

Company Registration No. SC013690

**Dundee United Football Company
Limited**

Report and Financial Statements

30 June 2011

THURSDAY



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Dundee United Football Company Limited

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Dundee United Football Company Limited

Officers and professional advisers

Directors

Stephen E Thompson (Chairman)
Gilbert B Haggart
James M Martin (Appointed 16 September 2011)
Catherine Thompson

Secretary

Spence Anderson

Registered Office

Tannadice Park
Dundee
DD3 7JW

Bankers

Bank of Scotland plc
2 West Marketgait
Dundee
DD1 1QN

Solicitors

Blackadders
30 & 34 Reform Street
Dundee
DD1 1RJ

Harper Macleod LLP
Ca'D'Oro Building
45 Gordon Street
Glasgow
G1 3PE

Independent Auditor

Deloitte LLP
Aberdeen

Dundee United Football Company Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2011.

Principal activities

The principal activity of the company is that of a professional football club.

Review of the business

In the year ended 30 June 2011 the company achieved revenues of £5.2 million, being a 14% decrease from 2010. The first team had a successful season, and the decrease in revenue is largely reflective of the exceptional level of success in the prior year when the team won the Scottish Cup and finished third in the Scottish Premier League (SPL). In the 2010/11 season the first team reached the quarter finals of the Scottish Cup, and achieved a fourth place finish in the SPL. Wage costs decreased by £128,711 from 2010, although the percentage of wages to turnover increased to 74% (2010: 65%), reflecting the lower turnover. The company recorded an operating loss of £310,781 (2010: operating profit - £142,580). The loss for the financial year amounted to £522,838 (2010: profit £65,592).

The directors consider the key performance indicators of the company to be turnover, the operating results generated, the relationship of payroll costs to turnover and the playing performance of the club.

Scottish football in general continues to face challenging economic conditions and this is not anticipated to ease in the foreseeable future. The directors remain focused on aligning the cost base of the company to the revenue streams and the nurturing and development of young talent is crucial to the sustainability of the company.

The principal risks and uncertainties facing the company surround the performance and results of the first team, which have a direct impact on revenues and financial performance. The company is dependent on the continuing availability of appropriate banking facilities, and as discussed in the going concern section below revised banking facilities were entered in November 2011.

Subsequent to 30 June 2011, and therefore not reflected in the financial statements for the year then ended, the transfer of a player registration generated a net gain of £1.8m. The majority of the net proceeds will be used to reduce bank indebtedness. Further details are provided at note 25 to the financial statements.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown on pages 7 and 8. The directors do not propose a dividend (2010: £nil).

Environment

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

Social and community statement

Dundee United Football Company Limited has a proud 100 year history as a leading figure in the local community and Scottish football, and recognises it has a responsibility to promote sport, health, social awareness and social inclusion in both the local and wider community.

Dundee United operates a number of not for profit schemes and initiatives in this regard, all using the medium of football to attract and educate children and adults. Initiatives are not only designed to improve participation in sport and health, but also to improve numeracy, literacy and social and employability skills in those taking part.

This work will soon be further improved by the establishment of a charity partner, United for All, which will aim to further expand our community involvement. The Club also runs regular Anti Racism and Anti Sectarianism Seminars for local primary and secondary schoolchildren, in partnership with ArabTRUST, the Dundee United Supporters' Trust.

Dundee United Football Company Limited

Directors' report (continued)

Social and community statement (continued)

Dundee United also works in partnership with Dundee City Council's Social Work Department, in respect of the annual United for Kids appeal, which provides free season tickets to some of the most under privileged children in their care. Between this, and other initiatives, the Club provides some 20,000 free match tickets to local school children each year.

Financial instruments

The company's principal financial instruments are bank balances and trade receivables. The amounts presented in the balance sheet are net of provision for doubtful debts where required. The credit risk on liquid funds is considered limited because the counterparty is a bank with an internationally recognised credit-rating. The company's principal financial liabilities are a bank overdraft and term loan. The bank overdraft and term loan are on variable interest rates. The company has entered into an interest rate swap to fix the interest rate on the term loan at 2.715% from March 2009 to March 2012 on an amount of £4 million. The terms of these financial liabilities are disclosed in note 17 to the financial statements.

