

RAITH ROVERS INDEPENDENT SUPPORTERS' SOCIETY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017



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STATUTORY INFORMATION

Directors	G Condie (Treasurer) T Cunningham J Proctor A Russell (Chairman) S Lawther N Russell S Wallace
Secretary	J Proctor
Registered Number	IP 2590 RS
Registered Office	c/o Gibson, Spears, Dow & Son 9 East Fergus Place Kirkcaldy KY1 1XU
Bankers	Bank of Scotland Carberry Road Mitchelston Kirkcaldy KY1 3PA
Solicitors	Cobbetts Ship Canal House King Street Manchester M2 4WB

**DIRECTORS' REPORT
YEAR ENDED 30 JUNE 2017**

The Directors present their report and financial statements for the year ended 30 June 2017.

The Society was incorporated on 17 September 2002 and took over the activities of Raith Rovers Independent Association. The Society is a registered society under the Co-operative and Community Benefit Societies Act 2014, regulated by the Financial Conduct Authority.

Principal activities

The Society's objectives are, either itself or through a subsidiary company or society trading for the benefit of the community and acting under its control:

- i) to strengthen the bonds between Raith Rovers Football Club ("the Club") and the community which it serves and to represent the interests of the community in the running of the Club,
- ii) to benefit present and future members of the community served by the Club by promoting, encouraging and furthering the game of football as a recreational facility, sporting activity and focus for community involvement,
- iii) to provide a democratic forum for Society members and the wider community to share and exchange their aspirations for the Club,
- iv) to represent the interests of Society members, and the wider community, in the affairs of the Club and to engage in constructive dialogue with the representatives and staff of the Club,
- v) to support the continuing development of, and widen interest and involvement in, the game of football in the Kirkcaldy area regardless of sex, age, ability or ethnic origin of those involved, and,
- vi) to work to ensure a positive portrayal of football in general, the Club, supporters of the Club and the wider community served by the Club.

Directors

The following Directors have held office during the year to 30 June 2017.

G Condie	T Cunningham
J Proctor	A Russell
S Lawther	N Russell
S Wallace	

Directors' Interests

The Directors' interests in the shares of the Society were as stated below:

Ordinary shares of £1 each	30 June 2017	30 June 2016
G Condie	1	1
T Cunningham	1	1
J Proctor	1	1
A Russell	1	1
S Lawther	1	1
N Russell	1	1
S Wallace	1	1

Auditors

The members voted to have an independent review undertaken on the accounts in lieu of a full audit.

DIRECTORS' REPORT (continued)
YEAR ENDED 30 JUNE 2017

Directors' responsibilities

Society law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state affairs of the Society and of the surplus or deficit of the Society for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and to enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

A Russell
Chairman

BUSINESS REVIEW – CHAIRMAN'S STATEMENT

In last year's accounts I observed that Raith Rovers Football Club were enjoying a relatively stable period, with a competitive young team representing us well – at the time of writing we had been in the promotion play-off zone in the Championship. Hindsight is a wonderful thing, and I'm sure I am not alone in being shocked and surprised by the deterioration in our form and results over the remainder of last season. This year we again have a competitive young team challenging at the top of the table, but a division lower, and it has never been more evident how vulnerable our club is to the effects of a poor decision or two. Without raking over the coals of last season again, I hope that lessons have been learned by everyone at the club and that we return quickly to a higher division stronger as a result of this experience.

We also had no inkling this time last year of the boardroom changes that were to unfold towards the end of last season. We shared our thoughts and concerns regarding the Starks Park Properties takeover at the time, forthrightly but constructively, and while we had no wish to stand in the way of progress we were disappointed that our ideas on the shape of the takeover were not implemented at the time. In particular we were concerned about the club moving away from the principle of "shared and stable ownership", which had been part of the club's own published strategy, and also a fundamental principle in the concordat agreed upon by the board and the fans previously. When New Raith Rovers Ltd was formed as part of the 2005 restructuring of the club, a limit was written into the company's articles of association preventing any individual shareholder from owning more than 40% of the company. It is still unclear how this limit was circumvented in the months leading up to the most recent takeover. The question may be academic, now that New Raith Rovers' shares in the football club have been transferred to Starks Park Properties, but given that the value of the fans' collective investment in New Raith Rovers has been substantially diluted it remains an important issue in our minds.

Over the last 15 years, supporters of Raith Rovers have invested over £225,000 in the club via the Trust, through the purchase of shares in RRFC Holdings and New Raith Rovers. Whilst it held its majority shareholding in the club, our 14% shareholding in New Raith Rovers was equivalent to 11% of the total shares in the club. Now that New Raith Rovers' only owns a minority shareholding in Starks Park Properties, our 14% now represents less than 3% of the total shares in the club.

