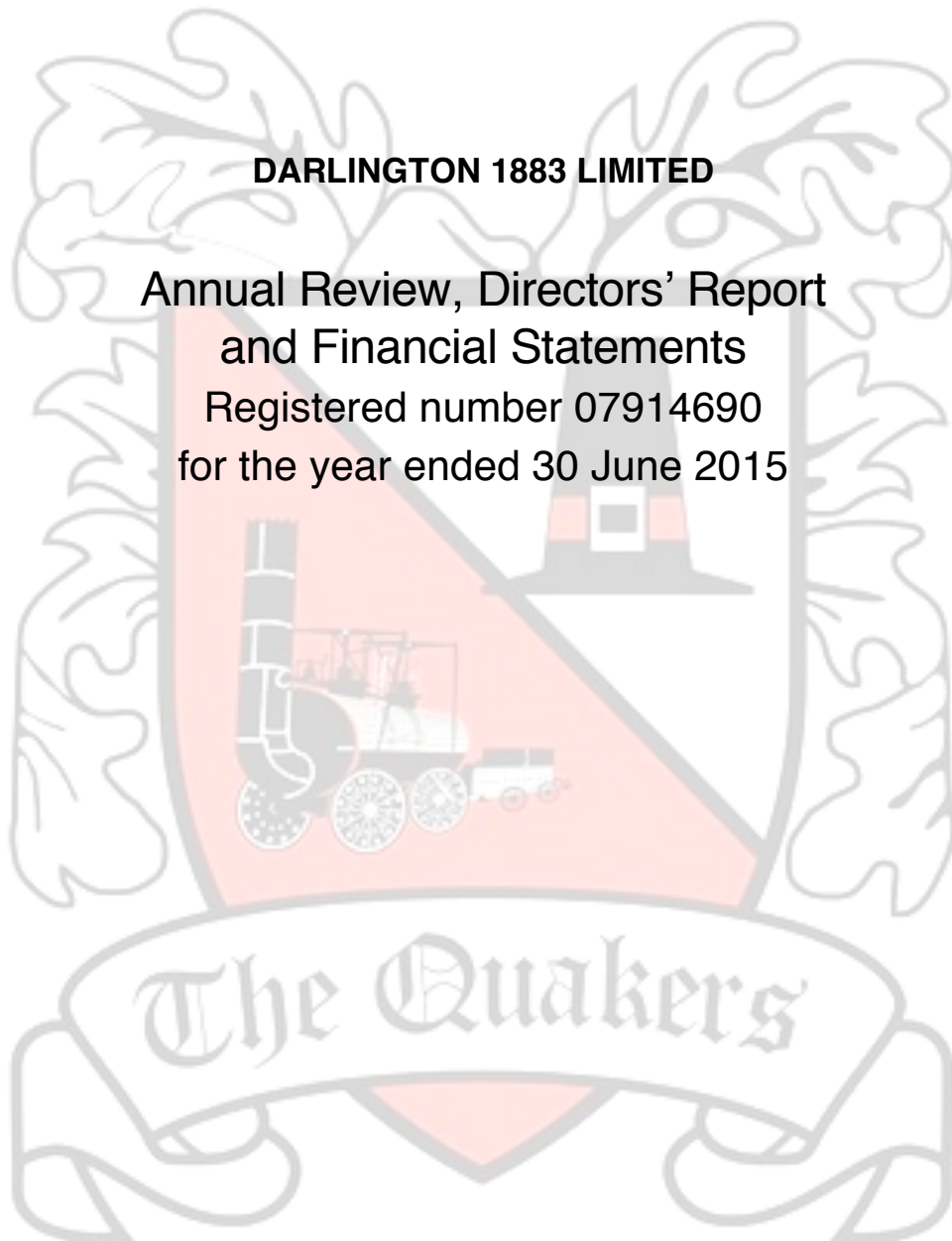


DARLINGTON 1883 LIMITED

Annual Review, Directors' Report
and Financial Statements

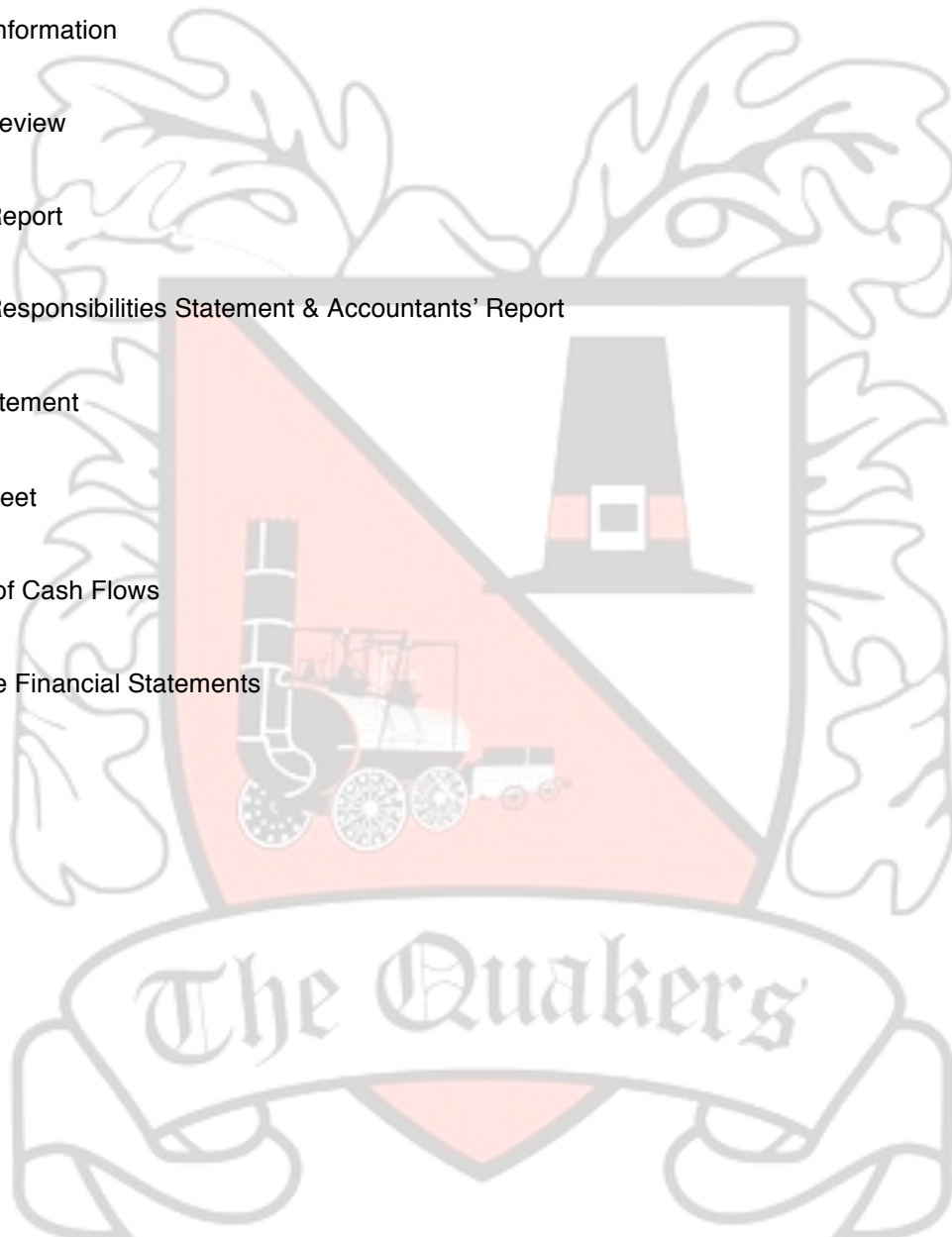
Registered number 07914690
for the year ended 30 June 2015





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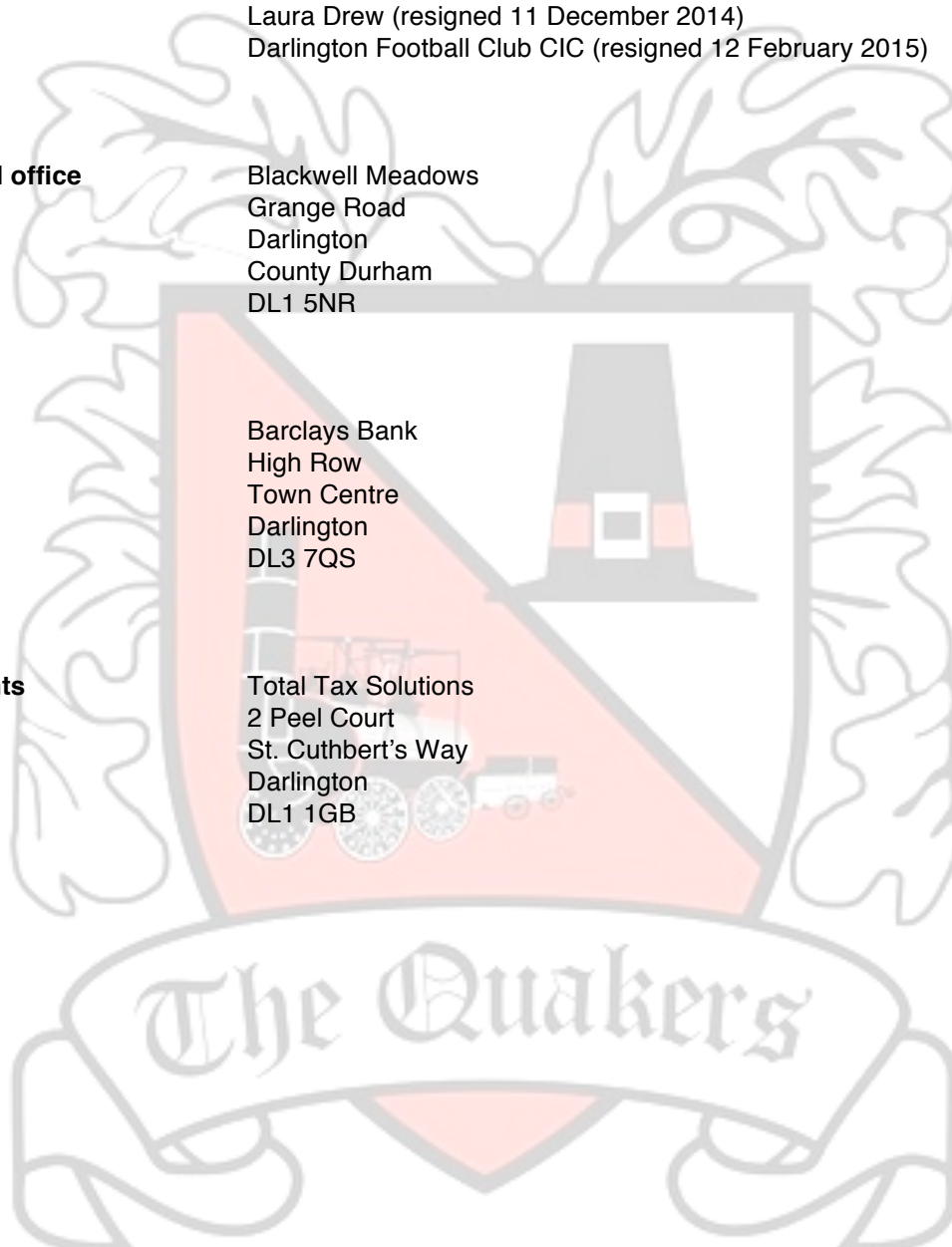
Company Information

Directors Martin Jesper – Chief Executive Officer
David Mills - Development Director
Darlington 1883 Supporters Society Limited (appointed 12 February 2015) - Corporate Director
Laura Drew (resigned 11 December 2014)
Darlington Football Club CIC (resigned 12 February 2015)

Registered office Blackwell Meadows
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County Durham
DL1 5NR

Bankers Barclays Bank
High Row
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Accountants Total Tax Solutions
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Business Review

Fan's Review



Life as a Darlington fan is always a dramatic one and the last year proved no different. However, as we move on to the 2015-16 season we are in a great position on and off the field.

