for carry forward amounting to £24,748,000 (30 June 2017 – £24,105,000) - see Note 18. The blended rate of tax for the year, based on the UK standard rate of corporation tax, is 19.00% (30 June 2017 – 19.75%). The actual tax charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation.

	Group	
	2018	2017
	£000	£000
Loss before taxation	(438)	(1550)
Tax on loss at standard rate	(83)	(306)
Factors affecting charge for the year:		
Impairment of Pittodrie Stadium	-	169
Expenses not deductible for tax purposes	7	2
Non-taxable income	(9)	(9)
Utilisation of tax losses	85	(230)
Tax rate changes	-	33
Total amount of tax credit to Profit and Loss Account	-	(341)

11. Intangible Assets

Group and Company	Players' Registrations and Compensation Payments	Brand Rights	Total
	£000	£000	£000
Cost			
At 1 July 2017	944	8	952
Additions	1327	-	1327
Disposals	(752)	-	(752)
At 30 June 2018	1519	8	1527
Amortisation			
At 1 July 2017	320	-	320
Charged in the year	841	-	841
Disposals	(741)	-	(741)
At 30 June 2018	420	-	420
Net Book Value			
At 30 June 2018	1099	8	1107
At 30 June 2017	624	8	632

Notes Forming Part of the Financial Statements (cont)

for the year ended 30 June 2018

12. Tangible Assets

Group and Company	Company	Company	Company	Total Company	Group	Total
	£000	£000	£000	£000	£000	£000
		New Stadium	Training Facilities			
Cost						
At 1 July 2017	3277	900	525	4702	15250	19952
Additions	247	-	890	1137	-	1137
Transfer	-	(900)	(1415)	(2315)	2315	-
At 30 June 2018	3524	-	-	3524	17565	21089
Depreciation						
At 1 July 2017	2639	-	-	2639	-	2639
Charged in the year	158	-	-	158	-	158
At 30 June 2018	2797	-	-	2797	-	2797
Net Book Value						
At 30 June 2018	727	-	-	727	17565	18292
At 30 June 2017	638	900	525	2063	15250	17313

Pittodrie Stadium is carried at net residual value. A valuation of Pittodrie Stadium and the surrounding car-parks and land was prepared as at 30 June 2017 by F G Burnett Limited and identified the estimated market value of the site which equates to the estimated net residual value, at £15.25 million, which value was adopted into the Financial Statements at 30 June 2017. The Directors have given consideration to the market conditions in the period since the valuation was carried out and have retained the value of Pittodrie Stadium at £15.25 million. As the net book value at 30 June 2018 represents the estimated residual value of Pittodrie Stadium, there is no depreciation charge.

During the year the Directors decided to make the wholly-owned subsidiary Stadium Aberdeen Limited (formerly Talltray Limited), the vehicle through which to develop the site at Kingsford for both training, youth and community facilities, and for a new stadium. Consequently, assets totalling £2.315 million have been transferred from the Company to Stadium Aberdeen Limited.

Planning consent was approved for the site at Kingsford in April 2018 and entry to the site was obtained in June 2018. Work has now commenced on the Phase 1 development at Kingsford to create new training, youth and community facilities. Included in tangible assets are amounts of £1,415,000 (2017 - £525,000) in respect of training facilities at Kingsford. Also included in tangible assets are capitalised costs in respect of the proposed Phase 2 new stadium development amounting to £900,000, which represents stadium design and other costs incurred in prior years on the Loirston Loch site which the Directors consider to be transferable to Kingsford.

Having obtained planning permission for the Kingsford site, the Directors are confident that the necessary funding will be put in place and, hence, it is appropriate to recognise these costs as assets in the balance sheet.

No depreciation is provided on costs incurred to date on the New Stadium or Training facilities as these are construction in progress. Depreciation will commence when the assets are available for use.

13. Investments

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Investment in subsidiary undertaking	-	-	-	-

The Company holds one Ordinary Share of £1 in Stadium Aberdeen Limited (formerly Talltray Limited) a wholly owned subsidiary of the Company. Stadium Aberdeen Limited owns the Pittodrie Stadium football ground which it leases to the Company. The Group Financial Statements reflect the consolidated results of the Company and its subsidiary.

