

THE DUNDEE FOOTBALL CLUB LIMITED
ANNUAL REPORT
YEAR ENDED 31 MAY 2003



THE DUNDEE FOOTBALL CLUB LIMITED

COMPANY INFORMATION

Directors J M Marr (Chairman)
P Marr

Secretary A R Robertson

Company Number SC4585

Registered Office George House
50 George Square
Glasgow
G2 1RR

Auditors PKF
78 Carlton Place
Glasgow
G5 9TH

Solicitors Thorntons WS
50 Castle Street
Dundee
DD1 3RU

Bankers Bank of Scotland
2 West Marketgait
Dundee
DD1 1QN

THE DUNDEE FOOTBALL CLUB LIMITED

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THE DUNDEE FOOTBALL CLUB LIMITED
CHAIRMAN'S STATEMENT
YEAR ENDED 31 MAY 2003

Despite the football team having a relatively successful on-field performance during the season 2002/2003, in which our manager skillfully guided the team to 6th place in the SPL and an appearance in the Scottish Cup Final, the off-field performance of the company did not mirror this success. Football's financial environment has become an increasing tough sector in which to operate, compounded by the reduced level of media revenue available.

Dundee FC is not immune to this pressure and like many other clubs have suffered as operating costs continued to exceed revenue.

In the year to 31 May 2003 the company incurred a lower, however still substantial level of losses of £5.23m (2002 - £6.64m). These losses were in spite of the growth in turnover of 13.8% to £3.95m (2002 - £3.47m). Throughout the course of the year the directors were aware that this trading position could not be allowed to continue.

On 24 November 2003 the directors decided to place the company into administration, as it was felt that this legal protection would provide the company with the best possible opportunity to restructure its finances and ultimately emerge on a stronger financial grounding.

On 11 May 2004 the company agreed in principal to a Creditors Voluntary Agreement which will allow it to substantially reduce the debt level and prepare for the termination of the formal administration process. The imminent arrangement will allow the company to move on with a more manageable level of debt.

The effects of the administration process are felt on a daily basis within the club. The manager now has a significantly reduced squad and a degree of reality has entered into the level of remuneration which can be paid to members of our playing squad. The directors recognise and wish to applaud the manager who has continued to field a strong and competitive side despite the dramatic changes which he has faced during the last year.

I would like, on behalf of the board, to express my thanks to our loyal supporters, for their encouragement through the difficult times which the company has recently experienced. Together with the backing of our supporters and staff, we can now go on and ensure a more stable and prosperous future for our great club.

Jim Marr
Chairman



3 August 2004

THE DUNDEE FOOTBALL CLUB LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 MAY 2003

The directors submit their report and the financial statements for the year ended 31 May 2003.

Results and dividends

The loss for the year, after taxation, amounted to **£5,229,754** (2002 - £6,635,445).

The directors are unable to recommend payment of a dividend and it is proposed to transfer the retained loss to reserves.

Principal activity and review of the business

The principal activity of the company during the year continued to be that of a professional football club. A full review of the business for the year can be found in the Chairman's Statement.

Future developments

The company went into administration on 24 November 2003. A proposal to settle outstanding debts was made to all creditors on 11 May 2004 and it is anticipated that the company will shortly exit from administration.

Directors

The directors who served during the year were:

J M Marr (Chairman)

P Marr

J H Connor (resigned 21 January 2004)

A R Robertson (resigned 25 June 2002)

During the year no director had any interest in the share capital of the company. The interests of the directors in Dundee FC Holdings Plc, the immediate parent undertaking, are disclosed in the directors' report of that company. The interests of J M Marr and P Marr, who are directors in P & J Taverns Limited, the ultimate holding company, are disclosed in that company's directors' report. No other director has any interest in the ultimate parent undertaking.

On 7 August 2003 Mr G Di Stefano was appointed as a director of the company, Mr G Di Stefano later resigned from his appointment as a director of the company on 26 January 2004.