Directors

The directors who served the company during the year and to the date of this report, except where noted, were as follows:

Stephen E Thompson
Gilbert B Haggart
James M Martin (Appointed 16 September 2011)
Derek W Robertson (resigned 10 January 2011)
Catherine Thompson

Going concern

On 11 November 2011 the company agreed revised bank facilities, which included the establishment of a new term loan and revised working capital facilities. The £5.4m term loan in the balance sheet was revised to £4.625m, the reduction primarily arising from the receipt of proceeds on transfer of a player registration subsequent to 30 June 2011, as discussed at note 25. Further reductions in the term loan to £4m by July 2012 are scheduled to be made via the receipt of deferred proceeds on the transfer of the player registration referred to above. This position will represent a £2m reduction in net bank indebtedness in the last four years. The previous overdraft facility of £1m continues to be available on amended terms. Further detail is provided at note 17 to the financial statements.

The agreement of the revised bank term loan facilities has the impact of reducing the portion of bank debt included in current liabilities at 30 June 2011 by £5.4m with an equivalent increase in creditors due in more than one year. Consequently net current liabilities would reduce from £8.0m as reported to £2.6m. As the revised bank terms were not in place at 30 June this is not reflected in the balance sheet at that date.

The company continues to meet its day to day working capital requirements through the bank overdraft facility. The bank overdraft facility is next due for review on 30 June 2012.

The company's cash flow forecast for the period through to 31 December 2012 identifies a need for a continuation of borrowing arrangements currently available. The peak financing requirement as forecast is seasonal, and is also dependent on a level of playing success as well as strong control of wage costs. The directors consider the assumptions underlying the cash forecasts to be reasonable and strong performance in the first team's league placing as well as progression to the later stages of cup competitions may lessen the peak requirement. Additionally, the peak financing requirement may be lessened by proceeds from transfer activities which, due to their uncertain nature, are not forecast.

Dundee United Football Company Limited

Directors' report (continued)

Going concern (continued)

The company's ability to continue to trade as a going concern is dependent on the continuing availability of appropriate borrowing facilities. The directors are in regular dialogue with the company's bankers and having considered matters, have a reasonable expectation that the appropriate support will continue to be available throughout the twelve months from the date of this report. Having considered the company's forecasts through to 31 December 2012, the expected continuation of appropriate bank support, and the continuing support of the controlling shareholder, the directors believe that the company will continue as a going concern through the next twelve months. However it is recognised that the absence of committed bank facilities beyond 30 June 2012 represents a material uncertainty over the company's ability to continue as a going concern.

Auditor

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

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

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

Deloitte LLP have indicated their willingness to be reappointed for another term and an appropriate resolution will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



S E Thompson
Chairman

23 December 2011

Dundee United Football Company Limited

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DUNDEE UNITED FOOTBALL COMPANY LIMITED

We have audited the financial statements of Dundee United Football Company Limited for the year ended 30 June 2011 which comprise the profit and loss account, the balance sheet, the cash flow statement, and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2011, and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company's forecasts and projections through the twelve months following the date of this report identify a need for a continuation of existing borrowing facilities to fund the forecast peak working capital requirement. The absence of committed bank overdraft facilities beyond 30 June 2012 represents a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

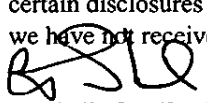
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


Graeme Sheils CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Aberdeen, United Kingdom
23 December 2011

Dundee United Football Company Limited

Profit and loss account Year ended 30 June 2011

	Note	2011 £	2010 £
Turnover	2	5,207,894	6,052,434
Cost of sales		(4,663,271)	(5,036,551)
Gross profit		544,623	1,015,883
Administrative expenses		(1,068,295)	(1,141,168)
Other operating income		212,891	267,865
Operating (loss)/profit	3	(310,781)	142,580
(Loss)/gain on disposal of player and management registrations		(11,892)	191,717
(Loss)/profit before interest and taxation		(322,673)	334,297
Interest receivable	6	44,109	264
Interest payable and similar charges	7	(244,274)	(268,424)
(Loss)/profit on ordinary activities before taxation		(522,838)	66,137
Tax on (loss)/profit on ordinary activities	8	-	(545)
(Loss)/profit for the financial year	20, 21	(522,838)	65,592

All of the activities of the company relate to continuing operations.