On the pitch the Club continues to grow fantastically well under Martin Gray and his team. No matter what level of football the team is at, it is more enjoyable for any fan when you go to games and the side is winning week-in and week-out. Some of the best memories I've had as a fan over the last twenty years of going have come in the recent promotion seasons. 2014-15 was no different.

Despite finishing second, we managed to put up a fantastic fight with Salford City.

The Club has never been able to gain promotion via the play-offs, but finally we broke our curse in one of the most dramatic weeks on the field the Club will ever have. For any fan fortunate enough to be at the Spennymoor Town semi-final, it will be one that is never forgotten. Drama, tension and excitement - the game had everything. It was a fantastic occasion, which showed both Clubs in a great light, as well as being a great advert for non-league football in the North East.

Thankfully the final against Bamber Bridge wasn't as nerve racking, but it was just as important.

The progress we have made on the field since demotion is astounding. Looking at other fan-owned Clubs who have been made to climb back through the leagues, none have done as well as us in their first few seasons and hopefully this can be carried on in the 2015-16 season.

Off the field it's also a very exciting time for the fans. For all fans associated with the Club, from the die-hards, to those who turn up a couple of times a season, every single one wants the Club back in the town.

After the takeover in 2012 and the move to Heritage Park, this has been the main priority for all at the Club and when the Club returns to Darlington it will be a huge moment for the Club.

Attendances are good for the Club at the moment, as a fan-owned team and should see an increase after the move back into the town. It gives casual fans the opportunity to pop along to a game on the spur of the moment on a Saturday afternoon if they choose to.

Over the years the image of the Club, as a whole, at times hasn't been great. However, at the moment, thanks to the hard work of everyone at the top and all the volunteers involved within all the different areas of the Club this has changed. The image of the Club in the local area has never been better. Hopefully the success on and off the field continues for the foreseeable future.

SIMON HAHN
Darlington Football Club Fan
9 October 2015

Business Review (continued)

Football Manager's Review



“Being manager of this football Club over the past year has once again been a great privilege.

What we have achieved since we started with nothing in 2012 – winning the Northern League title, finishing second twice in the Evo-Stik First Division North and winning the play offs - has been phenomenal.

As team manager, I'm fortunate to be in charge of a group of players and coaches who all work very well together, and want to do their very best for the Club.

There have had to be some changes along the way, some enforced, some not. There are only three players from our very first league game left at the Club now.

Our promotion from the Evo-Stik First Division North to the Evo-Stik Premier Division was beneficial in more ways than one. Obviously everyone was delighted with clinching a second promotion and helping us climb to where we want to be, but one of the first positive side effects was that it helped me attract new players to the Club who would probably not have been interested in dropping down to the First Division North had we stayed in that division.

And I'm sure that as we continue to progress, then we will be able to attract better calibre players. I have also decided that I must look for players outside of the North East. It is very difficult to find suitable players in our local area, because they are either contracted to other Clubs, or simply do not want to travel.

The support that the team has received over the last year has been fantastic, and just like the day we won the Northern League title in 2013, none of us will ever forget the scenes of triumph and delight when we won the play off final against Bamber Bridge in May this year.

We also have a great team off the field as well. For example, the amount of work that is carried out by our volunteer directors is, quite frankly, astonishing and without our 2 executive directors, Martin and Dave, this Club wouldn't exist in its present form. They have been magnificent over the past year, and have sacrificed a lot of their own personal time on football Club matters, especially the protracted move back to Darlington.

And there are many others who work so hard for the Club because they want it to succeed - for example, the media, hospitality, commercial, retail and fund raising teams.

We have now started the season in the Premier Division, and have already discovered that the standard of this division is higher than the division we have just left. Opposing teams are more organised and fitter than most of those in the division that we have just left, and matches are more difficult to win.

We are now aiming to win promotion again from the Evo-Stik Premier to the National League North and I can assure you that I, my staff and the playing squad will do their very level best to achieve that.”

MARTIN GRAY
Football Club Manager
9 October 2015

Business Review (continued)

INTRODUCTION

On behalf of the Board of Directors, I am once again delighted to be able to present a detailed review of the last financial year for the shareholders and fans of Darlington Football Club demonstrating the ongoing progress that is being made in rebuilding your Club both on and off the pitch.

Martin Gray and his coaching team continue to use their experience in galvanising a first team squad that is fit for purpose and embraces professionalism and integrity. The Club ends the financial year with an extremely healthy bank balance and no ongoing debt repayments - these have absorbed significant amounts of cash since it was introduced to first rescue and then stabilise the Club. Business performance will only continue to improve as we seek to become less reliant on match day revenues through returning to Darlington and, most importantly, the Club continues to benefit enormously from the unwavering commitment of our fans.

At this time, the Board would also like to formally place on record its thanks to Laura Drew who resigned as a director of the Club at last year's AGM in December 2014. Laura played a key role in securing the rescue of the Club in May 2012 and invested £30,000 of her own money into ensuring the transaction happened. Far from insisting on her money back, at the time that financial concerns again arose in March and October 2013, Laura agreed to support the Club even more by joining the other director in agreeing to provide a joint and several personal guarantee on overdraft facilities that existed until the spring of 2014 - again without which the Club would not have been able to complete the season. Laura, husband Mike and new son Nathan remain frequent visitors to Heritage Park and extremely welcome.

The players, management, directors and volunteers continue to work diligently in order to achieve the strategic objectives set out at the end of this Business Review and remain dedicated to meeting the challenges that lie ahead.

THE LAST 12 MONTHS

This time last year, Darlington Football Club was in the Evo-Stik First Division North having narrowly missed out on promotion at the first time of asking and with obligations to repay £58,200 of structured debt.

I made it clear at the time that the Club's ability to achieve its aspirations was totally dependent on returning to playing our home matches in Darlington at the earliest opportunity. Despite some hope that we would return during the 2014-15 season itself, at the start of the current financial year we anticipated making a loss – primarily funded by the monies we already had in our bank account from former player appearance fees.

It has become extremely clear over the last 3 seasons that, notwithstanding our excellent relationship with Bishop Auckland FC and the success on the pitch, the business model we are able to establish as tenants at Heritage Park is simply not sustainable without either (i) heavily sacrificing the playing and coaching budget or (ii) driving ongoing fund raising initiatives - with the return to Darlington being the 'hook' to raise those funds.

We certainly cannot build medium term stability for the Club that relies purely on attendances and ad hoc donations from the fan base – despite securing another promotion and eliminating legacy debts, we have seen a 6% reduction in total home league match attendances since 2013-14. With limited opportunities to maximise off field revenues whilst based at Heritage Park – plus the aspirations of a highly expectant fan base – the return to Darlington is a priority and it was with this as our primary focus that we started the last 12 months.

Ongoing discussions with Darlington Rugby Football Club (**DRFC**) in respect of a potential ground and facility sharing arrangement at Blackwell Meadows formed the basis for the planned return to town. Regular meetings with Darlington Borough Council (**DBC**), representatives from DRFC and also local architects, costs consultants and other volunteers continued apace to put substance behind those discussions.

The ethos of the arrangements was a consensual working partnership between DFC and DRFC that provided the town with a vibrant sports hub and facilities for the entire community to benefit from. These principles would provide DFC with a base to call 'home' – mindful that, as tenants under a 25-year lease, responsibility for the site's development and operations rested firmly, and respectfully, with DRFC.

Business Review (continued)

Unfortunately, shortly after last year's AGM, the Board was advised by the Chairman of DRFC that it was to withdraw all its paid resource (facility, bar and ground maintenance) and revert to a completely volunteer run organisation. This represented the complete opposite of our own experiences in attempting to stabilise and then grow the football club using volunteer resource alone. Growing any organisation from (potentially) fickle volunteer base is extremely risky and your Board duly expressed their concerns and requested a number of written assurances whilst that volunteer structure set in.

In order to prepare ourselves for the return, we were aware that additional resource (both financial and people) was required to maximise the publicity and revenue potential from the Club's return, so we launched a 'Heading Home' awareness building campaign to that effect.

Elsewhere, our major shareholder and corporate director, Darlington Football Club CIC, agreed to merge with the Supporters' Club and the Supporters' Trust to form Darlington Football Club Supporters' Group (DFCSG) which ensured that almost 60% of the Club's voting rights now rested within the control of the nominated individuals representing the fans.



On the pitch, we were presented with a challenge at the start of the calendar year. After a reasonable start to the season, we went on a 16 match unbeaten run that brought us well in contention for an automatic promotion. Then, in January 2015, the Club's leading goal scorer, Amar Purewal, was diagnosed with cruciate ligament damage that would prove to keep him out of action for almost 12 months. In came Nathan Cartman from Harrogate RA – the league's leading marksman by some way at that point.

A difficult decision to make. Whilst already at his playing budget, introducing Nathan would push Martin Gray over his allotted budget. However if we were to be serious promotion candidates, we needed to maintain the momentum. Fortunately, we had received a contribution in respect of a former players' appearances that allowed us to sign Nathan – however that signing, and the implications of losing Amar may easily have turned the outcome of our season into a very different scenario without that modest windfall!

Towards the end of 2014 and the start of 2015, the Board looked towards a number of potential kit suppliers. As a fan owned club, we felt it important that the fans chose the kit for what should have been a commemorative return to the town at the start of the season. Avec were the Board's preferred kit suppliers – the quality of their product and their structured approach and support to retail and leisure opportunities securing a 2-year deal with the option of a further year. More than 1,100 fans voted for the Club's 2015-16 first team kit, which has been extremely well received by the fans.

To secure our return to town we needed to raise funds in March 2015. Our fund raising initiative was relatively straight forward in concept. Fans were given the opportunity to buy 5-year season tickets in advance at heavily discounted rates through the DFC500 and Vice-Presidents' Club schemes. These schemes offered additional benefits (i.e. bespoke leisurewear, Quaker Retail discount etc.) as well as price freezing and priority tickets for certain matches over the period and a the option of a free child's season ticket.

The initiative was a huge success – within just 2 weeks of its launch in March 2015, we had surpassed the £225,000 target that we had set. In total, £244,000 was received - which included further equity of £14,899 being subscribed for and a number of significant individual donations.

The timing, and success, of the DFC500 initiative was also important as, in order to successfully apply for Football Foundation funding up to £150,000, we needed to demonstrate that we had secured matched funds and were therefore able to complete our share of the project.

Whilst plans for the return to Darlington were being mapped out, planning application for the entire was submitted and permission granted in April 2015.

This was a key milestone and it finally allowed us to be able to fund our share of the Blackwell Meadows site development, safe in the knowledge that planning was approved. Our share of the site's development costs primarily relate to the pitch infrastructure costs necessary to satisfy FA Category C Ground Grading requirements. The cost of an expanded car park, clubhouse and FA compliant changing room facilities remain the responsibilities of DRFC and DBC to fund through a combination of public and private funds.