Political and charitable contributions

During the year the company made charitable donations amounting to £Nil (2002: £685).

THE DUNDEE FOOTBALL CLUB LIMITED

DIRECTORS' REPORT (continued)

YEAR ENDED 31 MAY 2003

Employee involvement and employment of disabled persons

The company is an equal opportunity employer committed to positive policies in recruitment, training and career development for staff members (and potential staff members) regardless of marital status, religion, colour, race, ethnic origin or disability. The company gives full consideration to applications for employment by disabled persons where the requirement of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled it is the company policy, where practical, to provide continuing employment under similar terms and conditions and to provide training and career development. Within the limits of confidentiality, staff at all levels are kept informed of all matters which affect the progress of the company and are of interest to them as employees.

Payment policy and practice

It is the company's policy to ensure that the creditors are paid within the agreed limit. Where this does not happen, due to unforeseen circumstances, payment is made at the earliest possible date.

The ratio expressed in days between amounts invoiced to the company by its suppliers in the year and the amounts owed to its trade creditors at the end of the year was 75 days (2002: 107 days).

Auditors

The auditors, PKF, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

On behalf of the board



P Marr
Director

3 August 2004

THE DUNDEE FOOTBALL CLUB LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE DUNDEE FOOTBALL CLUB LIMITED**

We have audited the financial statements of The Dundee Football Club Limited for the year ended 31 May 2003 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT (continued)

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the financial support provided by the company's bankers and other secured creditors. The financial statements have been prepared on a going concern basis, the validity of which depends on the continuance of this support. The financial statements do not include any adjustments that would result from the discontinuance of this support. Details of the circumstances relating to this fundamental uncertainty are described in note 1(a). Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PLB

Glasgow, UK

6 August 2004

PKF
Registered Auditors

THE DUNDEE FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MAY 2003

| | Notes | 2003 £ | 2002 £ |
|---|-----------|--------------------|--------------------|
| TURNOVER | 2 | 3,945,358 | 3,472,034 |
| Administrative expenses - normal | | (6,313,851) | (7,777,153) |
| | 3 | | |
| Amortisation of player registrations | | (972,533) | (1,724,260) |
| Impairment of player registrations | | (1,205,137) | - |
| OPERATING LOSS | 3 | (4,546,163) | (6,029,379) |
| Profit on sale of fixed assets | | 10,488 | - |
| Profit/(loss) on sale of player registrations | | 50,000 | (63,831) |
| | | (4,485,675) | (6,093,210) |
| Interest receivable and similar income | 6 | 92,398 | 1,698 |
| Interest payable and similar charges | 7 | (836,477) | (543,933) |
| LOSS FOR THE FINANCIAL YEAR | 19 | (5,229,754) | (6,635,445) |

All amounts relate to continuing operations.

There were no recognised gains or losses for the year other than those included in the profit and loss account.

There was no material difference between the reported result and the result calculated on an unmodified historical cost basis.

THE DUNDEE FOOTBALL CLUB LIMITED

BALANCE SHEET

31 MAY 2003

| | Notes | 2003 £ | 2002 £ |
|--|-------|----------------------------|---------------------------|
| FIXED ASSETS | | | |
| Intangible | 9 | 176,385 | 2,113,039 |
| Tangible | 10 | 4,557,062 | 4,689,506 |
| | | <u>4,733,447</u> | <u>6,802,545</u> |
| CURRENT ASSETS | | | |
| Stocks | 11 | - | 50,523 |
| Debtors | 12 | 881,895 | 806,727 |
| Cash at bank and in hand | | 66,977 | 164,063 |
| | | <u>948,872</u> | <u>1,021,313</u> |
| CREDITORS: amounts falling due within one year | 13 | <u>(17,029,529)</u> | <u>(13,663,423)</u> |
| NET CURRENT LIABILITIES | | <u>(16,080,657)</u> | <u>(12,642,110)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>(11,347,210)</u> | <u>(5,839,565)</u> |
| CREDITORS: amounts falling due after more than one year | 14 | <u>(1,904,478)</u> | <u>(2,182,369)</u> |
| NET LIABILITIES | | <u><u>(13,251,688)</u></u> | <u><u>(8,021,934)</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 18 | 594,422 | 594,422 |
| Share premium account | | 1,384,921 | 1,384,921 |
| Revaluation reserve | 19 | 1,189,939 | 1,210,815 |
| Profit and loss account | 19 | (16,420,970) | (11,212,092) |
| SHAREHOLDERS' DEFICIT | 20 | <u><u>(13,251,688)</u></u> | <u><u>(8,021,934)</u></u> |

