

DUNFERMLINE ATHLETIC FOOTBALL CLUB

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Pars United Q&A – Governance

Why is Pars United a Community Interest Company?

Pars United is the corporate vehicle which was used to purchase 93.6% of the shares in Dunfermline Athletic Football Club. This company has been set up as a 'Community Interest Company' (CIC), a relatively new type of company structure established by the Government in 2005. A CIC adds an ethical dimension to corporate law. A CIC is similar to a normal company and will therefore be run by a Board of Directors who will employ people, borrow money, and trade as would be expected of any company. A CIC is subject to normal company law, but it must additionally act for the good of the community, and has other restrictions that prevent its profits and assets being diverted away from its supporters and the community. More information about CIC can be obtained at: <http://www.cicregulator.gov.uk/>.

The advantages of a CIC over a normal company are that:

- It has an 'asset lock' that prevents the assets of the company being stripped from the company.
- The dividends and Directors' salaries are restricted (in DAFC's case there will be none)
- The company must work for the good of the community.

Because of these restrictions, a CIC perfectly fits our ideal of a widely owned community football club with its roots and aspirations firmly bedded, in our case, in the community of West Fife.

Why have you appointed an "interim" Board?

We had a major challenge to save Dunfermline Athletic from extinction under a mountain of debt in a very short time-frame. More than that, we have to reconnect the football club to its supporters and articulate a vision for the future which will take us forward to success. In order to do this, we need leadership and also an engagement with the supporters. The interim board is designed to take us through season 2013-14, stabilise the club's financial position, deal with a myriad of pressing short-term measures to ensure continued survival, and the ability of the Club to thrive in future.

In order to do this, we have selected a very capable interim board and general management team with a range of skills, experience and knowledge of the club to guide the club forward quickly. They have all been heavily involved in the work done to put our successful bids in place and have a real knowledge and understanding of the problems facing the Club in the short term. The board includes a representative from the Pars Supporters Trust, it's chairperson, Margaret Ross. Notwithstanding, it is important to stress that the interim board and general management team are all passionate supporters themselves.

Now that the club has come out of administration, we enter a new phase when it is important that the club is developed and properly maintained with the application of clear values and strict financial discipline.

The interim board has an ideal opportunity to identify the key skills, experience and commitment required for the future board members. It is to be hoped that new people will come forward with relevant skills and attributes to be board members in the future. This may require new personnel who can be selected in a more considered environment. Elections for a new Board are expected to take place in May 2014, for a three year period of office.

The interim board have the task of consulting with a number of different stakeholders such as Supporters, Patrons, staff and local businesses to create an ownership structure which is fit for the long term purpose of DAFC, and not just a quick short term solution.

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How will the new Boards of DAFC and PUCIC be elected in future?

The Board of Pars United Limited (PUCIC) will in future appoint the Board of DAFC. In essence, the Board of PUCIC will act in a supervisory capacity, with the Board of DAFC acting in an executive capacity managing the business day to day.

Therefore, it is important that all stakeholders in DAFC are aware of this particular point. There is a very important distinction to be made between these two Boards, and indeed between the roles of a shareholder and that of a director. As noted above, it is vitally important, through a documented democratic process, that the right calibre of individual is elected to the executive Board (DAFC). That individual must be entirely capable of fulfilling their defined and delegated role as a director of DAFC. Being elected to the future Board of DAFC can longer be directly linked solely to a person's financial contribution. It will not be possible to "buy" a seat on the Board.

DAFC needs to learn the lessons learned by other supporter owned Football Clubs, and ensure it has a fully functional day to day board and management structure, which is naturally elected by shareholders. Pars United has consulted with Supporters Direct Scotland, along with representatives of their legal team to ensure our approach is fit for the purpose of running a widely owned community Football Club.

The Articles of PUCIC provide for a Board of six directors, none of whom will be elected for a period in excess of three years. This will comprise two members nominated by the PST, two members nominated by those holding shares directly and two elected by all shareholders.

There will be no remuneration for being a director. The first elections will be in May or June 2014 for seasons 2014/15, 2015/16 and 2016/17.

How will you ensure that the views of all Patrons and Supporters will be taken into account?

We intend to consult on a fan ownership framework moving forward, not only in terms of supporter representation on the board but also improved communication with the Supporters and Patrons. As part of this process we will take forward the principles of the "Patrons' Council" and "Supporters' Council" as part of the wider framework of governance, to ensure effective consultation and collaboration with all parties.