Business Review (continued)

We were finally ready to return!

And the result of several months' work behind the scenes with Darlington Building Society (DBS) meant that we were also able to announce in March 2015 that DBS were to be a significant sponsor for the 2015-16. Alignment to the youth and family element of the Club fits their own strategic vision and we believe that future partnerships and sponsors will be successfully secured by looking more closely at such alignments, or synergies, rather than the traditional method of selling packages from fixed price offerings.

Project plans and agreed timescales with DBC and DRFC had been established and worked towards throughout the duration of our discussions. It was therefore extremely disappointing when a number of key milestones were missed from April onwards and an expected date to start work on the pitch came and went without final design specifications and funding being in place for the car park and changing rooms.

In July 2015, DRFC appointed a new management Board and further discussions were required to bring those new individuals up to speed with 2 years' worth of commercial discussions, designs, legal and practical considerations in respect of bringing a semi-professional football club into their volunteer run organisation.

As a result of these delays, the Directors sought to protect the fans' money (i.e. the individual members' contributions to the DFC500 and Vice-President clubs) by placing those funds in an escrow account in October 2015 and thereby ensure that its use is limited to the terms of that escrow agreement.



With Martin Gray steering the Cub to promotion via the play-offs to the Evo-Stik Northern Premier League Premier Division, we remain confident that solid financial foundations have been put in place behind the scenes however there is absolutely no room for complacency.

The information provided on the following pages provides more detail, however it is noteworthy that our comparatively healthy crowds simply do not provide us with a self-sufficient business model, despite our current position, and progress, in the football pyramid.

Behind the scenes, we continue to run the Club on a financial shoestring – our hands firmly tied behind our backs, restricted by the fact that our ability to innovatively and creatively drive significant levels of revenue from advertising, sponsorship and recurring fan donations is proving increasingly limited whilst at Heritage Park.

The fans have been fantastic in digging deep to keep the Club in existence over the last 3 seasons, but now is the time to change that emphasis. The detail within the attached figures clearly shows that the Club's operating activities as a semi-professional football club are being funded in part by one off fund raising activities. Underlying trading whilst at Heritage park has been loss-making every year and the fans have an important role to play in switching their mind-set from rescue to providing working capital support that will not only fund potential further loss-making activities at Heritage Park, but will also allow the Club to invest in additional resource and, in order to maintain promotion aspirations, in the playing and coaching resource too.

It is clear that a number of tough decisions still lie ahead. Fan ownership has been key to the Club's rescue, but we are now moving into an important period for the Club's owners when a significant and sustainable increase in fan funding (over and above attending matches and match day collections) will be required to support the Club's medium term aspirations and lay further foundations to facilitate the Club's off-field development back in town. This is not just Darlington Football Club's problem – it is one that is shared by many clubs across the country in that match day revenues, advertising and sponsorship alone are not sufficient to fund the club's playing aspirations alone.

For the second year running, the Board has been able to attract Premier League Sunderland AFC's first team as their first official pre-season friendly at Heritage Park. A discerning fact for this prestigious fixture, and generous offer of support by our more illustrious neighbours, was that the Club only managed to sell 400 tickets for the game. The word 'apathy' has been publicly used about the Club's fans in writings over the years, so it is a potentially worrying indicator that similar undertones again appear to be coming to the fore, despite fan ownership being the root of the Club's rescue and fundamental to future growth. The number of individuals approaching the Board to offer relevant skills and services has again been disappointing, despite ongoing appeals for support. Typical suggestions of 'what you should be doing ...' and 'who you should be talking to is ...' are well intended, but we need doers at the Club, particularly as the Board's own capacity as volunteers remains limited.

Business Review (continued)

The Club needs stability and consistency both on and off the field for its full potential to be achieved. The fans, and those responsible for representing their views, must continue to dig deep and work even harder to build a lasting legacy. As other fan owned football models have shown, proactive fan interaction is the key to achieving that stability and consistency without having to revert to benefactor dependency.

It is also abundantly clear to me that the Club's ambition to progress back through the leagues can only be achieved by ensuring that adequate financial resources are directed towards the Club's infrastructure and the right people off the field – not just into the playing and coaching staff. We need to continue to rebuild the Club for the long term, not just build a team for short-term success. Without such off-field investment the Club risks stagnation or disengagement by its battle-weary fans.

Once again, the future of the Club lies in the hands of the fans. As custodians of the fans' monies, your Board of Directors will continue to operate in the long-term interest of the Club within the financial resources available.

KEY PERFORMANCE MEASURES

Darlington Football Club uses a number of key performance metrics in its business. The table below shows some of those Key Performance Indicators for the year to 30 June 2015.

	12 months to 30 June 2015 £'000	12 months to 30 June 2014 £'000
League position	Runners Up - Promoted	Runners Up - Play Off Semis
Number of points	91	90
Win ratio	67%	67%
Goals scored per game	2.4	2.4
Goals conceded per game	0.9	0.9
Total revenue	£341,400	£289,600
Operating (loss)/profit	(£ 800)	£ 175,500
Football revenue/total revenue	55%	55%
Number of home league games played	21	21
Number of season tickets sold	550	665
Total home league attendances	21,840	23,040
Average home league attendance	1,040	1,097
Average home league attendance – Saturdays	1,012	1,134
Average home league attendance – Midweek	1,110	1,023
Maximum home league attendance (excluding play offs)	1,637	1,514
Minimum home league attendance	768	697
Attendance spread (i.e. maximum – minimum league attendance)	869	817
% spread of capacity (Heritage Park capacity 2,004)	53%	54%

FINANCIAL OVERVIEW

Financial discipline remains at the heart of rebuilding the Club and your Board continues to keep a firm grip on expenditure with the key areas of expenditure being direct football costs and costs associated with providing commercial offerings to the fans (i.e. retail goods, hospitality etc.) as well as rent and pitch maintenance.

The ongoing commercial impact of playing our home games outside Darlington continues to be significant. There is little doubt that both attendances and our ability to attract local businesses to invest in the Club on match days has suffered as a result – despite the success that has been achieved on the pitch.

Financial stability is an imperative for this Club. Many fans may argue that this ranks as more important than short-term success on the pitch. The rebuilding of the Club was never envisaged to be achieved in a short timescale – fans' expectations to demand as much would undoubtedly impose additional financial stress on the Club.

Business Review (continued)

KEY FINANCIAL HIGHLIGHTS

- Total revenue has increased by 18% from £289,600 last year to £341,600
- Operational activity (after exceptional items) has delivered a loss of £800 this year, compared with a £175,500 profit last year
- Net non-recurring income of £47,700 has been received during the year, compared with a £174,900 last year
- Outstanding debt has been totally eliminated - from £58,200 at June 2014 to £nil at June 2015
- There continues to be no arrears with any creditors at the year end (including HMRC)
- Cash at bank amounted to £299,500 at June 2015 (utilised in part repay current liabilities, including VAT in July 2015) and includes £288,600 (2014: £50,600) in respect of funds received in advance of, but relating to, future seasons

Revenue

The table below sets out the Company's revenues:

	12 months to 30 June 2015 £'000	12 months to 30 June 2014 £'000
Football, gate receipts and hospitality	186.3	158.1
Advertising, sponsorship & commercial	47.2	45.9
Retail	37.3	36.3
Lottery and donations	70.8	49.3
	341.6	289.6

Revenue for the year ended 30 June 2015 amounted to £341,600 (2014: £289,800). Of the total, football gate receipts and hospitality income contributed £186,300 (2014: £158,100) or 55% of total recurring revenue (2014: 55%). During the season, the Club played 21 home league matches (2014: 21).

Season ticket income of £68,200 (2014: £58,200) was recognised during the year June 2015 based on sales of 550 season tickets (2013: 665). 44% of season ticket sales were to adults, 47% were concessions and 9% child (43%, 47% and 10% respectively in 2014). In 2014, £10,400 of season ticket revenue had been attributed as equity for Darlington Football Club CIC (representing applicants' membership fees of the CIC) – this did not recur in 2015.

A total of 1,200 fewer paying spectators attended the Club's home league games last season. However the successful pre-season friendly with Sunderland AFC's first team, combined with modest progress in the FA Cup and FA Trophy, provided an additional £34,000 of revenue into the Club compared with 2014.

Commercial income of £47,200 (2014: £45,900) includes revenue earned from agreements with the Club's sponsors and commercial partners, as well as the sale of match day publications and car park revenue. This represents a 3% increase over last year.

Retail income of £37,300 (2014: £36,300) was generated during the period – representing a 3% increase over the previous year (2014: 54% increase).

Monies injected into the Club from lottery and donations amounted to £70,800 (2014: £49,300). This includes non-recurring donations of £43,400 (2014: £30,900) from the one off initiatives during the year. Without these significant one off initiatives, the Club's financial position would have been extremely precarious in both years. This demonstrates the need for an ongoing emphasis on 'working capital' fund raising from fans in future years.

Business Review (continued)

As emphasised last year, the Club's most valuable sources of income are match day gate revenue and donations as 100% of this revenue can be put towards the playing budget and operating costs. Other sources of income (such as advertising, retail, hospitality, food & beverage etc.) all have varying levels of direct costs associated with providing them for the benefit of the fans, with varying levels of net contribution being available to contribute to operating costs. The margins earned from such activities fall within the Directors' market expectations or at levels formally agreed within our ground sharing agreements.

The heavy reliance on gate revenues and donations as a percentage of total revenues (2015: 75%; 2014: 72%) continues to show the Club's heavy dependency on uncertain income streams (i.e. relying on fans' appetite and engagement with the Club) and the need to maximise other profitable income streams moving forward is essential in order to mitigate this potential risk.

Operating Expenditure

The Company incurred the following operating expenses during the period:

	12 month period to 30 June 2015 £'000	12 month period to 30 June 2014 £'000
Operational expenses	390.1	289.0
Depreciation and amortisation	80.1	70.8
Non-recurring (income)/expenses	(47.7)	(174.9)
	422.5	184.9

Direct football costs represent the Club's most significant expenditure. In particular the playing and coaching costs, which are closely monitored by the Board of Directors. Across any 12-month period, the Club needs to ensure that the budget allocated to management is adhered to. Over the last 3 years, the actual net playing costs (after transfers) have been within 3% of the allocated budget. Notwithstanding injuries to contracted players at various times, overall the playing and coaching budget continues to be well managed. Budgets are allocated in the May prior to the start of each season, based on management's reflection of the previous season and consideration of future expectations. The agreement of budgets is a balance between this aspiration and the expected revenues from all sources at that time.

Whilst revenues have increased by £51,800 (2014: £1,000) – representing 18% growth (2014: 0.3%), operating costs have increased by 34%. With the Board of Directors continuing to put pressure on all suppliers for beneficial trading terms, a continuation of incurring only business critical expenditure and the high level of fixed costs within the operating activities, the playing and coaching costs remain the most significant category of expense. It is also noteworthy that, whilst successful friendlies, FA Trophy and FA Cup matches contribute towards the increase in revenue, they also contribute towards increased match day operating costs.

The challenge for the Board is to determine if, and when, any reduction to the playing budget needs to be imposed as a result of anticipated revenue fluctuations. With the Club pushing for an automatic promotion place, there is always the risk of a negative impact on attendances if such a decision was imposed and certainly the Club's overall aspirations would be brought heavily under the spotlight.