The Company also holds one Ordinary Share of £1 in The Scottish Professional Football League Limited for which a consideration of £1 was paid. This represents a 2.38% interest in the company.

14. Stocks

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Goods for resale	781	453	781	453

15. Debtors

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Trade debtors	1215	1675	1215	1675
Amount due from subsidiary	-	-	18055	15940
Other debtors and prepayments	566	1489	566	1489
	1781	3164	19836	19104

The amount due from subsidiary does not bear interest and has no fixed repayment terms. The Company does not intend to seek repayment of the amount within one year of the date of approval of these Financial Statements.

Notes Forming Part of the Financial Statements (cont)

for the year ended 30 June 2018

16. Creditors: Amounts falling due within one year

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Related Party loans	-	40	-	40
Obligations under hire purchase contracts	30	-	30	-
Trade creditors	1722	1468	1722	1468
Other taxes and social security costs	725	702	725	702
Other creditors and accruals	1689	1229	1689	1229
	4166	3439	4166	3439

17. Creditors: Amounts falling due after more than one year

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Related Party loans	348	640	348	640
Other loans	200	200	200	200
Obligations under hire purchase contracts	109	-	109	-
	657	840	657	840

The Related Party loans of £348,000 (30 June 2017 - £640,000) are unsecured, interest free and are repayable in more than one year.

The remaining Other loans of £200,000 (30 June 2017 - £200,000) are unsecured, interest free and are repayable in more than one year.

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
The loans are repayable as follows:				
In less than one year	-	40	-	40
Between one and two years	548	840	548	840
	548	880	548	880

18. Deferred Taxation

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
At 1 July	-	341	-	-
Release of deferred tax on revaluation of Pittodrie Stadium	-	(341)	-	-
At 30 June	-	-	-	-

Deferred tax is provided in full in respect of the revaluation of Pittodrie Stadium. Deferred tax at 30 June 2018 has been calculated at 17% (30 June 2017 – 17%), the rate of Corporation tax substantively enacted on 31 October 2017.

At 30 June 2018 the Group has an unrecognised deferred tax asset of £4,205,000 (30 June 2017 - £4,135,000) which primarily represents the availability of tax losses for carry forward. The ability of the Group to utilise the deferred tax asset depends primarily on future trading performance. The deferred tax asset has not been recognised given the uncertainty as to the availability of available future profits to utilise the accumulated tax losses.

19. Deferred Income

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Deferred grant income - from Football Trust				
At 1 July	752	800	-	-
Released to profit and loss account	(47)	(48)	-	-
At 30 June	705	752	-	-
Other deferred income				
From season tickets, advance ticket sales, executive boxes and sponsorships received in advance	3430	5443	3430	5443
Total deferred income	4135	6195	3430	5443

Included in Other deferred income is £1,107,000 (30 June 2017 - £1,155,000) which will be released to the profit and loss account in more than one year.

Notes Forming Part of the Financial Statements (cont)

for the year ended 30 June 2018

20. Called-up Share Capital

	Group and Company	Group and Company
	2018	2017
	£000	£000
Allotted and fully paid		
14,570,440 (2017 – 13,102,264) Ordinary Shares of 10 pence each	1457	1310
1,106,078 (2017 – 1,540,478) A Ordinary Shares of 10 pence each	110	154
2,250,000 Preference Shares of £1 each	2250	2250
	3817	3714

Called-up Share Capital represents the nominal value of shares that have been issued.

The A Ordinary Shares issued rank pari passu with the Ordinary Shares save that (a) they have no voting rights, and (b) they are convertible to Ordinary Shares by giving notice in writing to the Company. A holder of Ordinary Shares, whose shareholding aggregated with those of his connected persons carries 29.9% or fewer in aggregate of the total votes conferred by all of the issued shares in the Company, is only entitled to convert the number of A Ordinary Shares as would result in that shareholder and his connected persons holding Ordinary Shares which would carry 29.9% or fewer in aggregate of the total votes conferred by all of the issued shares in the Company.

The Preference Shares have no rights to dividend and no voting rights, but on a return of capital are entitled to payment of their nominal value in priority to the Ordinary Shares.