The financial statements were approved by the board on 3 August 2004

Signed on behalf of the board of directors

P Marr



Director

THE DUNDEE FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2003

1 ACCOUNTING POLICIES

(a) Fundamental accounting concept and basis of preparation of financial statements

Going Concern

At the balance sheet date the company had net current liabilities of £16,080,657 (2002 - £12,642,110) and net liabilities of £13,251,688 (2002 - £8,021,934). At the balance sheet date the total indebtedness to the bankers was £13,368,062, which is in excess of the agreed facility. Since the balance sheet date, the company has continued to incur substantial operating losses which have been financed by an increase in total indebtedness. On 24 November 2003 the company went into administration. At the date of signing these financial statements a payment plan has been agreed with all creditors. The accounts have been drawn up on a going concern basis, which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption is based on the continued support of the company's bankers, who have reviewed the financial projections for the period to June 2006 covering football seasons 2004/5 and 2005/6 prepared by the directors. The continued support is also required from the other secured creditors.

The directors believe that it is an appropriate assumption for the financial statements to be prepared on the going concern basis. The financial statements do not include any adjustments that would result from the withdrawal of the support of the company's bankers and creditors.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets, and in accordance with applicable accounting standards

(b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

(c) Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | |
|--|---|
| Freehold buildings (excluding stadium) | 20 years straight line |
| Plant and machinery | 10 % straight line and 25 % reducing balance |
| Fixtures, fittings and equipment | 10 % straight line |

The football stadium is not depreciated within the financial statements, with the exception of those parts of Dens Park Stadium which had not been redeveloped at the year end. These have been depreciated at a rate of 5% per annum to reflect more accurately the estimated useful lives of those assets. The directors are of the opinion that, having assessed the expected useful life of the remainder of the football stadium, any annual charge for depreciation would be immaterial. The company has adopted Financial Reporting Standard No. 15 and will accordingly carry out an annual impairment review of the stadium.

Freehold land is not depreciated.

THE DUNDEE FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2003

1 ACCOUNTING POLICIES (continued)

(d) Hire purchase and operating leases

Assets acquired under hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(e) Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

(f) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the profit or loss for the financial year.

(g) Deferred taxation

Deferred tax is provided using the full provision method in accordance with Financial Reporting Standard Number 19. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax balances are not discounted. Deferred tax assets are incorporated within the Financial Statements to the extent that it is more likely than not that they will be recoverable in the foreseeable future.

(h) Player registrations

The costs associated with the acquisition of players are capitalised and treated as intangible fixed assets. After allowing for any appropriate residual value these are amortised over the contract period. Residual values are assessed on an annual basis and any provision for impairment is made accordingly.

(i) Grants

Grants in respect of capital expenditure on assets which are depreciated are treated as deferred income, a proportion of which is transferred to revenue annually over the estimated useful life of the asset.

Grants in respect of capital expenditure on assets which are not depreciated are deducted from the cost of the asset. This represents a departure from the requirements of the Companies Act 1985; the financial effect of this departure is disclosed in note 9. In the opinion of the directors the accounting treatment adopted is appropriate in order to show a true and fair view on the basis that the grants are specific to the acquisition of the assets concerned and not made as a contribution to finance the general activities of the company.