This situation was envisaged at the start of the season and discussions were duly held with representatives from the Club's major shareholders to either (i) absorb any potential trading losses for the full year from within available cash resources or (ii) to impose a reduction in the playing budget, with the possible negative impact ensuing, as described above. At a time we were aiming to galvanise the fan base further through hopefully combining a successful season on the pitch with a return to Darlington, the overwhelming decision was one to support the former option. So when we were given the disappointing news of Amar Purewal's cruciate ligament injury at the start of 2015, the decision to look to bring in a player with the calibre of Nathan Cartman to maintain that promotion push, aligned both our playing and financial planning objectives.

Business Review (continued)

In managing the year's playing budget, there were other contributing factors to be aware of. Firstly, across the whole of last season the actual gross playing costs were 20% less than budget – not least due to certain player releases at the end of the season. Whilst correctly accounted for in last year's accounts, the cash benefit has been received during the current period (i.e. after the financial year end) and it is therefore appropriate to look at the aggregated position over a rolling period, rather than at any fixed period in isolation.

Secondly, and of more significance, is the timing of the receipt of an additional £31,600 from former players' appearances that had not been envisaged. With detailed plans, prices and packages for the Heading Home fund raising initiative already established by the Board, our structured debt repayments being manageable within existing facilities and the team realistically pushing for an automatic promotion place, this unexpected windfall was therefore earmarked as a contribution towards that promotion push (i.e. as a contribution towards the increase in operating costs).

In total, £31,600 (2014: £175,000) was received during the year in respect of former players' appearances. In addition, £10,100 (2014: £15,700) of non-recurring costs were also incurred. These primarily related to legal, FCA and advisory costs that the Board was obliged to incur in respect of the DFC500 Club initiative and the planned return to Darlington, which would not form part of any recurring cost base.

A further £26,300 has been written back into this year's results in respect of the elimination of ongoing debt repayment obligations. These relate to the temporary stand, whose debt the Club acquired from Darlington Football CIC last year as part of a debt swap arrangements, and also the TUPE obligations with former players.

These TUPE obligations were contracted at the time the Club was acquired from the administrators in May 2012. It has been a significant cash burden on the Club over that period with almost £90,000 having been paid to settle those liabilities. After 36 months of adhering to the agreements with former players, the Club was no longer obliged to continue with further payments from June 2015, notwithstanding certain provisions within those arrangements. The significant contribution made by former players (including Exodus Geoghaghan, Ryan Bowman, James Gray, Iain Miller, Adam Rundle and James Walshaw) to formally waive the balance of any further monies due to them is one that the Directors are extremely grateful for and I am sure all fans recognise the positive implications that this has for the Club moving forward.

Cash Balances and Debt

The Club meets its daily cash requirements from funds available from its bank account and arrangements with its creditors on structured agreements and standard trading terms. At 30 June 2015, the Club had £299,500 (2014: £146,600) cash at bank and in hand.

Whilst the levels of cash held at the end of the year are significant, it is important to stress that immediately after the year end the amounts shown as trade creditors, accruals and social security & other taxes were settled from these funds and £288,600 (2014: £50,600) of this total represents season ticket renewals (including the 5 years' commitment to DFC500 and Vice-President Club subscribers) and other prepaid sponsorship monies for the future seasons.

The Club's outstanding debt commitments at 30 June 2015 amounted to £nil (2014: £58,200).

Cash Flow

The following table shows the Company's cash flows for the year to 30 June 2015.

	12 month period to 30 June 2015 £'000	12 month period to 30 June 2014 £'000
Cash generated by operations	229.9	130.9
Net cash absorbed by investing activities	(20.6)	(21.8)
Corporation tax paid	(13.0)	-
Net cash (absorbed)/generated by financing activities	(43.4)	10.4
	152.9	119.5

Business Review (continued)

Season ticket cash inflows are predominantly received between May and August each year as this is when season tickets are renewed. During the current year, this included 287 DFC500 and Vice-President Club member applications in respect of 5 years' season tickets in advance amounting to £236,625.

Net cash absorbed by investing activities during the year relate to legal and professional costs in respect of the initial planning stages of the return to Darlington.

The net cash absorbed by financing activities in 2014 represented the introduction of equity from individual subscribers and the repayments of the TUPE liabilities and commitments for the temporary stand at Heritage Park.

The elimination of the Club's structured debt is a key landmark in making it more financially stable moving forward.

FAN OWNERSHIP and CONTROL

Darlington Football Club is 100% owned by its fans – 234 separate shareholders. Its Articles of Association prescribe that no individual, or body, may hold more than 15% of the control of the Club other than a body that is constitutionally established to ensure that community initiatives are central to its core objectives.

The shareholders, either individually or through the shareholder groups that represent them, therefore have the ability to ensure that this fundamental concept of community and fan ownership lies at the heart of everything that the Club undertakes by being able to appoint directors who meet the FA's criteria, have the appropriate skills and experience to deliver the strategy required and can also demonstrate that they are working in the fans' best interests.

Board of Directors

Individual directors are appointed to the Board by shareholders at each Annual General Meeting. The statutory responsibilities of the directors primarily relate to being custodians of the shareholders' cash and assets – and utilising these in the best interest of the Company, to achieve its overall strategic objectives.

The current Board of Directors is fully committed to delivering the Club's overarching objectives of a return to Darlington and progression through the leagues in a controlled and viable manner, through a high level of professionalism, integrity, openness and honesty.

The Directors believe that these core values within the Club are absolutely fundamental to being able to build a sustainable business model and form a solid financial platform for growth. With those high standards being set by the Club both on and off the pitch, those same principles of conduct also extend to the wider fan base and shareholders.

The Board of Directors also believes in a philosophy of continual improvement – to build on the Club's successes and to continually learn from mistakes across every aspect of the Club, both on and off the pitch.

It is also important to once again recognise that there can be no progress without change. In recent years, the Club has suffered from progressive reputational dilution within the football world and local community. Clearly the Board and the fans must work hard to ensure that today's Club does not bring with it those negative legacy issues.

In short, we need to change the mind-set from that of critical, price sensitive consumers to being that of supportive investors in the Club – fully aware of the longer term prospects and financial priorities of the Club, rather than being fixed in historic comparison and compelled to work with repetitive short term vision and regular cash crisis management that dominates so many Clubs in the current climate.

The common thread however is the loyal and devoted fan base, both past and present. And if we work together, with those core values of professionalism, integrity, dignity and honesty at the heart of all we deliver, the future of the Club will be firmly established.

Advisory Panel

The Board of Directors has again welcomed the opportunity to share relevant matters with the Advisory Panel on a regular basis as a fundamental part of its corporate governance structure. The Panel's breadth of business and community experiences provides an invaluable sounding board for the Directors and their collective contribution has proved to be essential for the Club.

Business Review (continued)

However your Board and members of the Advisory Panel recognise that, as part of the Club's continual improvement policy, the ongoing role and constitution of the Advisory Panel (and its members), as set out in the Club's Articles of Association, also needs ongoing review to ensure that the intended level of corporate governance, engagement and contribution from its members are closely aligned to the strategic, commercial, financial and performance situation and aspirations of the Club. It is therefore the Board's intention to work with DFCSG and the Advisory Panel on this matter over the next few months.



It was, however, with great sadness that the Board of Directors was informed in March 2015 that Harvey Madden, the administrator who worked tirelessly behind the scenes to keep the Club going in the early part of 2012, had died.

After the Club was bought by the fans in May 2012 Harvey continued to offer his experience and time freely and had been a very active and most valuable member of the Advisory Panel to the football club. Harvey very soon became a genuine Quakers fan – as have his wife Eileen, daughters Kirsty & Gemma and grandson Louis!

Harvey's contribution to the survival of Darlington Football Club cannot be overstated. He retained high standards of professionalism and dignity whilst ensuring that adequate time was given, and funds raised, for the Club to be rescued. His ongoing enthusiasm and passion as a trusted and valued member of the Club's Advisory Panel was always greatly appreciated by all those who had the pleasure of working closely with him.

Northern Echo editor Peter Barron, a co-member of the Advisory Panel, said: "Harvey was absolutely passionate about local sport and his work behind the scenes in aid of Darlington Football Club should not be underestimated. He was kind, patient and generous with his time. He was a true gentleman."

Darlington MP Jenny Chapman, another co-member of the Advisory Panel, has fond memories of Harvey's work and dedication for the football club. She said, "Harvey was a true friend of Darlington Football Club and gave selflessly of his time and energy to ensure its future. He will be sorely missed by his many friends."

THE RETURN TO DARLINGTON

As a general reminder, the opportunities that returning to Darlington present for the Club to become self sufficient in the short term, and to be an integral part of the local community in the medium an long term, are significant:

- Increased attendances – by playing in the Club's home town
- Increased off field and commercial revenue generating initiatives – building on relationships forged over the last few months with existing, and new, commercial partners keen to be part of the community based football Club
- Increased community involvement and engagement – continuing to build on relationships being embedded with many local schools, colleges and other local organisations

For the last 2 years, Blackwell Meadows, the home of Darlington Rugby Football Club (DRFC) has been the focus of the Club's plans to return to the town. This time last year, we stated that "negotiations were still ongoing in respect of final designs, specifications and construction costs, however both Clubs will drive the delivery of the project to realistic timescales and at a high professional standard. The timescale that both Clubs and all interested parties are now committed to achieving is the start of the 2015/16 season."

Having obtained planning permission for the site and the Club having raised the required level of funding (from fans and also an application for up to £150,000 in Football Foundation grant contribution - that was conditional on certain legal agreements having been in situ), discussions with DRFC remain ongoing.

Over the last 3 months, we have been introduced to a new DRFC management Board who have set out a different approach in respect of DRFC's expectations of any planned ground sharing arrangement compared with the original vision shared by its 2 previous Board constitutions.

Business Review (continued)

As a result of the passage of time, on 25 September 2015 the Board formally advised DRFC that the Club would focus on a full year at Heritage Park, without additional distractions, as Martin Gray once again plans for a promotion campaign and the £236,625 of fans' money raised through the DFC500 initiative was protected by the Board and placed in an escrow account.

The Board is naturally disappointed that the planned return to Darlington has been delayed, however discussions are continuing and the directors remain fully committed to returning the Club to Darlington at the earliest opportunity, whilst ensuring that the long term interests of the Club are firmly protected.



SEASON TICKETS AND MATCH DAY GATES

A total of 550 season tickets were sold in advance of the 2014-15 season – amounting to £68,200 (net of VAT) (2014: 665 and £58,200 respectively, after deducting £10,400 of Darlington Football Club CIC membership income that was included within the original pricing and subsequently capitalised as equity in the recent share allotment).

In March 2015, the Board launched the DFC500 and Vice-Presidents Club 5 year season ticket initiative. This scheme allowed 287 individuals to secure various rights to matches over a 5-year period, along with receiving additional benefits and gifts. Prices for this initiative equated to a 20-25% reduction on 2014-15 season ticket prices and also provided protection from any subsequent price increases over the next 5 seasons.

Following the closure of the DFC500 initiative, the Board then launched an Early Bird scheme whereby season ticket prices were again frozen at the previous season's levels – a further 344 such tickets were sold. In June 2015, the full season ticket prices were announced as well as 2015-16 match day gate prices, as the focus switched towards funding the Club's ongoing operational expenditure and a further 36 were sold.