The company has no recognised gains or losses other than the result for the current and preceding year as set out above. Accordingly no Statement of Total Recognised Gains and Losses is presented.

Dundee United Football Company Limited

Balance sheet At 30 June 2011

	Note	2011 £	2010 £
Fixed assets			
Intangible assets	9	36,994	65,481
Tangible assets	10	6,279,270	6,470,939
Investments	11	1	1
		<u>6,316,265</u>	<u>6,536,421</u>
Current assets			
Stocks	12	2,297	1,899
Debtors	13	392,155	551,633
Cash at bank and in hand		22,188	34,821
		<u>416,640</u>	<u>588,353</u>
Creditors: amounts falling due within one year	14	<u>(8,433,552)</u>	<u>(3,128,948)</u>
Net current liabilities		<u>(8,016,912)</u>	<u>(2,540,595)</u>
Total assets less current liabilities		<u>(1,700,647)</u>	<u>3,995,826</u>
Creditors: amounts falling due after more than one year	15	<u>(1,918,717)</u>	<u>(7,103,754)</u>
Net liabilities		<u>(3,619,364)</u>	<u>(3,107,928)</u>
Capital and reserves			
Called up share capital	19	9,717	9,666
Share premium account	20	2,763,454	2,752,103
Profit and loss account	20	<u>(6,392,535)</u>	<u>(5,869,697)</u>
Shareholders' deficit	21	<u>(3,619,364)</u>	<u>(3,107,928)</u>

The financial statements of Dundee United Football Company Limited, registered number SC013690, were approved by the Board of Directors and authorised for issue on 23 December 2011.

Signed on behalf of the Board by:



S E Thompson
Chairman

Dundee United Football Company Limited

Cash flow statement Year ended 30 June 2011

		2011 £	2010 £
Net cash (outflow)/inflow from operating activities	22	(227,103)	443,085
Returns on investments and servicing of finance	22	(216,405)	(270,081)
Taxation		(545)	-
Capital expenditure and financial investment	22	(90,477)	81,704
Cash (outflow)/inflow before financing		(534,530)	254,708
Financing	22	13,001	268,445
(Decrease)/increase in cash	22	(521,529)	523,153

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2011

1. Accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding years.

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable United Kingdom accounting standards.

Going concern

The company meets its day to day working capital requirements through an overdraft facility with a bank term loan also being in place. As discussed in the directors' report, the terms of the bank facilities were revised in November 2011. The overdraft facility is next due for periodic review on 30 June 2012.

The company's forecasts for the period through to 31 December 2012 identify a need for a continuation of the need for the current borrowing facilities. The peak financing requirement as forecast is seasonal and is dependent on a level of playing success as well as strong control of wage costs. The directors consider the assumptions underlying the cash forecasts to be reasonable, and strong performance in the first team's league placing as well as progression to the later stages of cup competitions, may lessen the peak requirement. Additionally, the peak borrowing requirement may be lessened by proceeds from transfer activities which due to their uncertain nature are not forecast.

The application of the going concern basis in preparing these financial statements assumes a continuation of appropriate borrowing facilities beyond the review date of 30 June 2012. The directors are in regular dialogue with the company's bankers and having considered matters, have a reasonable expectation that appropriate facilities will continue to be available throughout the twelve months from the date of signing these financial statements. Having considered the company's forecasts through to 31 December 2012 and the expected continuation of appropriate banking facilities and the continuing support of the controlling shareholder, the directors believe that the company will continue as a going concern through the next twelve months. However it is recognised that the absence of committed facilities beyond 30 June 2012 represents a material uncertainty over the company's ability to continue as a going concern.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Stadium property	2% straight line
Fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance

Depreciation is not provided on freehold land.