Other grants of a revenue nature are credited to revenue as received.

THE DUNDEE FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2003

2 TURNOVER

An analysis of turnover by class of business is given below:

| | 2003 | 2002 |
|---------------------------|------------------|------------------|
| | £ | £ |
| Gate receipts | 1,871,468 | 1,158,873 |
| Commercial income | 460,963 | 395,837 |
| Television and radio fees | 1,235,807 | 1,356,682 |
| Retail and other income | 377,120 | 560,642 |
| Total | <u>3,945,358</u> | <u>3,472,034</u> |

All turnover arose within the United Kingdom.

3 OPERATING LOSS

The operating loss is stated after charging:

| | 2003 | 2002 |
|---|----------------|-----------|
| | £ | £ |
| Amortisation of intangible assets | 972,533 | 1,724,260 |
| Depreciation of tangible fixed assets: | | |
| - owned by the company | 97,483 | 90,380 |
| - held under hire purchase contracts | 44,482 | 51,092 |
| Audit fees | 9,350 | 7,800 |
| Auditors' remuneration - non-audit services | 23,535 | 10,508 |
| Operating lease rentals: | | |
| - plant & machinery | 17,058 | 20,141 |
| Impairment of player registrations | 1,205,137 | - |
| Exceptional item: | | |
| Write off irrecoverable cash balance | <u>138,660</u> | <u>-</u> |

4 DIRECTORS' EMOLUMENTS AND BENEFITS

| | 2003 | 2002 |
|-----------------------|---------------|---------------|
| | £ | £ |
| Directors' emoluments | <u>69,370</u> | <u>54,176</u> |

No directors (2002 - none) were members of company pension schemes.

THE DUNDEE FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2003

5 STAFF COSTS

Staff costs, including directors' emoluments, were as follows:

| | 2003 | 2002 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 3,776,403 | 4,720,402 |
| Social security costs | 345,600 | 554,840 |
| | <u>4,122,003</u> | <u>5,275,242</u> |

The average monthly number of employees, including executive directors, during the year was:

| | No | No |
|--|------------|------------|
| Full time players, staff and directors | 89 | 97 |
| Part time staff | 208 | 207 |
| | <u>297</u> | <u>304</u> |

6 INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2003 | 2002 |
|---------------------------|---------------|--------------|
| | £ | £ |
| Other interest receivable | 5,067 | 1,698 |
| Exchange differences | 87,331 | - |
| | <u>92,398</u> | <u>1,698</u> |

7 INTEREST PAYABLE AND SIMILAR CHARGES

| | 2003 | 2002 |
|---|----------------|----------------|
| | £ | £ |
| Bank loans and overdrafts | 809,102 | 416,546 |
| Other loans | 6,870 | 105,527 |
| Finance charges under hire purchase contracts | 20,505 | 21,860 |
| | <u>836,477</u> | <u>543,933</u> |

THE DUNDEE FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2003

8 TAXATION

(a) Analysis of tax charge in year

There was no tax charge for the year (2002 - £Nil) due to the company continuing to make losses.

(b) Factors affecting the tax charge for the year

The tax assessed for the year is greater than would be expected by multiplying profit on ordinary activities by the standard rate of corporation tax in the UK of 30%. The differences are explained below:

The tax assessed for the year does not reflect a credit equivalent to the loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%. The differences are explained below:

| | 2003 | 2002 |
|---|-------------------|-------------------|
| | £ | £ |
| Loss on ordinary activities before tax | (5,229,754) | (6,635,445) |
| | <u> </u> | <u> </u> |
| Loss on ordinary activities multiplied by the standard rate of corporation tax of 30% (2002: 30%) | (1,568,926) | (1,990,634) |
| Effects of: | | |
| Depreciation in excess of capital allowances | 42,590 | 42,442 |
| Expences not deductible for tax purposes | - | 1,605 |
| Untaxed income | (1,520) | (509) |
| Losses created in year | 1,527,856 | 1,947,096 |
| | <u> </u> | <u> </u> |
| Current tax charge for the year | - | - |
| | <u> </u> | <u> </u> |