The split of those season tickets is as follows;

	2015-16	2014-15
Adult	47.0%	43.8%
Concession	47.8%	47.3%
Child	5.2%	8.9%

The trend above shows how a discerning move away from child tickets and this highlights an area that the fan groups responsible for Fan and Community Engagement must take action on to ensure that the fans of tomorrow obtain a match day experience and a sense of belonging to the Club that bodes well for our return to the town. This is a crucial work stream and one that needs diligence and structure to implement – it is one that most clubs face and it is not one that we can shirk, particularly as a fan owned club and one whose recurring revenue from fans in the years ahead will dictate just how far through the football pyramid the Club can progress.

Business Review (continued)

Significant revenue can be earned from the sale of season tickets to kick-start any season. The Directors are aware that current economic conditions can affect supporters' available income and there is a risk that season ticket sales may fall. The quality of performance on the pitch, the standard of match day entertainment, the level of success from the previous season, the level of opposition, together with pricing all have an effect on a supporter's decision to buy. Many of these factors are beyond the control of the Club.

Playing performance was extremely similar to 2013-14 season, yet despite having finished as Runners-Up in the Northern Premier League Division One (North) and obtained promotion through the play-offs – accumulating 91 points (2013-14: 90 points), a win ratio of 67% (2013-14: 67%), an average of 2.4 goals scored per game (2013-14: 2.4) (average 0.9 goals per game conceded, 2013-14: 0.9) – it was disappointing to note that average attendances reduced by 57 to 1,040 and some 279 fewer per match than 2012-13 season. In financial terms, this reduction in revenue equates to around £40,000 compared with 3 seasons ago.

Our maximum league gate (excluding the play-off final) was 1,637 against Spennymoor Town (123 more than the maximum in 2013-14) and the minimum gate was 768 (71 more than 2013-14). Our Saturday average gate of 1,012 was 122 less than 2013-14 and the average midweek attendance of 768 was 71 more than the previous season.

The reality of playing home games 12 miles from Darlington town centre continues to strike home and impact attendances. Put alongside ongoing economic & social challenges, the short-term impact of the weather and cancellations, the total number of spectators at home league games were 1,200 less than 2013-14. Again, a disappointing trend that defies the logic of securing 2 promotions in 3 years.

ADVERTISING, SPONSORSHIP & HOSPITALITY



After the completion of a successful 2 relationship with Cosyseal as the Club's main sponsors, we were delighted to announce that **Glenwood Paints** is the new shirt sponsors for the 2015-16 season. The deal re-established a long standing partnership between Glenwood Paints and Darlington Football Club as the Club looks to continue to grow its presence back in Darlington. Glenwood Paints is proudly displayed on the front of all DFC's match and replica shirts for the new Evo-Stik Northern Premier League Premier Division campaign.

Glenwoods identified the Quakers as the ideal partner, having been greatly impressed by their achievements in rebuilding the club, both on and off the pitch, over the past 3 years, rising through the divisions to become an established semi-professional club with aspirations of achieving league status once again in the not too distant future.

Regarding additional sponsors and business partners, the Club also has the following sponsors in place for the current season:

Cornerstone Business Solutions is a multi-award winning leading provider of business solutions based in the North East of England. They partner with global technology brands such as IBM, Lenovo, Microsoft, Cisco, Mitel, and BT to provide their clients with cutting edge business and mobile communications that are reliable, robust and supported by people who are experts in the design, implementation and maintenance of your business critical systems.



Cornerstone Business Solutions has their brand displayed on the back of the home and away playing shirts.



Darlington Motor Factors (DMFX Ltd) are experts in the supply and retail of automotive parts. DMFX will again be the proud sponsors for the player's travel track suits, as they were last season.

Business Review (continued)

Match day programme advertising

Advertising in Q Prog, the Club's official match day programme continues to be very popular. This season the programme carries advertising from;

- AVEC Sports
- JC Computers
- Subway
- Glenwood Paint Supplies
- ARC Estate Agents
- Cornerstone Business Solutions
- The Utility Warehouse
- Longfield Academy of Sport
- H Atkinson & Sons – coach travel
- Geonet Solutions
- NY Timber
- DMFX – Darlington Motor Factors
- L&K Laundry and Ironing Services

Hospitality

Over the last couple of seasons, the offerings from the hospitality team have continued to draw positive feedback from fans and visiting officials alike. Whilst space is at a premium at Heritage Park on match days, it has been the directors' objective to put in place a high level of warmth, engagement and service that will lay the foundations for increased hospitality activity when back in town. Special thanks go to Karen Jesper and her wonderful team of volunteers who, along with the high quality caterers, continue to deliver a valuable and much appreciated match experience. A reminder of the current packages available is set out below:

MATCH DAY SPONSOR

Darlington Football Club – Match day Sponsorship is a great way to enhance your match day experience, offered on a match-by-match basis, and tailored perfectly to ensure your day is one to remember.

- 6 Tickets in main seated stand / corporate hospitality area
 - 2 Course lunch
 - Complimentary welcome drink on arrival
 - Tea, coffee + half time biscuits for all guests
 - 2 Car park passes
 - Photo with managers and players before the match
 - Signed shirt + ball
 - Twitter + Facebook posts to over 7,000 followers promoting your company in lead up to the game
 - Complimentary programme for each guest
 - Vote for man of the match including PA announcements throughout the game as match sponsor
 - Present man of the match award including photo publicised in next programme
 - Company name + logo in the match day programme + on official website
- £400 +VAT. Additional Guests £50 +VAT

Business Review (continued)

MATCH BALL SPONSOR

Darlington Football Club – Match ball sponsorship is a great budget package, offered on a match-by-match basis and is an excellent opportunity to enhance your match day experience.

- 2 Tickets in main seated stand / corporate hospitality area
- 2 Course lunch at every home game
- Complimentary welcome drink on arrival
- Tea, coffee + half time biscuits for all guests
- 1 Car park pass
- Twitter + Facebook posts to over 7,000 followers promoting your company in lead up to the game
- Photo with managers and players before the match
- Complimentary programme for each guest
- Signed ball as a memento of your day
- Company name + logo in match day programme + official
- PA announcements throughout the game as match ball sponsor

Price £99 +VAT. Additional Guests £50 +VAT. All packages can be tailored to specific requirements



THE HARVEY MADDEN PACKAGE – HOSPITALITY FOR FANS

Our newest and most exciting offering for fans designed to provide a perfect opportunity to sample our hospitality offerings and enhance your match day experience - for birthdays, anniversaries, special occasions or just wanting to treat yourself a friend or family member. Flexible deals can be accommodate to include:

- Complimentary / upgraded ticket for the day
- Car park pass
- Arrival drinks
- Complimentary programme for you and your guests
- 2 Course lunch or buffet if you prefer
- Mention in the match day programme if you are celebrating
- Mention over the PA system if you are celebrating
- Tea, coffee and biscuits at half time
- Meet + greet with the players or management team

Price from £29 per person

MASCOT PACKAGE

Being mascot for the day is a dream for all young Quakers fans. Ideal for a birthday present, Christmas present or maybe your child's first game. Make it a day to remember and your package will include:

- 4 tickets to the game for the mascot and guests
- Child's official strip
- Meet the manager and players before the game with photo opportunities
- Warm up on the pitch pre match
- Lead the team out alongside the captain
- Line up with the team
- Commemorative photo in centre circle
- Name & details mentioned in the match day programme

£50 (including VAT)

MEDIA

The Club communicates with its fans by several means, all of which have increased in popularity over the past year.

Official Club website

The new website was introduced in March after a considerable amount of work by Geonet Solutions, and has now received over 300,000 hits in just six months.

The previous website was a very good effort (considering that Kevin Luff constructed it in a short space of time) but it had limitations such as space, which this new website has overcome.

Business Review (continued)

There are various sections, the most popular being Kev's video highlights of matches, and it was mainly thanks to his excellent work that the website received around 20,000 hits in the four day period covering the play off games against Spennymoor and Bamber Bridge.

There are other sections on the website to cater for activities of the Club – for example first team match reports and previews, player interviews, retail, commercial, Darlo Youth FC, the under 18s, the Club history.

When the 300,000 landmark was passed in early August, there had been over 100,000 unique visitors from around the world, spending an average of two minutes on the site.

The site is run completely by volunteers, who have managed to produce at least one article on a daily basis, even during the summer when the team wasn't playing. Tim Hickman, the Club's photographer, has provided some excellent images.

The volunteers have also received training from Geonet, and are slowly gaining in experience.

Almost half of the hits have come from links put out through Facebook and Twitter, thanks again to all our volunteers for doing that.

Programme

The match day programme has gone from strength to strength in the past year, and is now rated by one organisation as in the top three for Non League out of over 600 in the country. In the last calendar year:

- The Northern Programme Club voted it third nationally in the whole of non-league.
- The Soccer Club Swap Shop voted it best in the Evo-Stik First Division North for the second season running.
- The Soccer Club Swap Shop voted it third overall in the country, beating all of the Conference Premier, North and South Clubs, some of whom have full time staff. Only Marske United and Rushall Olympic finished above it.



On several occasions the programme has sold out, particularly for the play offs.

The achievements are a testament to the large team of volunteers who produce a wide variety of unique material for the programme, which has drawn praise from many quarters for its professionalism, design (thanks to Neon), the mix of articles, and high quality of content and photography.

The pagination of the programme was also increased from 52 to 56 pages at the start of the season to accommodate extra demand from advertisers.

Darlo Fans Radio

Darlo Fans Radio has become very popular around the world. Andrew Simpson has done a huge amount of work in constantly trying to improve the service, which is very much appreciated by exiled Darlington fans in particular.

During the play off game against Spennymoor, his service peaked at around 1,000 listeners, one of whom was on a ferry in New Zealand. Sometimes, alas, his efforts can be in vain if he experiences a poor Internet signal.

Facebook and Twitter

The Club has steadily increased the number of followers on Facebook and Twitter, thanks mainly to the work of Stacey Fletcher.

A week after the start of the 2015-16 season, the Club had 8,266 followers on Facebook and 15,975 on Twitter.

Business Review (continued)

A new social media business account and rebrand

Darlington Football Club was also delighted to launch its new Twitter business account, **@DFC Corporate**.



For the business and corporate side of the football club, one of the keys to success is knowing your audience. Social media makes this possible and easier to accomplish than ever before. With platforms like Facebook, Twitter and LinkedIn, we can quickly gain the knowledge to help us cater campaigns and product offers to our target audience. This will provide us with a better base on which to build stronger business links and continue to enhance the DFC brand within the business community and maintain relationships with key stakeholders.

Strong social media initiatives help us target potential partners more effectively, find new customers and expand our presence in Darlington and the surrounding areas. It also allows the Club to receive instant feedback, improve market intelligence and get ahead of our competitors.

Since the Club's new website was launched in March 2015, we have seen an unprecedented increase in DFC's website traffic and search ranking. We intend to maximize this trend across the local business community by sharing content easier and faster through the new **@DFC Corporate** business account.

Overall Profile

The Club has a high profile in both the national and non-league football worlds, and many people are still interested in the Club's progress following the drama of 2012. In particular we enjoy a very good relationship with the Northern Echo, particularly Joe Willis and Craig Stoddart.

Undoubtedly, the efforts of the volunteers regarding all aspects of the Club's profile, either through the programme, website, DFR, Twitter, Facebook and other means, are paying off.