Prior to this year's takeover we asked that options for similar structural safeguards be explored for Starks Park Properties, or for alternative models of ownership – for implementation either now or in the future – be considered. Whilst we appreciate that there are many priorities competing for the new owners' attention, it is disappointing that in the months since the takeover there has been no further discussion of this.

For clarity, our best understanding of the takeover details are as follows – the new owners have still to confirm these categorically and we will communicate any additional details as they emerge.

- Starks Park Properties Ltd purchased New Raith Rovers Ltd's shareholdings in Raith Rovers Football Club Ltd (76%) and RRFC Holdings Ltd (58%)
- NRR Investments Ltd purchased Mario Caira's shareholding (22%) in Starks Park Properties Ltd, and now owns 73% of Starks Park Properties Ltd (the remaining 27% is still owned by New Raith Rovers Ltd)
- NRR Investments Ltd purchased Mario Caira's shareholding (29%) in New Raith Rovers Ltd, and now owns 46% of New Raith Rovers Ltd
- NRR Investments Ltd is wholly owned by John Sim
- The shareholdings of the Hutton family, Val McDermid, the Raith Supporters Trust, and the other minor shareholders in New Raith Rovers Ltd are unchanged

On a more positive note, we are encouraged that John Sim has indicated a desire for continuing supporter representation on the board of the football club. Whilst this position was previously by right of our shareholding, rather than by invitation as it is now, this still puts us in the privileged minority of Scottish football supporters as fewer than half of our clubs have supporter representation in their boardroom of any kind.

We had intended to conduct a review of the Trust's priorities this year, but put this work on hold until the post-takeover situation was more clearly understood. We will invite you to share your views with us as part of this

RAITH ROVERS INDEPENDENT SUPPORTERS' SOCIETY LTD

review, and would also encourage you to become involved in the running of the Trust, given that we currently have gaps on our board.

As always, thanks for your continuing support.

Alan Russell
CHAIRMAN

BUSINESS REVIEW – MEMBERSHIP REPORT

At June 2017 the membership stood at 185 (At June 2015 the membership was 203). The 2017-18 membership renewal process is underway, and with 127 Trust members renewing last year by 'electronic' methods (PayPal, automatically by Standing Order etc.), the amount of work required is minimal. As ever, any existing members who have not renewed by mid-September 2017 are contacted to remind them of the benefits of renewing their Trust membership

Niall Russell

MEMBERSHIP SECRETARY

BUSINESS REVIEW – TREASURER'S REPORT

The trust made an increased profit of £5,585 in the year to 2017 compared to a profit of £3,516 in the year to 2016. This increase of £2,069 is primarily attributable to reduced sponsorship costs with 2016 including sponsorship for the refurbishment of the South Stand. Income from members is up £432 but income from fundraising is down £973 primarily due to the one-off benefit of £500 in 2016 in relation to the "Unthinkable" book sales generously given by Steven Lawther and slightly reduced income from the Trust organised Burns Night.

The trust continues to sponsor the very successful Roary Club and continues to take pitch side advertising at Starks Park. The trust also put another £5,000 into the club in return for shares in New Raith Rovers Ltd, at the time further strengthening our percentage shareholding and securing our director's position on the board.

Since the end of the financial year the board of New Raith Rovers Ltd advised us that they had concluded a deal to sell the shares in Raith Rovers Football Club to Starks Park Properties, effectively handing control of the club over to John Sim. Normally such a transfer would require an EGM to be called unless 75% of the shareholders agreed to have that waived. The trust weren't asked to provide its agreement and we have asked the club to provide assurances that the correct rules were followed in the transfer but such assurance has as yet not been provided. Whilst the financial difficulties at the club are well understood it would seem a real pity and perhaps failure that a structure that was put in place at the conclusion of Reclaim the Rovers to protect the club from having too much control in the hands of one individual evaporated so quickly and easily and the £225,000 that supporters have invested in the club over the past 10 years or so was effectively written off at the stroke of a pen with what appeared to be very little consideration of what was being given up. It is likely that once the transaction has been properly understood that the trust would need to impair the value of our investments recorded in these accounts which would also require us to write-off the loan notes liability given there would no longer be sufficient assets or recourse to repay such a debt. This also presents a challenge to the trust in terms of how we support the club financially going forwards. There seems little point in acquiring new shares in New Raith Rovers Ltd as the benefits this accrues is minimal and whilst there may well be specific initiatives that we will be able to support such as sponsorship of the Roary Club, the question about what to do with the bulk of our cash is one for debate particularly in terms of weighing up short term and long-term options. The trust as always welcome the views of members so please get in touch through the website www.raithtrust.org.uk or directly to me at treasurer@raithtrust.org.uk if you have any views you wish to share.