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2011

1. Accounting policies (continued)

Player and manager registrations

Amounts paid to third parties for football registrations, football league levies and agent commissions are capitalised as intangible assets and amortised on a straight line basis over the periods of the individual contracts. Gains or losses on fees receivable from other football clubs on the transfer of players' or manager's registrations are recorded in the profit and loss account in the accounting period in which the transfer takes place.

Where contingencies are contained within those contracts for further payments, these costs are not recognised until it is probable that the events crystallising such payments shall take place. Payments or receipts which are contingent on the performance of the team or players are not recognised until the events crystallising such payments or receipts have taken place.

Signing on fees and loyalty bonuses are charged to the profit and loss account as incurred. However, future instalments that are contingent on continued service are not recognised until it is probable that the events crystallising such payments shall take place.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Grants

Grants from the Football Grounds Improvement Trust, in respect of capital expenditure, are credited to deferred income in the balance sheet, and are released to the profit and loss account over the expected useful life of the relevant asset in equal annual amounts.

Leases

Assets held under hire purchase contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Taxation

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

Deferred tax is recognised in respect of all timing difference that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profit and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on a non-discounted basis.

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2011

2. Turnover

Turnover represents the value of goods and services provided in the normal course of business, net of discounts and VAT. All turnover originates in the United Kingdom.

Gate and other match day revenues are recognised through the football season as games are played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season while facility fees for live coverage or highlights are recognised when earned. Income from commissions is recognised when known with reasonable accuracy. Merit awards are recognised once they are certain.

3. Operating (loss)/profit is stated after charging/(crediting):

	2011 £	2010 £
Amortisation of intangible fixed assets	60,391	112,059
Depreciation		
- owned fixed assets	223,807	226,640
- assets held under hire purchase contracts	34,293	31,330
Auditor's remuneration		
- audit services	14,750	16,500
- audit related services	7,125	6,500
- tax advisory services	12,731	-
Release of deferred grant income	(55,225)	(52,360)
Operating lease rentals – other	44,801	46,168
	<u> </u>	<u> </u>

4. Employee information

The average number of staff employed during the year amounted to:

	2011 No	2010 No
Football	113	102
Administration and management	25	26
Ground staff	7	8
	<u> </u>	<u> </u>
	145	136
	<u> </u>	<u> </u>

The aggregate payroll costs of the above, including directors, were:

	2011 £	2010 £
Wages and salaries	3,466,245	3,579,630
Social security costs	367,855	383,191
	<u> </u>	<u> </u>
	3,834,110	3,962,821
	<u> </u>	<u> </u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2011

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2011 £	2010 £
Emoluments receivable	<u>141,343</u>	<u>107,078</u>

6. Interest receivable

	2011 £	2010 £
Bank interest	68	264
Other interest	<u>44,041</u>	<u>-</u>
	<u>44,109</u>	<u>264</u>

7. Interest payable and similar charges

	2011 £	2010 £
Bank interest payable and similar charges	239,802	262,735
Hire purchase interest	<u>4,472</u>	<u>5,689</u>
	<u>244,274</u>	<u>268,424</u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2011

8. Tax on (loss)/profit on ordinary activities

	2011 £	2010 £
Current tax		
UK corporation tax	-	545

The average standard rate of tax for the year, based on the UK standard rate of tax is 27.5% (2010: 28%). The actual tax for the current and previous year differs from the average standard rate for the reasons set out in the following reconciliation:

	2011 £	2010 £
(Loss)/profit on ordinary activities before tax	(522,838)	66,137
Tax on (loss)/profit on ordinary activities at standard rate	(143,780)	18,518
Factors affecting charge for the year		
Expenses not deductible for tax purposes	585	1,429
Depreciation in excess of capital allowances	30,094	16,756
Losses carried/(brought) forward	146,611	(12,362)
Small companies rate effect	-	(182)
Other timing differences	(33,510)	(23,614)
	-	545

At 30 June 2011 the company has an unrecognised deferred tax asset of £3,212,311 (2010: £3,310,135) relating to the availability of trading losses for carry forward and depreciation in excess of capital allowances.