THE DUNDEE FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2003

9 INTANGIBLE FIXED ASSETS

| | Player registrations £ |
|------------------------|------------------------------|
| Cost | |
| At 1 June 2002 | 4,315,732 |
| Additions | 241,000 |
| Disposals | (745,934) |
| At 31 May 2003 | <u>3,810,798</u> |
| Amortisation | |
| At 1 June 2002 | 2,202,693 |
| Charge for the year | 972,533 |
| On disposals | (745,950) |
| Impairments | 1,205,137 |
| At 31 May 2003 | <u>3,634,413</u> |
| Net book amount | |
| At 31 May 2003 | <u>176,385</u> |
| At 31 May 2002 | <u>2,113,039</u> |

As a result of the administration process a number of player registrations were terminated. The impairment carried out at the year end was to ensure that those players values were written down to £Nil at the balance sheet date.

THE DUNDEE FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2003

10 TANGIBLE FIXED ASSETS

| | Land & buildings £ | Plant & machinery £ | Fixtures, fittings, tools & equipment £ | Total £ |
|--------------------------|--------------------------|---------------------------|---|------------------|
| Cost or valuation | | | | |
| At 1 June 2002 | 4,505,037 | 579,172 | 417,148 | 5,501,357 |
| Additions | - | 1,365 | 8,156 | 9,521 |
| Disposals | - | (53,950) | (8,491) | (62,441) |
| At 31 May 2003 | <u>4,505,037</u> | <u>526,587</u> | <u>416,813</u> | <u>5,448,437</u> |
| Depreciation | | | | |
| At 1 June 2002 | 195,000 | 286,505 | 330,346 | 811,851 |
| Charge for year | 65,000 | 51,649 | 25,316 | 141,965 |
| On disposals | - | (53,950) | (8,491) | (62,441) |
| At 31 May 2003 | <u>260,000</u> | <u>284,204</u> | <u>347,171</u> | <u>891,375</u> |
| Net book amount | | | | |
| At 31 May 2003 | <u>4,245,037</u> | <u>242,383</u> | <u>69,642</u> | <u>4,557,062</u> |
| At 31 May 2002 | <u>4,310,037</u> | <u>292,667</u> | <u>86,802</u> | <u>4,689,506</u> |

Freehold land and buildings are net of grants received of £1,334,371 (2002: £1,334,371).

Included within land and buildings above is land valued at £0.5m (2002: £0.5m).

The net book amounts of assets held under hire purchase contracts included above were:

| | 2003 £ | 2002 £ |
|---|----------------|----------------|
| Plant & machinery | 116,857 | 167,338 |
| Fixtures, fittings, tools and equipment | 59,863 | 71,677 |
| | <u>176,720</u> | <u>239,015</u> |

On 31 May 2003 the land and buildings at Dens Park Stadium were valued at £4.45million by Dunlop Heywood, Consultant Surveyors on a Depreciated Replacement Cost basis.

On the historical cost basis, land and buildings would have been included as follows:

| | 2003 £ | 2002 £ |
|-------------------------|------------------|------------------|
| Cost | 4,691,460 | 4,691,460 |
| Cumulative depreciation | (260,000) | (195,000) |
| Net book amount | <u>4,431,460</u> | <u>4,496,460</u> |

THE DUNDEE FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2003

11 STOCKS

| | 2003 | 2002 |
|------------------|-------------------|-------------------|
| | £ | £ |
| Goods for resale | - | 50,523 |
| | <u> </u> | <u> </u> |