The principles of a Patrons' Council and a Supporters' Council will hopefully provide DAFC with access to a wider range of people with relevant financial, business and practical skills to assist the Club. They may be asked by the Board to undertake or organise specific tasks for the benefit of the Club. In turn, it is our intention that the Councils should meet, and have dialogue with, representatives of the Board on a regular basis in terms of governance.

The corporate culture should be as transparent as possible. It will be the policy of the Club to seek input from representatives of supporters' groups and clubs on a regular basis. The aim is to improve communication – in both directions.

There will also be an Annual General Meeting to which all members of the Pars United community will be invited, whether they are direct shareholders, members of the PST or representatives of supporters' organisations.

How does Pars United envisage DAFC as a community Club?

People's aspirations or expectations of a community club may vary, but our vision is ultimately to provide the opportunity for each and every supporter, who wishes to do so, to have the opportunity to become involved in assisting DAFC to prosper as a community Club in future.

Supporter representation is not just about having a nominated representative(s) on the board, it is about engaging with fans, potential fans, local businesses and the wider community of West Fife by creating an inclusive structure to take our club forward.

We have been heartened by the many members of the extended Pars Family and sponsors who kindly offered their services, time or expertise in assisting Pars United succeed in stage one which was to purchase DAFC and East End Park. In addition, through a process of engagement and communication a number of other supporters have now come forward to offer their support as volunteers in assisting Pars United to "Keep the Pars".

We ask fans to remember that although different people may have conflicting ideas on the exact model, dependant on which group they belong to, we believe there is only group, that is Pars Supporters.

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Why have you only defined an indicative structure within the club?

We recognise that a clear internal structure is important, but due to the number of variables and uncertainties we will be inheriting post administration, at this stage we have provided an indicative one. This allows for further consultation on details, as well as showing the broad principles of what we intend. This will also allow us to retain and recruit appropriate personnel to fill the defined roles.

It is essential that Stadium and Administration costs are reduced to support the football budget. This also affects the costs of staging games at East End Park. The interim board will assess the exact resource required within the Club in order to manage it day to day at its current level of professional football. In the course of the remaining season, it will also be able to assess fully the workings of the Club and any additional measures which are required to enhance and secure the future of DAFC.

The responsibilities of the General Manager until the end of season will be shared by Ross McArthur and David McMorrine, both of whom are Patrons, and experienced businessmen.

Ross has been the driving force behind Pars United and will continue to be responsible for the development of DAFC as a community club, in terms of marketing, fund raising and engaging with supporters. David has been serving as General Manager during the last few weeks of the administration and will now accept full responsibility for the day to day management of the club, for financial systems and for budgeting. Both will continue to offer their time and not be paid for their services

What is the 5 year plan?

The club has undergone unprecedented turmoil and trauma in recent months so we must act quickly to stabilise it and ensure that we are run it as a financially sound, sustainable business with its roots very much in the community. In the medium to longer term we see DAFC climbing to take its place back in the top flight. However, we will only do this at a pace that our finances allow and our belief is that the future of the club is through the development of our own youth structure and maintaining its roots at the heart of the community.

How will you avoid the club going into significant debt again?

Running a sustainable football club is no different from running your own personal budget and it means that we can't spend what we do not have. It is essential that we build the Club from the bottom up and as we will not have access to bank loans any money we use will need to be raised by us.

It is essential that more volunteers from within the Pars support come forward, on request to offer their services to assist the club in future. In turn, it is absolutely vital that the fund raising initiatives continue as part of our "Keep the Pars" strategy.

How will you convince any fans who aren't supportive of your plan that this is the best way forward?

We need to demonstrate to everyone that this is the best way to ensure a long term, sustainable future for our club. We'll do that by talking to them and by being credible, open, transparent and acting with the utmost integrity. Unfortunately, we need to recognise that the last few months have been a difficult and divisive period in DAFC's history, and there are still challenges and a range of personal and political agendas to be faced and overcome. However, we must maintain the unity of all Pars fans behind clear leadership and a vision to rebuild our club.

Our football team can once again be a force to be reckoned with in Scottish football, but we need everyone to be pulling in the same direction to achieve that in these challenging times, otherwise ultimately we might fail.

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