The deferred tax asset has not been recognised as its recoverability is dependent on future profitability and is therefore uncertain.

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2011

9. Intangible fixed assets

	Player and management registrations £
Cost	
At 1 July 2010	378,618
Additions	49,700
Disposals	(236,002)
At 30 June 2011	192,316
Amortisation	
At 1 July 2010	313,137
Charge for the year	60,391
On disposals	(218,206)
At 30 June 2011	155,322
Net book value	
At 30 June 2011	36,994
At 30 June 2010	65,481

10. Tangible fixed assets

	Stadium property £	Fixtures & fittings £	Motor vehicles £	Total £
Cost				
At 1 July 2010	8,695,035	1,711,016	115,183	10,521,234
Additions	-	71,981	-	71,981
Disposals	-	(5,550)	-	(5,550)
At 30 June 2011	8,695,035	1,777,447	115,183	10,587,665
Depreciation				
At 1 July 2010	2,702,045	1,271,798	76,452	4,050,295
Charge for the year	173,901	74,517	9,682	258,100
At 30 June 2011	2,875,946	1,346,315	86,134	4,308,395
Net book value				
At 30 June 2011	5,819,089	431,132	29,049	6,279,270
At 30 June 2010	5,992,990	439,218	38,731	6,470,939

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2011

10. Tangible fixed assets (continued)

The net book value of tangible fixed assets includes £38,000 (2010: £38,000) in respect of land, which is not depreciated. The net book value of tangible fixed assets includes £53,301 (2010: £67,844) in respect of assets held under hire purchase contracts.

11. Investments

The company holds one Ordinary Share of £1 in The Scottish Premier League Limited for which a consideration of £1 was paid. This represents an 8.333% interest in the company.

12. Stocks

	2011 £	2010 £
Bar stock	2,297	1,899

13. Debtors

	2011 £	2010 £
Trade debtors	201,879	169,513
Prepayments and accrued income	190,276	382,120
	392,155	551,633

14. Creditors: amounts falling due within one year

	2011 £	2010 £
Bank overdraft (note 17)	593,067	84,171
Trade creditors	409,709	422,258
Corporation tax	-	545
Other taxes and social security	443,387	531,666
Accruals and deferred income	1,135,045	1,385,508
Bank loan (note 17)	5,400,000	250,000
Directors' loans (note 17)	435,000	435,000
Obligations under hire purchase contracts (note 17)	17,344	19,800
	8,433,552	3,128,948

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2011

15. Creditors: amounts falling due after more than one year

	2011 £	2010 £
Bank loan (note 17)	-	5,150,000
Obligations under hire purchase contracts (note 17)	18,546	24,862
	<u>18,546</u>	<u>5,174,862</u>
Accruals and deferred income (note 18)	1,900,170	1,928,892
	<u>1,918,716</u>	<u>7,103,754</u>

16. Obligations under operating leases

At 30 June 2011 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	2011 £	2010 £	2011 £	2010 £
Operating leases which expire:				
Within one year	-	-	3,577	-
In two to five years	-	-	-	18,613
After more than five years	30,000	30,000	-	-
	<u>30,000</u>	<u>30,000</u>	<u>3,577</u>	<u>18,613</u>

17. Borrowings

	2011 £	2010 £
Bank overdraft	593,067	84,171
Bank loan	5,400,000	5,400,000
Directors' loans	435,000	435,000
Hire purchase contracts	35,890	44,662
	<u>6,463,957</u>	<u>5,963,833</u>

The total borrowings are repayable as follows:

	2011 £	2010 £
Within one year	6,445,411	788,970
Between one and two years	14,996	266,629
Between two and five years	3,550	8,234
After more than five years	-	4,900,000
	<u>6,463,957</u>	<u>5,963,833</u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2011

17. Borrowings (continued)

The bank borrowings are secured by a bond and floating charge over the assets of the company.