12 DEBTORS

| | 2003 | 2002 |
|-------------------------------------|-------------------|-------------------|
| | £ | £ |
| Due within one year | | |
| Trade debtors | 195,366 | 726,670 |
| Amounts due from group undertakings | 43,405 | - |
| Other debtors | 643,124 | 80,057 |
| | <u>881,895</u> | <u>806,727</u> |
| | <u> </u> | <u> </u> |

13 CREDITORS

| | 2003 | 2002 |
|--|-------------------|-------------------|
| | £ | £ |
| Amounts falling due within one year | | |
| Bank overdraft | 13,368,062 | 6,517,078 |
| Trade creditors | 1,198,244 | 2,778,038 |
| Amounts owed to group undertakings | 25,289 | 343,649 |
| Amounts owed to undertakings in which the company has a participating interest | - | 279,693 |
| Other tax and social security | 676,299 | 1,765,705 |
| Net obligations under hire purchase contracts (note 16) | 48,492 | 78,566 |
| Other creditors | 1,235,175 | 1,294,665 |
| Accruals and deferred income | 477,968 | 606,029 |
| | <u>17,029,529</u> | <u>13,663,423</u> |
| | <u> </u> | <u> </u> |

The bank overdraft and other loans are secured by standard securities over the freehold land and buildings of Dens Park Stadium and by a bond and floating charge for all monies due over the whole property and undertakings of the company. A guarantee from P & J Taverns Limited is also in place.

The company's bankers hold personal guarantees from P Marr and J Marr, directors, as security for the bank overdraft.

THE DUNDEE FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 2003

14 CREDITORS

| | 2003 £ | 2002 £ |
|---|------------------|------------------|
| Amounts falling due after more than one year | | |
| Amounts owed to group undertakings | 1,238,000 | 1,238,000 |
| Net obligations under hire purchase contracts (note 16) | 12,356 | 71,679 |
| Other creditors | 654,122 | 872,690 |
| | <u>1,904,478</u> | <u>2,182,369</u> |

15 LOANS

Loans fall due for payment as follows:

| | 2003 £ | 2002 £ |
|----------------------------|------------------|------------------|
| Other loans | | |
| Within one year | 1,235,175 | 1,294,665 |
| Between one and two years | 209,430 | 218,571 |
| Between two and five years | 444,692 | 654,119 |
| | <u>1,889,297</u> | <u>2,167,355</u> |

Included within other loans is a loan of £819,346 (2002 - £980,407) from Lombard North Central plc. This loan is repayable by 28 consecutive quarterly payments of £60,511 which includes interest at a rate of 6.95%.

16 HIRE PURCHASE

Net obligations under hire purchase agreements fall due as follows:

| | 2003 £ | 2002 £ |
|----------------------------|---------------|----------------|
| Within one year | 48,492 | 78,566 |
| Between one and five years | 12,356 | 71,679 |
| | <u>60,848</u> | <u>150,245</u> |

Hire purchase creditors are secured on the assets concerned.

17 DEFERRED TAX ASSET

The company has a potential deferred tax asset of £5,058,879. From the forecasts prepared by the company, it appears unlikely that the company will return to taxable profits within the short term and as such, the deferred tax asset has not been recognised in the accounts in line with applicable accounting standards.

No provision has been made in respect of deferred tax on the potential capital gain of £919,928 which would arise if the company were to sell the existing properties at their current net book value, as the directors do not intend selling any of the properties for the foreseeable future.