Graeme Condie
TREASURER

**INDEPENDENT EXAMINERS REPORT
TO THE MEMBERS OF RAITH ROVERS INDEPENDENT SUPPORTERS' SOCIETY LIMITED**

I have reviewed the financial statements of Raith Rovers Independent Supporters' Society Limited on pages 9 to 11 for the year to 30 June 2017.

This report is made solely to the society's members, as a body. My examination work has been undertaken so that I might state to the society's members those matters I am required to state to them in an examiners' report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the society and the society's members as a body, for my work, for this report, or for the opinions I have formed.

Respective responsibilities of Society's Board Members and the examiner

The Society Board Members consider that an audit is not required for this year as an appropriate resolution was approved by members at the last AGM and that an independent examination is therefore appropriate.

It is my responsibility to:

- examine the accounts
- follow the procedures laid down in the General Directions given by Supporters Direct; and
- state whether particular matters have come to my attention.

Basis of Independent Examiner's statement

My examination was carried out in accordance with General Directions given by Supporters Direct. An examination includes a review of the accounting records kept by the Society and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from the Society Board Members concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the accounts.

Independent examiner's statement

In the course of my examination, no matter has come to my attention

- a) which gives me reasonable cause to believe that, in any material respect, the Society Board Members have not met the requirements to ensure that:
 - i) proper accounting records are kept
 - ii) accounts are prepared which agree with the accounting records and comply with generally accepted accounting requirements; or
- b) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

I can also confirm that, in my opinion, the accounts have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014.

Signed _____

Date _____

Qualification _____

Name _____

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	£	£
Income		
Members' subscriptions	925	1,015
Donations	5,446	4,924
Fund Raising	<u>1,353</u>	<u>2,326</u>
	<u>7,724</u>	<u>8,265</u>
Expenditure		
Printing, postage and stationary	45	404
Meeting Expenses	44	
Advertising and sponsorships	1,950	4,245
Membership subscriptions	<u>100</u>	<u>100</u>
	<u>2,139</u>	<u>4,749</u>
Operating Surplus/ (Deficit)	<u>5,585</u>	<u>3,516</u>
Retained Surplus/ (Deficit) for the year	<u>5,585</u>	<u>3,516</u>

The notes on pages 11 form part of these financial statements.

BALANCE SHEET – PERIOD ENDED 30 JUNE 2017

	Notes	2017 £	2016 £
Fixed assets			
Investments	2	<u>218,551</u>	<u>213,551</u>
Current assets			
Cash at bank and in hand		12,716	12,149
Total assets less current liabilities			
		231,267	225,700
Creditors:			
Amounts falling due after one year			
	3	<u>59,500</u>	<u>59,500</u>
Total Assets less Liabilities			
		<u>171,767</u>	<u>166,200</u>
Called up Capital and reserves			
Called up share capital	4	185	203
Income and expenditure account	5	<u>171,582</u>	<u>165,997</u>
	6	<u>171,767</u>	<u>166,200</u>

The notes on pages 11 form part of these financial statements.

The financial statements were approved by the Board on dd mmmm yyyy.

G Condie
Treasurer

A Russell
Chairman

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2017**

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical convention.

1.2 Investments

Fixed asset investments are stated at historic cost.

2 Fixed asset investments

Unlisted Investments	2017	2016
Cost		
At Cost 1 July 2016	213,551	203,551
Added in Year	<u>5,000</u>	<u>10,000</u>
At Cost 30 June 2017	<u>218,551</u>	<u>213,551</u>

The unlisted investments represent:

Raith Rovers FC Holdings Limited	36,000	36,000
New Raith Rovers Limited	182,299	177,299
Raith Rovers Football Club Limited	<u>252</u>	<u>252</u>
	<u>218,551</u>	<u>213,551</u>

3 Creditors amounts falling due after one year

238 Loan notes of £250 each (0% Irredeemable)	<u>59,500</u>	<u>59,500</u>
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4 Share capital

Allotted, called up and fully paid

185 Ordinary Shares of £1 each	<u>185</u>	<u>203</u>
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5 Statement of movements on profit and loss account

Income and Expenditure Account

Balance B/Fwd	165,997	162,481
Retained surplus/(deficit) for period	<u>5,585</u>	<u>3,516</u>
	<u>171,582</u>	<u>165,997</u>

6 Reconciliation of movements in shareholders' funds

	2017	2016
Surplus/(deficit) for the financial period	5,585	3,516
New shares issued in period	-	-
Shares cancelled in period	<u>(18)</u>	<u>(16)</u>
Net addition/(deduction) to shareholders' funds	5,567	3,500
Opening shareholders' funds	<u>166,200</u>	<u>162,700</u>
Closing shareholders' funds	<u>171,767</u>	<u>166,200</u>