At 30 June 2011 the company had arrears of bank term loan repayments amounting to £300,000. No formal waiver had been received from the bank at 30 June 2011 in respect of these instalments and, accordingly, the entire loan balance of £5.4m is presented as falling due within one year. Subsequent to the year end, on 11 November 2011, the company agreed revised facilities with the bank.

The revised bank term loan facilities would have the impact of reducing the portion of bank debt included in current liabilities at 30 June 2011 by £5.4m with an equivalent increase in creditors due in more than one year. Consequently net current liabilities would reduce from £8.0m as reported to £2.6m. As the revised bank terms were not in place at 30 June 2011 this is not reflected in the balance sheet at that date.

The main terms attached to the revised bank facilities, agreed in November 2011, are:

- A term loan of £4.625 million, maturing on 19 October 2014. Minimum annual repayments of £250,000 are required to be made in each of the 3 periods then ending with additional debt reduction being required depending on financial performance. The loan will bear interest at 4.5% above LIBOR (previously 1.5% above LIBOR). The reduction from the term loan of £5.4m outstanding at 30 June 2011 to £4.625m reflects the proceeds from a player transfer (see note 25). Repayments of £600,000 are to be made by July 2012 via the scheduled receipt of deferred proceeds on the transfer of the player registration referred to above.

- An amended overdraft facility bearing interest at 3% above Bank of England bank rate (previously 1.5% above LIBOR).

The company has an interest rate swap in place to fix the interest rate at 2.715% from March 2009 to March 2012 on an amount of £4 million (note 24).

The company has received loans from individual directors, which are unsecured, interest free and have no set repayment terms. The amounts outstanding at 30 June 2011, together with the minimum and maximum amounts outstanding during the year are as follows:

	Minimum amount £	Maximum amount £	Balance at 30 June 2011 £
Directors' loans	435,000	535,000	435,000
		2011 £	2010 £
Obligations under hire purchase contracts			
Analysis of hire purchase contract repayments, net of future finance charges:			
Within one year		17,344	19,800
Between one and two years		14,996	16,628
Between two and five years		3,550	8,234
		35,890	44,662

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2011

18. Deferred income

	£
Football grounds improvement grants	
At 1 July 2010	1,981,252
Additional grant received	30,121
Released to profit and loss account	(55,225)
	<u>1,956,148</u>
At 30 June 2011	<u>1,956,148</u>
These amounts are released as follows:	
Falling due within one year	55,978
Falling due after more than one year	1,900,170
	<u>1,956,148</u>

19. Called up share capital

	2011 £	2010 £
Authorised:		
120,000 ordinary shares of £0.10 each (2010: 120,000)	<u>12,000</u>	<u>12,000</u>
Called up, allotted and fully paid		
	2011	2010
	No	No
	£	£
Ordinary shares of £0.10 each	<u>97,168</u>	<u>96,653</u>
	<u>9,717</u>	<u>9,666</u>

During the year, the company issued 345 shares at £33 each, for a total cash consideration of £11,385.

20. Reserves

	Share premium account £	Profit and loss account £
Balance at 1 July 2010	2,752,103	(5,869,697)
Loss for the year	-	(522,838)
Issue of new shares	<u>11,351</u>	<u>-</u>
Balance at 30 June 2011	<u>2,763,454</u>	<u>(6,392,535)</u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2011

21. Reconciliation of movements in shareholders' deficit

	2011 £	2010 £
(Loss)/profit for the financial year	(522,838)	65,592
New shares issued	11,402	-
(Increase)/decrease in shareholders' deficit	(511,436)	65,592
Opening shareholders' deficit	(3,107,928)	(3,173,520)
Closing shareholders' deficit	(3,619,364)	(3,107,928)