RETAIL

Retail income of £37,300 (2014: £36,300) was generated during the period – representing a 3% increase over the previous year (2014: 54% increase). This increase primarily achieved by a combination of the sale of replica shirts (both home and away) and a small range of DFC branded leisurewear.

On 18 February 2015 the Club agreed a 2-year kit agreement with AVEC Sport. This agreement covers the supply of all DFC playing kits, including the Darlington Youth FC teams, and a full and exclusive range of branded, seasonal leisurewear.

In May 2015, Quaker Retail relocated to the Dolphin Centre in Darlington, along with the new appointment of a volunteer retail manager. The move to the Dolphin Centre was necessary due to the increasing unavailability, often a short notice, of the facility within Blackwell Meadows. We are grateful to Darlington Borough Council and the Dolphin Centre management staff for their help, support and assistance in the relocation of Quaker Retail. The Club is currently in discussion with DBC officials and Dolphin Centre management regarding making the Quaker Retail facility a permanent and prominent position in the Dolphin Centre foyer.

The new retail manager has introduced a much greater variety of merchandise that appeals to a much wider age range within the fan base – bringing an increase in financial performance. An enhanced and streamlined online Quaker Retail facility was introduced in March 2015 as part of the development of a new and responsive official club website.

The number of committed volunteers, some with retail experience, continues to grow in Quaker Retail. This has enabled the Club to continue to have a mobile unit of Quaker Retail present at every home game so far this season. This has been welcomed by supporters, particularly those who are not resident in Darlington or unable to visit the Dolphin Centre.

Business Review (continued)

A regular Quaker Retail update in Q Prog, the club's official match day programme, highlighting new lines, special offers and details of opening hours and how to shop at Quaker Retail online.

COMMUNITY

The overarching principle is to place Darlington Football Club at the heart of its community, by being a positive, inclusive and representative organisation, open and accessible to all supporters of the Club regardless of their age, income, ethnicity, gender, disability, sexuality or religious or moral belief.

Examples of the community and fan engagement initiatives currently in progress are:

- Development of grassroots football – Darlington Youth Football Club
- Darlington Power Chair Football Club
- Community Schools Programme
- Kings Church, Darlington – Food bank donations
- Darlington Cares
- DFC's Fans and Community Official Newsletter – 'Darlo Matters'
- Shirts for Africa
- St Teresa's Hospice
- Community Work Experience
- Fans' Forums
- Community Retail Outlet
- Darlo Fans Community Radio
- DFC Mobile App

'Changing Young Lives Through Football' - Taking Darlington Football Club to the heart of the community....



During the 2014-15 season over 300 children and young people visited Heritage Park and taken part in Darlington Football Club's Young People's Community Match Day Experience. This has included young people from schools, youth groups, junior football clubs and a range of charities.

The DFC 'Match Day Experience' includes meeting manager Martin Gray and players in the dressing room before the game, a stadium tour, and a guard of honour to welcome the players onto the pitch and a half time penalty shoot-out or small-sided game! Club mascot Mr Q often makes an appearance for the young people during their visit! The Match Day Experience is free for the children taking part, although we do ask accompanying parents and other adults to buy a special concessionary family match ticket for the game. Families are more than welcome to come and watch their children enjoy a fantastic experience and special family admission rates are available on request.

Martin Gray, Quakers manager is also very much in favour of this community scheme. He has this message for the club's shareholders, "I'm really pleased with the way the community young people's match day experience has developed and the feedback I receive with my academy work in schools is brilliant. My players and I always look forward to meeting the children and inviting them into the dressing room before the game. These are our fans of the future and it's great to see them having so much fun at our matches. I would encourage schools and other youth organisations to contact the club to arrange their visit".



YOUTH DEVELOPMENT

Darlington Youth Football Club (DYFC) is now fully integrated with Darlington FC, although for administration and operational purposes, DYFC has retained its Chairman and Secretary/Treasurer roles, who report to the Board of Directors regularly.

Business Review (continued)

The Club monitors the progress of players at all ages and provides progression pathways for those players showing ability at the grassroots development stage. Indeed several DYFC U18 youth players have already made appearances for the Quakers first team in the last two seasons.



The Board of Directors was delighted to announce that Darlington Building Society, who pledged to become a corporate partner in March 2015, now sponsor the full range of Darlington FC youth teams and also the schools and community match day programme, for this season.

Darlington Building Society will work closely with the football club across a broad spectrum of youth football and community match day initiatives. The building society has been associated with the Quakers since the time the Club was at Feethams many years ago, and it is a significant gesture that they have re-established those links through the youth and community aspects of the Club.

The brand new Darlington Building Society logo, pictured here, is featured on the front of the playing shirts of all the Darlington FC youth teams from under 8's to under 18's and it will also appear on the T-shirts worn by the children taking part in the Community Schools Programme on match days throughout the season.

It is an honour to welcome back Darlington Building Society to the football club as our new Youth and Community sponsor and the Club looks forward to building a successful relationship with them, not only for this season but also hopefully for the long term.

Darlington Building Society is an iconic local business with a real family and community ethos, which the Board feels is the perfect fit for the Club. As the partnership has youth at its heart, it will be fun and will provide both parties with the opportunity to interact with each other's core followers to ensure the supporters also benefit from this new deal.

Colin Fyfe, Chief Executive of Darlington Building Society added, "We are proud to be supporting the youth team at Darlington FC. It is such a perfect fit for the Society as we start a new chapter in our long and successful history in the town. Our whole ethos is to make a positive difference in the community and the involvement with the town's youth team demonstrates our desire to create firm links with organisations that will help us to do that. We are looking forward to an enjoyable season."

The Darlington Youth FC was formed in 2013 and currently has squads playing competitively from under 8's to under 18's in three leagues – the Durham County FA Saturday League, the Teesside Junior Football Alliance and the Russell Foster leagues.

VOLUNTEERS

Once again the Club has relied upon its trusted volunteers to oversee the on-field success during the season. This is likely to continue until the Club is firmly embedded back in Darlington. We are delighted that, as far as match days are concerned, we have very able and skilled volunteers to allow us to stage professionally run matches and satisfy all league and FA requirements.

However, the Club continues finding it increasingly difficult to recruit suitably skilled and experienced volunteers to provide support and additional resource to the Board of Directors for off-field matters. The Directors continue to prioritise what is considered essential skilled resources to support the exciting period of growth the Club is embarking on over the next 12-24 month period initially and beyond.

In the meantime, a hearty 'thank you' to our devoted volunteers in Quaker Retail, match day stewards, hospitality, media team, programme contributors, ticket administration, branding & design and fund raising on behalf of the Board and the entire fan base who recognise that the Club's financial stability and exciting growth plans have been achieved by your significant contribution behind the scenes.

Business Review (continued)

FUTURE TRADING AND FUNDING REQUIREMENTS

The Board of Directors maintains a policy of continual review of the Company's actual performance against forecasts and the associated risks. These forecasts extend for a period exceeding 36 months at any point in time. This review reflects the Club's current and projected trading performance, capital requirements and potential progression through non-league football.

The forecasts make key assumptions, based on information available to the Directors, around:

- Season ticket sales, the timing and amount of which are consistent with the Club's experience
- Match day income, which is projected to grow steadily as the Club returns to Darlington and progresses through the leagues
- Sponsorship and other commercial income reflecting increasing fan, local business and community confidence returning with the Darlington Football Club brand along with increased hospitality demand
- Playing costs reflecting the existing squad size and composition alongside potential increases required to remain competitive as the Club aims to progress through the leagues. The forecast cash flows do not assume any amounts generated from player sales

As a result of this continual review, the Directors are able to anticipate potential funding requirements arising in the short and medium term and take proactive measures to engage with the fans, shareholders and key stakeholders to ensure that the Club remains viable and continues to operate in a sustainable manner.

BUSINESS AND FUTURE STRATEGY REVIEW

Last year, the Board of Directors carried out a comprehensive Business and Future Strategy Review, based on this philosophy of continuous improvement and planning for the growth potential of the Club. The findings within that Review have continue to provide the ongoing work streams that are required, including:

- Finalising written policies and procedures for match day activities and risk assessments
- Fully embedding standard operating policies that comply with FA guidelines (covering matters such as social media, respect, gambling, governance etc.)
- Ensuring all commercial arrangements with third parties continue to be agreed in writing
- Continuing with the 'business-critical' only approach to all expenditure
- Maintaining a rolling Sales & Marketing plan to maximise commercial and other income generating opportunities
- Recruiting suitably experienced individuals at Board or executive management levels to deliver the above

The Board has not deemed it necessary to refine its medium term strategy that was set out last year. An overview of that strategy is summarised below:

1. **Return the Club to Darlington and fully exploiting the associated commercial growth potential**
2. **Developing Football Performance with a Focus on Youth Development**
3. **Re-connecting effectively with our local fan base**
4. **Developing 'best in class' commercial and operational behaviour**
5. **Strengthening relationships within our local community**

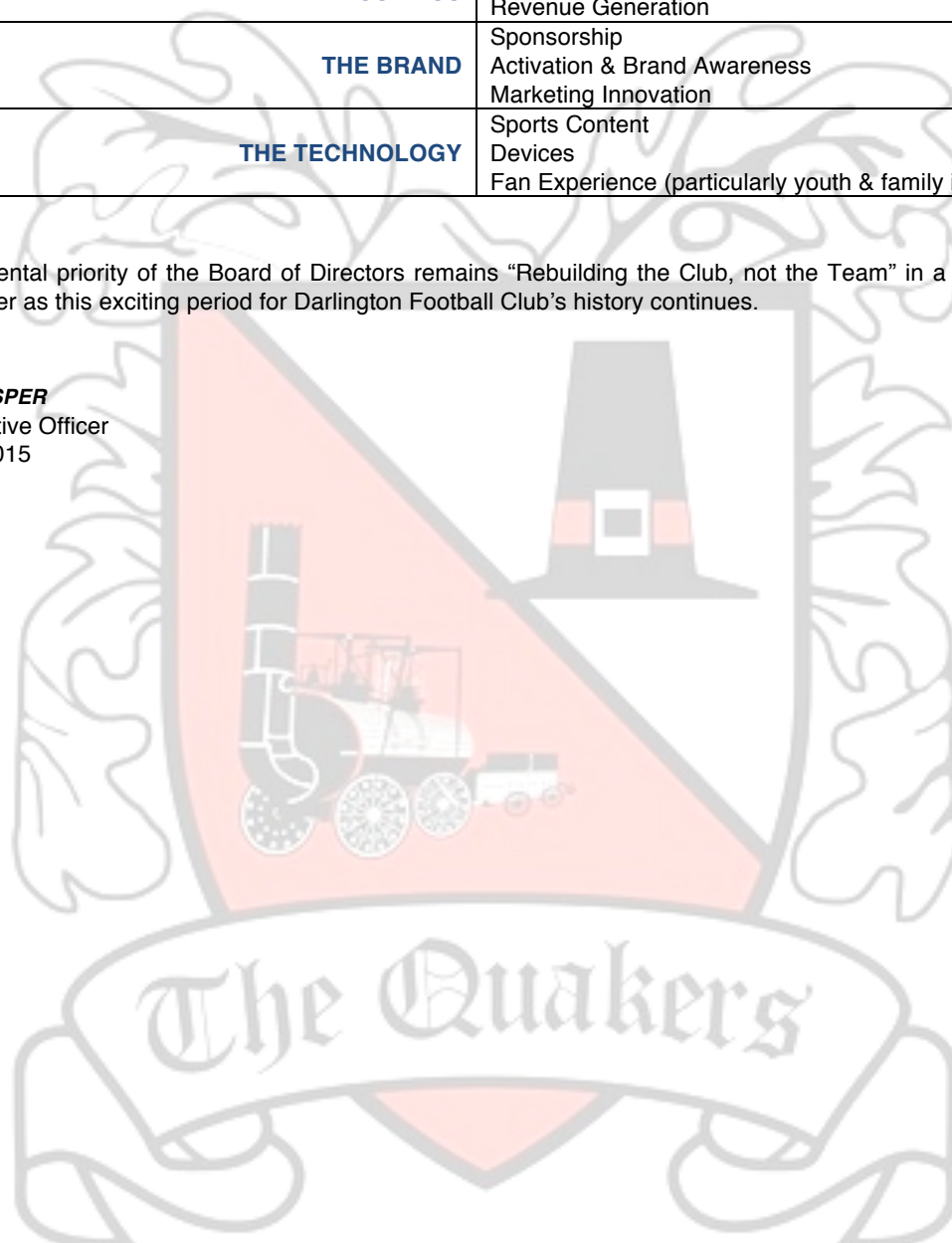
In addition to a focus on a return to Darlington and a progression through the football pyramid, the Directors' 5 key strategic themes comprise the following core areas. If you feel that you have the time, skills and experience to make a real difference to the Club in any of these areas the Board would be delighted to hear from you:

Business Review (continued)

THE FANS	Fan Engagement Consumer Behaviour
MANAGEMENT & STAKEHOLDERS	Market Analysis, Trends & Competition Governance Setting the Strategy
THE BUSINESS	Commercial Best Practice Revenue Generation
THE BRAND	Sponsorship Activation & Brand Awareness Marketing Innovation
THE TECHNOLOGY	Sports Content Devices Fan Experience (particularly youth & family interaction)

The fundamental priority of the Board of Directors remains “Rebuilding the Club, not the Team” in a controlled and viable manner as this exciting period for Darlington Football Club’s history continues.

MARTIN JESPER
 Chief Executive Officer
 9 October 2015



Business Review (continued)

Major Shareholder's Review

The Darlington FC Supporters Group was established on 12 February 2015 with the merger of the CIC, Supporters Club and Supporters Trust. Darlington FC Supporters Group holds approximately 58% of the equity of Darlington Football Club and is therefore the major shareholder as well as being the Corporate Director of Darlington 1883 Limited.

The purpose of the Supporters Group is to be the vehicle through which a healthy, balanced and constructive relationship between the Football Club and its supporters and the communities it serves is encouraged and developed. The business of the Supporters Group is to be conducted for the benefit of the community served by the Football Club and not for the profit of its members.

"Darlington FC Supporters Group" (**DFCSG**) is the trading name of Darlington 1883 Supporters' Society Limited registered under the Co-operative and Community Benefits Societies Act 2014, registration no. 7077. The new board is an interim one until the Annual General Meeting, which will take place on 2 November 2015. In accordance with its constitution the Interim Board will be required to stand down and a new board elected by the members will be formed.

History of Darlington FC Supporters Group

At the start of the 2013-14 season, Darlington Football Club undertook a detailed fans survey and the results indicated that 73% of the fans feel that there should be a single group representing the fans interests. In response, the Boards of the Supporters Club, CIC and Trust began working together and then soon sought advice from Supporters Direct on how a formal merger of the three organisations could best be achieved. Supporters Direct's recommendation was a two-stage approach. Firstly that Darlington FC CIC should convert from a 'Community Interest Company' into a 'Community Benefit Society' and then for Darlington Supporters Club and Darlington Supporters Trust to wind-up their own organisations and to transfer their membership and residual assets to the 'Community Benefit Society' resulting in a single entity to look after the affairs of the Club's supporters.

Before embarking down this path, the Boards of the Supporters Club, CIC and Trust sought the views of the members of their respective organisations and the result was a resounding vote in favour of the process recommended by Supporters Direct. As part of this consultation exercise members were asked for their suggestions on what to call a single entity representing the Club's fans.

The initial formal step along the path to a merger was taken on 8 December 2014 when the members of Darlington FC CIC passed a Special Resolution at their AGM to convert into a Community Benefit Society. It then took a little while for the legal processes to be completed. Firstly the CIC Regulator had to approve the conversion and then for 'Darlington 1883 Supporters Society Limited' to be registered as a Community Benefit Society with the Financial Conduct Authority. This was duly completed on 12 February 2015.

The next significant step took place on 18 March 2015 when the Supporters Club and the Trust held concurrent meetings during which their respective members passed Special Resolutions to transfer their engagements to the newly registered 'Darlington 1883 Supporters Society Limited'. At this point an Interim Board of 9 was created, with 3 members drawn from each of the Boards of the Supporters Club, the CIC and the Trust. Immediately following this meeting, the combined membership was invited to take part in an on-line survey to choose a trading name for this new single entity. However the result of the survey couldn't be announced until the FCA had certified that the Trust had transferred their engagements. This was duly done and the creation of the Darlington FC Supporters Group was announced in the match programme against New Mills on Saturday 25 April 2015.

The DFCSG are fully supportive of the significant work carried out by the individual executive directors, Martin and Dave, of the Club in running all aspects of the Club's affairs and the work involved with relocating back in Darlington. We continue to be kept fully informed of the content and progress of discussions with the return and we remain totally supportive of the diligent and professional manner in which the Board directors continue to manage this process.

DARLINGTON FC SUPPORTERS' GROUP

Majority shareholder and Corporate Director
9 October 2015

Directors' Report

The Directors present their report and financial statements for the year ended 30 June 2015.

Principal activity

The principal activities of the Company during the year continued to be the operation of a semi-professional football Club in Tier 8 of the football pyramid together with related commercial activities. A review of the Company's business activities, an indication of the likely future developments of its business and an overview of the principal risks and uncertainties facing the Company are contained in the Business Review.

Results and dividend

The financial results for the year ended 30 June 2015 is set out on page 25. The Directors have not recommended the payment of a dividend.

Share capital

The Company's issued share capital is divided into 3 separate classes each holding different voting rights:-

- 1 'Golden' Share which carries 10% of voting rights
- 'A' Ordinary Shares which carry two votes per share held
- Ordinary Shares which carry one vote per share held

In the year to 30 June 2015, a total of 14,899 Ordinary shares of £1 each were issued at par.

Directors and their interests in the Company's share capital

The Directors serving as at 30 June 2015, and their interests in the share capital of the Company, were as follows:

Name	Date appointed	Class of share	As at 30 June 2015
Darlington 1883 Supporters Society Limited	12 February 2015	Golden share	1
		'A' Ordinary shares	37,900
		Ordinary shares	111,255
Martin Jesper		Ordinary shares	1,515
David Mills		Ordinary shares	1,023

Charitable donations

During the year the Company made a cash donation of £900 to the Great North Air Ambulance Services, the Club's official Community Partner for the season.

MARTIN JESPER
Director

This report was approved by the Board and signed on 9 October 2015

Directors' Responsibilities Statement

The Directors are responsible for preparing annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Signed on behalf of the Board of Directors

MARTIN JESPER

Director

This report was approved by the Board and signed on 9 October 2015

Accountant's Report

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 30 June 2015 and you consider that the Company is exempt from an audit under the Companies Act 2006.

You have acknowledged your responsibility for ensuring that the Company keeps accounting records which comply with section 386 of the Companies Act 2006, and for preparing financial statements which give a true and fair view of the state of affairs of the Company and of its profit and loss for the year.

In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

We have not carried out an audit or any other review, and consequently we do not express any opinion on these financial statements.

TOTAL TAX SOLUTIONS

2 Peel Court
Darlington
Co Durham
DL1 1GB
9 October 2015

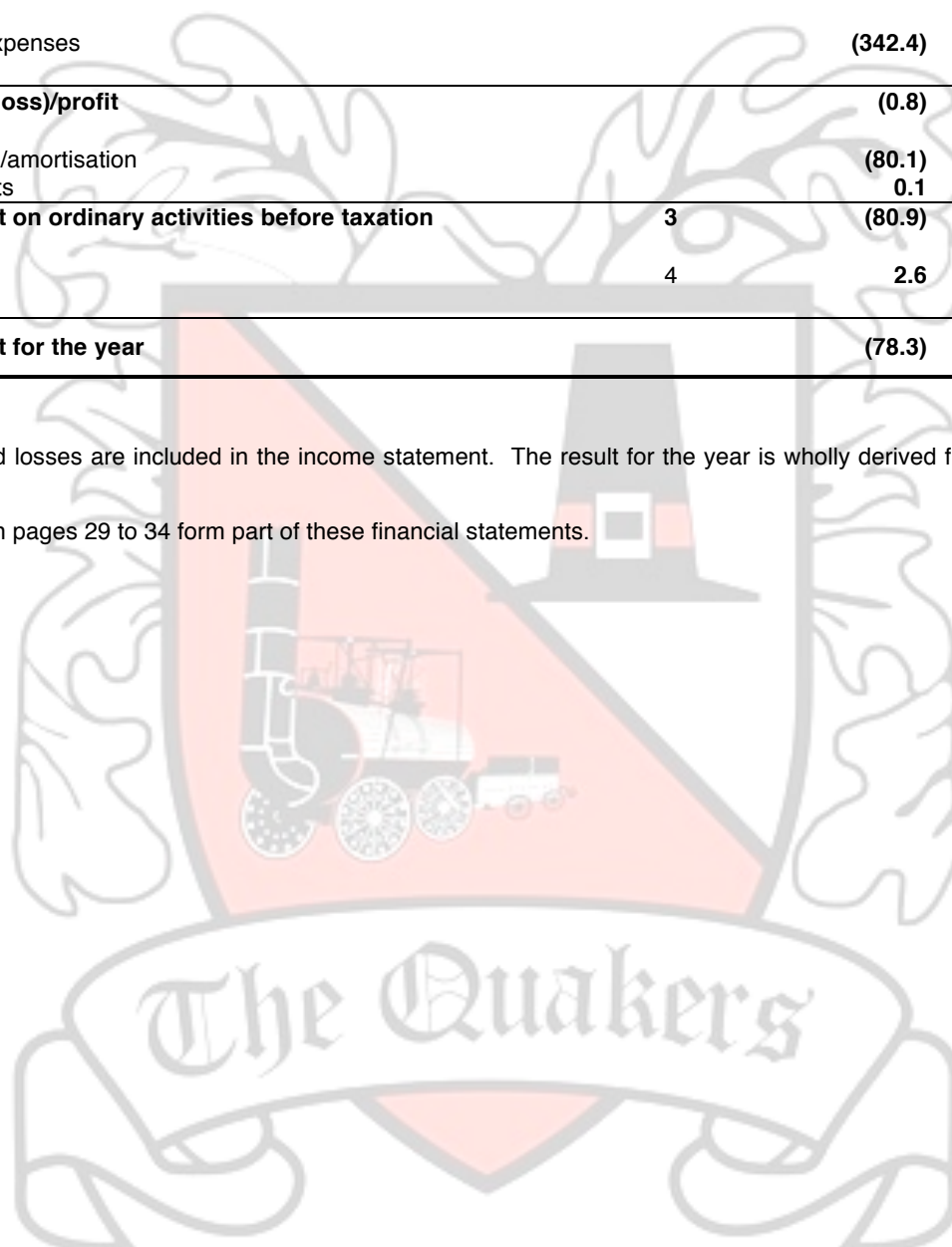
Income Statement

for the year ended 30 June 2015

	Notes	12 months to 30 June 2015 £'000	12 months to 30 June 2014 £'000
Revenue	2	341.6	289.6
Operating expenses		(342.4)	(114.1)
Operating (loss)/profit		(0.8)	175.5
Depreciation/amortisation		(80.1)	(70.8)
Finance costs		0.1	0.1
(Loss)/profit on ordinary activities before taxation	3	(80.9)	104.7
Taxation	4	2.6	(21.1)
(Loss)/profit for the year		(78.3)	83.6

All gains and losses are included in the income statement. The result for the year is wholly derived from continuing operations.