THE DUNDEE FOOTBALL CLUB LIMITED
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18 SHARE CAPITAL

| | Authorised £ | Allotted, called up and fully paid No £ |
|-----------------------------------|------------------|--|
| At 1 June 2002 and 31 May 2003 | | |
| Ordinary shares of 10p each | 1,000,000 | 5,944,220 |
| | <u>1,000,000</u> | <u>5,944,220</u> |

19 RESERVES

| | |
|--------------------------------------|---------------------|
| Revaluation reserve | £ |
| At 1 June 2002 | 1,210,815 |
| Released to profit and loss account | (20,876) |
| At 31 May 2003 | <u>1,189,939</u> |
| Profit and loss account | £ |
| At 1 June 2002 | (11,212,092) |
| Loss for the year | (5,229,754) |
| Transferred from revaluation reserve | 20,876 |
| At 31 May 2003 | <u>(16,420,970)</u> |

20 SHAREHOLDERS' FUNDS

| | 2003 £ | 2002 £ |
|------------------------------------|---------------------|--------------------|
| Shareholders' funds at 1 June 2002 | (8,021,934) | (1,386,489) |
| Loss for the year | (5,229,754) | (6,635,445) |
| Shareholders' funds at 31 May 2003 | <u>(13,251,688)</u> | <u>(8,021,934)</u> |

21 OTHER COMMITMENTS

At 31 May 2003 the company had annual commitments under operating leases as follows:

| | 2003 £ | Other 2002 £ |
|----------------------------|---------------|--------------------|
| Expiry date: | | |
| Between one and five years | <u>27,201</u> | <u>27,201</u> |

THE DUNDEE FOOTBALL CLUB LIMITED
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22 CONTINGENT LIABILITIES

The company has received grants amounting to £1,334,371 in respect of freehold land and buildings. The conditions of the award of these grants stipulate that the grants would have to be repaid in full by the company if there is any change of purpose or ownership of the property during the project or within 20 years of its completion. If any distributable annual profits are made by the company, an appropriate share must be repaid to the funding bodies until the grants are repaid in full.

23 TRANSACTIONS WITH RELATED PARTIES

Included in creditors at 31 May 2003 are loans from P & J Taverns Limited (the ultimate parent undertaking) and Camperdown Construction Limited (an undertaking in which Peter Marr has a controlling interest). The balances at the year end are £1,025,289 (2002: £1,343,649) and £nil (2002: £218,595) respectively. Interest of £nil (2002: £14,384) has been charged on the outstanding balances. At 31 May 2003 the immediate parent undertaking was Dundee FC Holdings Plc and at that date there was a balance due to that company of £238,000 (2002: £238,000).

During the year the company made repayments to P & J Taverns Limited and to Camperdown Construction Limited amounting to £318,360 and £218,595 respectively. Also during the year the company made repayments of £61,097 (2002: £nil) to The Ballinard House Hotel, a business controlled by J Marr. At the year end £nil (2002: £61,097) was due to this undertaking. The company made repayments totalling £3,419 (2002: £nil) to Marstar Builders Limited, a company controlled by J Marr. At the year end £nil (2002: £3,419) was due to this company. The company made purchases totalling £52,484 (2002: £118,818) from Global Travel and repayments of £92,757 (2002: £nil) to Global Travel, a business controlled by Peter Marr. At the balance sheet date £nil (2002: £40,273) was due to this creditor and is included within trade creditors.

Also included in creditors are loans of £346,000 (2002 - £346,000) from Peter Marr, a director of the company and £670,603 (2002 - £747,603) from I Bonetti, a former employee of the company.

24 POST BALANCE SHEET EVENTS

Since the balance sheet date, the company purchased further player registrations at a cost of £50,000.

On 24 November 2003 the company went into administration and on 11 May due to the Creditors Voluntary Agreement came out of administration.

25 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The immediate parent undertaking of the company is Dundee FC Holdings Plc and the ultimate parent undertaking is P & J Taverns Limited; both of these companies are registered in Scotland. Consolidated accounts for P & J Taverns Limited are available from The Secretary, P & J Taverns Limited, Bellsizes House, Bellsizes Road, Broughty Ferry, Dundee, DD5 1NF. Consolidated accounts for Dundee FC Holdings Plc are available from The Secretary, Dundee FC Holdings Plc, Dens Park Stadium, Sandeman Street, Dundee DD3 7JY. The controlling parties are J Marr and P Marr.