22. Notes to the cash flow statement

Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities

	2011 £	2010 £
Operating (loss)/profit	(310,781)	142,580
Amortisation of intangible fixed assets	60,391	112,059
Depreciation of tangible fixed assets	258,100	257,970
Release of grant income	(55,225)	(52,360)
Increase in stocks	(398)	(1,899)
Decrease/(increase) in debtors	159,479	(329,538)
(Decrease)/increase in creditors	(338,669)	314,273
Net cash (outflow)/inflow from operating activities	(227,103)	443,085

Returns on investments and servicing of finance

	2011 £	2010 £
Interest received	44,109	264
Interest paid	(260,514)	(270,345)
Net cash outflow from returns on investments and servicing of finance	(216,405)	(270,081)

Capital expenditure and financial investment

	2011 £	2010 £
Payments to acquire tangible fixed assets	(46,681)	(83,556)
Payments to acquire football registrations	(49,700)	(38,540)
Receipts from sale of football registrations	5,904	203,800
Net cash (outflow)/inflow from capital expenditure and financial investment	(90,477)	81,704

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2011

22. Notes to the cash flow statement (continued)

Financing

	2011 £	2010 £
Issue of share capital	11,402	-
Grant received	30,121	-
Hire purchase capital repayments	(28,522)	(31,555)
Directors' loans received	100,000	300,000
Repayment of directors' loans	(100,000)	-
Net cash inflow from financing	<u>13,001</u>	<u>268,445</u>

Reconciliation of net cash flow to movement in net debt

	2011 £	2010 £
(Decrease)/increase in cash in the period	(521,529)	523,153
Cash outflow/(inflow) from decrease/(increase) in debt	<u>28,522</u>	<u>(268,445)</u>
Movement in net debt arising from cashflows	(493,007)	254,708
New hire purchase agreements	(19,750)	(11,091)
Net debt at start of year	<u>(5,929,012)</u>	<u>(6,172,629)</u>
Net debt at end of year	<u>(6,441,769)</u>	<u>(5,929,012)</u>

Analysis of changes in net debt

	At 30 June 2010 £	Cashflows £	Hire purchase £	At 30 June 2011 £
Cash at bank and in hand	34,821	(12,633)	-	22,188
Bank overdraft	(84,171)	(508,896)	-	(593,067)
	<u>(49,350)</u>	<u>(521,529)</u>	<u>-</u>	<u>(570,879)</u>
Debt:				
Debt due within one year	(704,800)	(5,127,794)	(19,750)	(5,852,344)
Debt due after more than one year	<u>(5,174,862)</u>	<u>5,156,316</u>	<u>-</u>	<u>(18,546)</u>
Net debt	<u>(5,929,012)</u>	<u>(493,007)</u>	<u>(19,750)</u>	<u>(6,441,769)</u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2011

23. Contingent liabilities

At 30 June 2011 the company had certain contingent liabilities in respect of signing and other bonuses under the terms of contracts. The company has also entered arrangements under certain players' contracts for them to be entitled to a percentage of any future gain on the subsequent transfers of their registrations. No amounts have been provided in respect of these matters as events have not occurred to indicate that any such liabilities will crystallise.

24. Derivatives not included at fair value

Interest rate swap

The company has entered into an interest rate swap to manage its exposure to interest rate movements on bank borrowings. The fair value of this derivative is not reflected in the financial statements.

The details are as follows:

	Principal £	Rate fixed	Expiry	Fair value £
As at 30 June 2011	4,000,000	2.715%	March 2012	(55,158)
As at 30 June 2010	4,000,000	2.715%	March 2012	(115,049)

25. Post balance sheet event

Subsequent to 30 June 2011, the company generated a net gain on the transfer of a player registration of £1.8m. An element of this consideration (£1m) was received on transfer, with the balance to be received in instalments through to 30 June 2012. The majority of the initial proceeds received were used to facilitate a reduction in bank indebtedness, with further payments to be made as the balance of proceeds are received. Details of revised bank facilities, agreed in November 2011, are provided at note 17.

26. Controlling party

The controlling party is Catherine Thompson, Director, who owns 88% of the issued share capital.