On 28 July 2017 1,033,776 Ordinary shares of ten pence each were issued for cash at £0.75 per share.

On 28 July 2017, following the issue of Ordinary shares as detailed above, Stewart Milne Group Limited exercised their right to convert 434,400 A Ordinary shares of ten pence each into full Ordinary shares of ten pence each which carry full voting rights.

21. Reserves

Share Premium Account

The Share Premium Account includes any premiums received on the issue of share capital over and above the notional value. Transaction costs associated with the direct issue of shares are deducted from the Share Premium Account.

Profit and Loss Account

The Profit and Loss Account includes all current and prior year retained profits and losses. Included within the Profit and Loss Account is £12,163,000 (2017 - £12,163,000) of non-distributable reserves represented by unrealised property revaluations under previous UK GAAP.

22. Group Contingent Liabilities

The Group has exited all obligations to Bank of Scotland, other than in regard to a contingent liability which may arise on the disposal of Pittodrie stadium if any part of the proceeds is not reinvested in a new stadium. This remaining commitment to the Bank of Scotland was secured until 31 October 2017 by a floating charge and a standard security over the stadium from the wholly owned subsidiary Stadium Aberdeen Limited (formerly Talltray Limited) to the Bank of Scotland, cross guaranteed by the Company and secured also by a floating charge from the Company. Following 31 October 2017, the contingent liability continues to exist, but is not subject to any security.

23. Related Party Transactions

At 30 June 2018 loans of £348,000 (30 June 2017 - £680,000) are due to the Company's Directors. The terms of the loans are disclosed in Note 17.

The Directors are considered to be the key management personnel of the Group and their remuneration is disclosed in Note 6.

24. Pensions

The Group operates an approved defined contribution Group Personal Pension Scheme for eligible employees. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost expensed for the period was £3,000 (year to 30 June 2017 - £4,000).

There was £1,000 due for payment at 30 June 2018 (30 June 2017 - £1,000).

The Group also operates an approved defined contribution Group auto-enrolment scheme for eligible employees with The Peoples Pension. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost expensed for the period was £28,000 (year to 30 June 2017 - £22,000).

There was £17,000 due for payment at 30 June 2018 (30 June 2017 - £3,000).

In addition, contributions of £101,000 (year to 30 June 2017 - £14,000) were made to personal pension schemes on behalf of employees.

There was £89,000 due for payment at 30 June 2018 (2017 - £Nil).

Notes Forming Part of the Financial Statements (cont)

for the year ended 30 June 2018

25. Financial Instruments

	Group		Company	
	2018	2017	2018	2017
	£000	£000	£000	£000
Financial assets – measured at amortised cost				
Trade debtors – see Note 15	1215	1675	1215	1675
Amount due from subsidiary – see Note 15	-	-	18055	15940
Other debtors – see Note 15	566	1489	566	1489
Cash at bank and in hand	1954	3532	1954	3524
	3735	6696	21790	22628
Financial liabilities – measured at amortised cost				
Trade creditors – see Note 16	1722	1468	1722	1468
Other creditors and accruals – see Note 16	1689	1145	1689	1145
Related Party loans – see Notes 16 and 17	348	680	348	680
Other loans – see Note 17	200	200	200	200
Hire purchase – see Notes 16 and 17	139	-	139	-
	4098	3493	4098	3493

The Group's income, expense, gains and losses in respect of financial instruments are summarised below: -

	Group	
	2018	2017
	£000	£000
Interest income and expense		
Total interest expense for financial liabilities at amortised cost	(1)	-

26. Group Financial Commitments

	Group	
	2018	2017
	£000	£000
Total future minimum lease payments under non-cancellable operating leases are as follows: -		
Within one year	113	116
Between one and five years	95	29
	208	145

During the year the Group completed the purchase of, and gained entry to, a site at Kingsford to the West of the AWPR currently under construction and nearing completion. The development of the site will be carried out in two phases; Phase 1 being the delivery of Professional Training Facilities and facilities for Community and Youth Development use, with Phase 2 being the delivery of a new Stadium.

The Group had capital commitments at 30 June 2018 of £1.15m (2017 - £Nil) relating to earthworks for the Kingsford training facilities.