The notes on pages 29 to 34 form part of these financial statements.



Balance Sheet

as at 30 June 2015

	Notes	As at 30 June 2015 £'000	As at 30 June 2014 £'000
NON-CURRENT ASSETS			
Leasehold property, plant & equipment	5	27.1	18.8
Intangible assets	6	135.7	203.5
		162.8	222.3
CURRENT ASSETS			
Stocks	7	5.0	2.8
Trade and other receivables	8	11.2	15.5
Cash and bank balances	9	299.5	146.7
		315.7	165.0
TOTAL ASSETS		478.5	387.3
CURRENT LIABILITIES			
Trade and other payables	10	55.3	94.7
Obligations under finance leases	11	-	12.0
Deferred income	12	49.0	50.6
		104.3	157.3
NET CURRENT ASSETS		374.2	230.0
NON-CURRENT LIABILITIES			
Obligations under finance leases	11	-	2.0
Other creditors	10	-	27.9
Deferred income	12	239.6	-
Deferred taxation liability	13	0.7	2.8
		240.3	32.7
TOTAL LIABILITIES		344.6	190.0
NET ASSETS		133.9	197.3
EQUITY			
Share capital	14	279.1	264.2
Retained earnings	15	(145.2)	(66.9)
EQUITY ATTRIBUTABLE TO SHAREHOLDERS		133.9	197.3

The notes on pages 29 to 34 form an integral part of these financial statements. For the year ended 30 June 2015, the Company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. The Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts and have not the required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

MARTIN JESPER

Director

Date approved by the Board: 9 October 2015

Statement of Cash Flows

For the year ended 30 June 2015

	12 months to 30 June 2015 £'000	12 months to 30 June 2014 £'000
(Loss)/profit for the year	(80.9)	104.7
Depreciation & amortisation	80.1	70.8
Deferred income & loan write offs	238.0	(24.5)
Increase in stocks	(2.2)	(1.9)
Decrease/(increase) in trade and other receivables	4.4	(2.1)
Decrease in trade and other payables	(9.7)	(16.1)
Cash generated by operations	229.9	130.9
Cash flows from investing activities		
Invested in leasehold property, plant and equipment	(20.6)	(21.8)
Cash absorbed by investing activities	(20.6)	(21.8)
Corporation tax		
UK corporation tax paid	(13.0)	-
Cash absorbed by corporation tax payments	(13.0)	-
Cash flows from financing activities		
Net (payment)/receipt from finance leases	(14.0)	14.0
Proceeds from share issue	15.0	65.4
Net (repayment of)/receipt from other debt	(44.2)	(69.0)
Cash (absorbed)/generated by financing activities	(43.3)	10.4
Net cash increase in cash and cash equivalents	152.9	119.5
Cash and cash equivalents at the start of the year	146.6	27.1
Cash and cash equivalents at the end of the year	299.5	146.6
	152.9	119.5

Notes to the Financial Statements (forming part of the financial statements)

1. Accounting policies

1.1 *Basis of preparation*

The financial statements are prepared under the historical cost accounting rules and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The following accounting policies have identified by the Board as being the most significant to these financial statements.

1.2 *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable in the normal course of business, net of discounts, VAT and other sales-related tax.

Merchandising revenue is recognised when goods are delivered and title has passed.

Gate receipts and other match day revenue are recognised as the games are played. Prize money in respect of cup competitions is recognised when earned. Sponsorship and similar commercial income is recognised over the duration of the respective contracts.

1.3 *Fixed assets and depreciation*

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold property, plant & equipment	5 years
Goodwill arising on acquisition of business and net assets from administrator	5 years

1.4 *Taxation*

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.5 *Non-recurring items*

Items that are deemed to be non-recurring by virtue of their nature, or size, are separately identified within the notes to the income statement to assist in understanding the financial performance of the Company.

1.6 *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, those overheads that have been incurred in bringing the stocks to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Notes to the Financial Statements (forming part of the financial statements)

2. Revenue

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

	12 months to 30 June 2015 £'000	12 months to 30 June 2014 £'000
Football, gate receipts and hospitality	186.3	158.1
Advertising, sponsorship & commercial	47.2	45.9
Retail	37.3	36.3
Lottery and donations	70.8	49.3
Other revenue	-	-
	341.6	289.6

3. Operating Profit

Profit for the year has been arrived at after charging/(crediting) the following items:

	12 months to 30 June 2015 £'000	12 months to 30 June 2014 £'000
Depreciation/amortisation	87.5	70.8
Amounts receivable in respect of former players' appearances	(31.6)	(176.0)
Loans written off	(26.3)	(14.6)
Legal, advisory fees and other costs	10.1	15.7

Amounts receivable in respect of former players' appearances arose from contractual arrangements made with the administrators. Loans written off arise as a result of achieving full and final settlement of future debt repayment obligations. Legal, advisory and other costs relate specifically to non-recurring expenditure associated with the return to Darlington as well as promotional items provided as part of the DFC500 Club initiative.

4. Taxation

Analysis of charge in the year:

	12 months to 30 June 2015 £'000	12 months to 30 June 2014 £'000
UK corporation tax:		
Current tax (credit)/charge on income for the year	(2.6)	21.1
Factors affecting the tax charge for the year:		
(Loss)/profit on ordinary activities at the standard rate of corporation tax of 20% (2014: 20%)	(17.7)	20.9
Effect of:		
Deferred tax charge	(2.2)	2.8
Tax losses brought forward	-	(10.5)
Depreciation in excess of capital allowances	17.3	7.9
Current tax (credit)/charge for the year	(2.6)	21.1

Notes to the Financial Statements (forming part of the financial statements)

5. Non-current assets

	Leasehold improvements, plant and equipment £'000
Cost	
As at 1 July 2014	21.8
Additions	20.6
At 30 June 2015	42.4
Depreciation	
As at 1 July 2014	3.0
Charge for the year	12.3
At 30 June 2015	15.3
Net book value at 30 June 2015	27.1
Net book value at 30 June 2014	18.8

6. Intangible assets

	Goodwill £'000
Cost	
As at 1 July 2014	339.2
Additions	-
At 30 June 2015	339.2
Amortisation	
As at 1 July 2014	135.7
Charge for the year	67.8
At 30 June 2015	203.5
Net book value at 30 June 2015	135.7
Net book value at 30 June 2014	203.5

7. Stocks

	2015 £'000	2014 £'000
Finished goods	5.0	2.8
	5.0	2.8

Notes to the Financial Statements (forming part of the financial statements)

8. Trade and other receivables

	2015 £'000	2014 £'000
Trade debtors	5.7	1.5
Other debtors	5.5	13.9
Prepayments and accrued income	-	0.1
	11.2	15.5

9. Cash and cash equivalents

	2015 £'000	2014 £'000
Bank balances	299.3	146.2
Cash in hand	0.2	0.5
	299.5	146.6

10. Trade and other payables

	2015 £'000	2014 £'000
Trade creditors	18.6	7.1
Social security and other taxes	13.1	32.3
Corporation tax	4.9	18.3
Other creditors	-	16.3
Accruals	18.6	20.7
	55.3	94.7

	2015 £'000	2014 £'000
Other creditors		
In one year or less	-	16.3
In one to two years	-	16.3
In two to five years	-	11.5
	-	44.2

11. Obligations under finance leases

Borrowings are repayable as follows:	2015 £'000	2014 £'000
In one year or less	-	12.0
In one to two years	-	2.0
	-	14.0

Notes to the Financial Statements (forming part of the financial statements)

12. Deferred income

	2015 £'000	2014 £'000
Income deferred less than one year (see below)	49.0	50.6
	49.0	50.6

Deferred income comprises season tickets, sponsorship, hospitality and other elements of income that have been received in advance and will be recognised as revenue as the 2015-16 season progresses.

	2015 £'000	2014 £'000
Deferred income		
In one year or less	49.0	50.6
In one to two years	59.9	-
In two to five years	179.7	-
	288.6	50.6

Income deferred in excess of 12 months represents 5 years' season ticket revenue received in advance. In September 2015, these funds were placed in an escrow account to ensure that individual contributors' future entitlements associated with the allocation of those season tickets remain protected throughout the period to which they relate.

13. Deferred taxation

	2015 £'000	2014 £'000
Accelerated capital allowances	0.7	2.8
	0.7	2.8

14. Share capital

The Company's issued share capital is divided into 3 separate classes each holding different voting rights:

- 1 'Golden' Share which carries 10% of voting rights
- 'A' Ordinary Shares which carry two votes per share held
- Ordinary Shares which carry one vote per share held

	2015	2014
Allotted, called up and fully paid shares of £1 each:		
Golden share	1	1
'A' Ordinary shares	70,000	70,000
Ordinary shares	209,114	194,215

In the year to 30 June 2015, a total of 14,899 Ordinary shares of £1 each were issued at par.

Notes to the Financial Statements (forming part of the financial statements)

15. Retained earnings

	2015 £'000	2014 £'000
At start of year	(66.9)	(150.5)
(Loss)/profit for the year	(85.8)	83.6
At end of year	(152.7)	(66.9)

16. Related party transactions

During the year, Martin Jesper and David Mills each received fees of £3,000 in respect of the services provided to the Company. These fees were sanctioned in advance by representatives of Darlington 1883 Supporters Society Limited in their capacity of corporate director and majority shareholder. There were no other transactions between the Company and any of its directors who served during the year and no outstanding balances at the year end. The directors' shareholdings are as follows:

Material interests of directors

Name	Class of share	As at 30 June 2015	As at 30 June 2014
Darlington 1883 Supporters Society Limited	Golden share	1	-
	'A' Ordinary shares	37,900	-
	Ordinary shares	111,255	-
Darlington Football Club CIC	Golden share	-	1
	'A' Ordinary shares	-	15,498
	Ordinary shares	-	108,535
Martin Jesper	Ordinary shares	1,515	1,515
David Mills	Ordinary shares	1,023	1,023

17. Controlling interest

During the year, the Company's major shareholder and corporate director, Darlington Football Club CIC, merged with the Supporters' Club and Trust. A new legal entity, Darlington 1883 Supporters Society Limited (known as Darlington Football Club Supporters Group) was formed. As a result, Darlington 1883 Supporters Society Limited became the majority shareholder and controlling party holding 58.2% of the Company's voting rights at the year end. The remaining shares are owned by the supporters of Darlington Football Club with no other individual, or body, owning more than 15% of the issued share capital (in accordance with the Company's Articles of Association).