We draw your attention to the Notice of Annual General Meeting on page 37, where Resolution 6 proposes an increase in the authorised share capital of the Company and to authorise the Directors to allot shares as they consider appropriate. It is intended that new shares are issued following approval by shareholders at the Annual General Meeting to support funding for the Phase 1 training facilities project through to completion.

27. Subsequent Events

On 20 July 2018, a pressure group “No Kingsford Stadium Limited” was granted an order by the Court of Session to allow a petition for a judicial review of the Aberdeen City Council decision to grant the planning application for Kingsford. In late September it was announced that a procedural hearing was scheduled to take place on 19 December 2018 with a substantive hearing on 29-31 January 2019. Whilst this was unwelcome news, the Directors remain confident that the planning procedure has been robust and that the plans for training facilities and a new stadium will go ahead as intended.

28. Controlling Party

At the balance sheet date, the Company does not have a controlling party as there is no single or group of shareholders with a controlling interest in the shareholding of the Company.

29. Subsidiaries and Related Undertakings

The Group comprises the parent company Aberdeen Football Club plc and its sole wholly-owned subsidiary Stadium Aberdeen Limited. Stadium Aberdeen Limited changed its name from Talltray Limited on 15 February 2018. Stadium Aberdeen Limited is a Private Limited Company limited by shares and registered in Scotland, number SC299691 with its registered office and principal place of business at Pittodrie Stadium, Pittodrie Street, Aberdeen AB24 5QH. Ownership of the stadium lies with the subsidiary company to which the Company pays a rent for the use of the football stadium.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ONE HUNDRED and FIFTEENTH Annual General Meeting of ABERDEEN FOOTBALL CLUB plc will be held at The Aberdeen Standard Investments Suite, Pittodrie Stadium, Pittodrie Street, Aberdeen on 17 December 2018 at 7.00pm to transact the following: -

As ordinary resolutions:

1. To receive and consider the Financial Statements for the year ended 30 June 2018 together with the Reports of the Directors and Auditors thereon.
2. To re-elect Stewart Milne as a Director.
3. To re-elect Duncan R Skinner as a Director.
4. To confirm the appointment of Robert S Wicks as a Director.
5. To appoint Anderson, Anderson & Brown LLP as Auditors and to authorise the Directors to fix their remuneration.

As a special resolution:

6. "That:
 - a) the authorised share capital of the Company be and is hereby increased from £7750,000 to £9,250,000 by the creation of: (i) 7,500,000 Ordinary Shares of £0.10 each having the rights and restrictions set out in the Company's Articles of Association; and (ii) 7,500,000 Convertible "A" Ordinary Shares of £0.10 each having the rights and restrictions fully set out in the Company's Articles of Association;
 - b) in accordance with section 551 of the Companies Act 2006 (**2006 Act**), the Directors of the Company be generally and unconditionally authorised: (i) to allot Ordinary Shares in the Company or grant rights to subscribe for or to convert any security into Ordinary Shares in the Company (**Ordinary Rights**) up to an aggregate nominal amount of £1,182,348.20 at such time or times and to such persons as the Directors of the Company consider appropriate (always subject to the Company's authorised share capital amount); (ii) to allot Convertible "A" Ordinary Shares in the Company or grant rights to subscribe for or to convert any security into Convertible "A" Ordinary Shares in the Company (**Convertible "A" Ordinary Rights**) up to an aggregate nominal amount of £750,000.00 at such time or times and to such persons as the Directors of the Company consider appropriate (always subject to the Company's authorised share capital amount); provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date falling 5 years after the date of this resolution; save that the Company may, before such expiry, make an offer or agreement which would or might require Ordinary Shares or Convertible "A" Ordinary Shares to be allotted or Ordinary Rights or Convertible "A" Ordinary Rights to be granted and the Directors may allot Ordinary Shares or Convertible "A" Ordinary Shares or grant Ordinary Rights or Convertible "A" Ordinary Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired;
 - c) the foregoing authority in part b) of this special resolution is in substitution for all previous authorities conferred on the Directors of the Company in accordance with section 80 of the Companies Act 1985 or section 551 of the 2006 Act but without prejudice to any allotment of shares or grant of rights to subscribe for or to convert any security into shares in the Company already made or offered or agreed to be made pursuant to such authorities;
 - d) in accordance with section 570 of the 2006 Act, the Directors of the Company be generally empowered to allot equity securities (as defined in section 560 of the 2006 Act) pursuant to the authority conferred by part c) of this special resolution, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall:
 - i. be limited to the allotment of equity securities up to an aggregate nominal amount of £1,932,348.20; and
 - ii. expire on the date falling 5 years after the date of this resolution (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors of the Company may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired;
 - e) the articles of association of the Company be altered by:
 - i) deleting the following definition:

"Acting in Concert" has the meaning given to it in the City Code on Takeovers and Mergers as amended, updated or superseded from time to time;
 - ii) inserting the following definitions:

"Acting in Concert" shall have the meaning given to it in the City Code;

"City Code" means the City Code on Takeovers and Mergers in force for the time being;

"Offer" has the meaning given to it in the City Code;

"Offeror" has the meaning given to it in the City Code;

-
- iii. deleting the present article 5 and replacing it with the following new article 5:
“At the date of adoption of these Articles the authorised share capital of the Company is £9,250,000 divided into 26,393,922 ordinary shares of £0.10 each (the “Ordinary Shares”), 5,750,000 Preference Shares of £1.00 each (the “Preference Shares”) and 8,606,078 convertible “A” ordinary shares of £0.10 each (the “Convertible A Ordinary Shares”).”
- iv. inserting the following words at the end of article 6B:
“and Article 6G.”
- v. inserting the following new article 6G:
6G. “In the event that the Company is re-registered as a private limited liability company and/or the City Code ceases to apply to the Company, each Convertible “A” Ordinary Share shall be converted into an Ordinary Share automatically upon such occurrence and shall (without any further authority than that contained in these Articles) stand converted into Ordinary Shares on the basis of one Ordinary Share for each Convertible “A” Ordinary Share; and the Ordinary Shares resulting from such conversion shall rank pari passu in all other respects with the existing issued Ordinary Shares. The terms of Article 6F shall apply, mutatis mutandis, in respect of such conversion on the basis that the “Conversion Date” shall be the date of such re-registration of the Company as a private limited liability company and/or the date when the City Code ceases to apply to the Company. The foregoing is a special right of the holders of the Convertible “A” Ordinary Shares as a class, which right cannot be modified or abrogated, other than in accordance with the provisions of Article 7.”
- vi. inserting the following new article 6H:
6H. “In the event of any Offer being made in respect of Ordinary Shares, the Offeror and any parties Acting in Concert with such Offeror shall be obliged, subject to and in accordance with the provisions of the City Code, to: (i) make an offer for Convertible “A” Ordinary Shares; and (ii) offer to pay the same price per share for each Convertible “A” Ordinary Share as is offered for each Ordinary Share. The foregoing is a special right of the holders of the Convertible “A” Ordinary Shares as a class, which right cannot be modified or abrogated, other than in accordance with the provisions of Article 7.”
- vii. inserting the following new article 90A:
“Notwithstanding any other provisions of these Articles, The Deeside 2008 Family Trust of 282 Montgomery Street, Santa Rosa Beach, Florida 32459, USA shall for so long as it alone or together with its Connected Persons holds at least 10% in aggregate of the issued Ordinary Shares (and therefore at least 10% of the voting rights) in the capital of the Company for the time being be entitled from time to time to appoint as a Director of the Company any person approved by the Board (whose approval shall not be unreasonably withheld or delayed) and to remove from office any person so appointed and (subject to such approval) to appoint another person in his place.”
-

BY ORDER OF THE BOARD

Roy M Johnston
Company Secretary

Registered Office:
Pittodrie Stadium, Pittodrie Street, Aberdeen AB24 5QH
Dated 16 November 2018

Note:

It is requested that notice of questions on the Annual Report should be in the Company Secretary's hands by 5pm on Monday 10 December 2018.

A member entitled to attend and vote is entitled to appoint a proxy to attend and, on a poll, to vote instead of him and that proxy need not also be a member. A form of proxy is enclosed, and completed proxies must be returned to Pittodrie Stadium at least 48 hours before the time appointed for the meeting.

Will Shareholders please intimate any change of address to the Company Secretary

Notes

