

Company Registration No. SC013690

**Dundee United Football Company
Limited**

Report and Financial Statements

30 June 2012

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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

John Bennett

Catherine Thompson

Derek Robertson

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 2012.

Principal activities

The principal activity of the company continues to be that of a professional football club.

Review of the business

In the year ended 30 June 2012 the company achieved revenues of £5.0 million, being a 3% decrease from 2011. The first team had a successful season and the level of revenue year on year reflects this consistent performance. In the 2011/12 season, the first team reached the quarter finals of the Scottish Cup and achieved a fourth place finish in the Scottish Premier League ("SPL"). Wage costs remained consistent with 2011, although the drop in revenue resulted in the percentage of wages to turnover increasing slightly to 76% (2011: 74%). Looking forward, the club has made progress in significantly reducing its overall wage costs and this will be seen within the next annual financial statements. The club achieved a profit for the financial year amounting to £1,448,532 (2011: loss of £522,838), reflecting a gain of £2,135,495 (2011: loss of £11,892) on the transfer of player registrations.

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 revenue streams and the nurturing and development of young talent is crucial to the sustainability of the company.

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.

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 into in November 2011.

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 (2011: £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 103 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 for those taking part.

In conjunction with our registered charity partner, United for All, Dundee United provides free season tickets to some of the most deserving and disadvantaged children and families in the care of Dundee City Council, Social Work Department. Supporters also contribute to this scheme by way of our annual United for Kids appeal. 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)

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 terms of these financial liabilities are disclosed in note 17 to the financial statements.

Directors

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

Stephen E Thompson

Gilbert B Haggart

James M Martin (appointed 16 September 2011)

John Bennett (appointed 2 February 2012)

Catherine Thompson

Derek Robertson (appointed 11 September 2012)

Going concern

During the year the company agreed revised bank facilities, which included the establishment of a new term loan and revised working capital facilities. At 30 June 2012, the term loan had reduced to £3.93m and a further reduction of £225,000 was made in July 2012. A further minimum annual repayment of £250,000 is required by 31 October 2013. 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 company continues to meet its day to day working capital requirements through a bank overdraft facility. The bank overdraft facility is next due for review on 30 September 2013.

The company's cash flow forecasts identify a need for a continuation of the borrowing arrangements currently available plus additional temporary funding in the region of £200,000 through the seasonal peak financing period of January to April 2013. The bank has indicated that it is favourably inclined to providing the temporary additional requirement if other upsides not included in the forecasts do not materialise. 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. Having considered the company's forecasts, the continuation of appropriate bank support, and the continuing support of the controlling shareholder, the directors believe that the company has adequate arrangements to enable it to continue as a going concern through the next twelve months from the date of these financial statements.

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 has 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

17th Dec 2012

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 2012 which comprise the profit and loss account, the balance sheet, the cash flow statement, and the related notes 1 to 25. 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 2012, and of its profit 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.

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

24 Oct 2012

Dundee United Football Company Limited

Profit and loss account Year ended 30 June 2012

	Note	2012 £	2011 £
Turnover	2	5,041,116	5,207,894
Cost of sales		(4,580,566)	(4,663,271)
Gross profit		460,550	544,623
Administrative expenses		(1,116,745)	(1,068,295)
Other operating income		177,572	212,891
Operating loss	3	(478,623)	(310,781)
Gain/(loss) on disposal of player registrations		2,135,495	(11,892)
Profit/(loss) before interest and taxation		1,656,872	(322,673)
Interest receivable	6	-	44,109
Interest payable and similar charges	7	(206,473)	(244,274)
Profit/(loss) on ordinary activities before taxation		1,450,399	(522,838)
Tax on profit/(loss) on ordinary activities	8	(1,867)	-
Profit/(loss) for the financial year	20, 21	1,448,532	(522,838)

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 2012

	Note	2012 £	2011 £
Fixed assets			
Intangible assets	9	56,312	36,994
Tangible assets	10	6,068,104	6,279,270
Investments	11	1	1
		<u>6,124,417</u>	<u>6,316,265</u>
Current assets			
Stocks	12	2,984	2,297
Debtors	13	591,190	392,155
Cash at bank and in hand		162,711	22,188
		<u>756,885</u>	<u>416,640</u>
Creditors: amounts falling due within one year	14	<u>(3,477,041)</u>	<u>(8,433,552)</u>
Net current liabilities		<u>(2,720,156)</u>	<u>(8,016,912)</u>
Total assets less current liabilities		<u>3,404,261</u>	<u>(1,700,647)</u>
Creditors: amounts falling due after more than one year	15	<u>(5,571,727)</u>	<u>(1,918,717)</u>
Net liabilities		<u>(2,167,466)</u>	<u>(3,619,364)</u>
Capital and reserves			
Called up share capital	19	9,727	9,717
Share premium account	20	2,766,810	2,763,454
Profit and loss account	20	<u>(4,944,003)</u>	<u>(6,392,535)</u>
Shareholders' deficit	21	<u>(2,167,466)</u>	<u>(3,619,364)</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 17/10/2012.

Signed on behalf of the Board by:



S E Thompson

Chairman

Dundee United Football Company Limited

Cash flow statement Year ended 30 June 2012

		2012	2011
		£	£
Net cash outflow from operating activities	22	(406,547)	(227,103)
Returns on investments and servicing of finance	22	(206,473)	(216,405)
Taxation		-	(545)
Capital expenditure and financial investment	22	2,036,668	(90,477)
Cash inflow/(outflow) before financing		1,423,648	(534,530)
Financing	22	(1,525,380)	13,001
Decrease in cash	22	(101,732)	(521,529)

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2012

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 during the year. The overdraft facility is next due for review on 30 September 2013.

The company's cash flow forecasts identify a need for a continuation of the borrowing arrangements currently available plus additional temporary funding in the region of £200,000 through the seasonal peak financing period of January to April 2013. The bank has indicated that it is favourably inclined to providing the temporary additional requirement if other upsides not included in the forecasts do not materialise. 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.

Having considered the company's forecasts 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 twelve months, from the date of these financial statements.

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 2012

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 2012

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 is stated after charging/(crediting):

	2012 £	2011 £
Amortisation of intangible fixed assets	41,949	60,391
Depreciation		
- owned fixed assets	239,407	223,807
- assets held under hire purchase contracts	9,319	34,293
Auditor's remuneration		
- audit services	15,200	14,750
- audit related services	6,350	7,125
- tax advisory services	-	12,731
Release of deferred grant income	(55,271)	(55,225)
Operating lease rentals – other	61,632	44,801

4. Employee information

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

	2012 No	2011 No
Football	110	113
Administration and management	27	25
Ground staff	8	7
	<u>145</u>	<u>145</u>

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

	2012 £	2011 £
Wages and salaries	3,437,716	3,466,245
Social security costs	385,691	367,855
	<u>3,823,407</u>	<u>3,834,100</u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2012

5. Directors' emoluments

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

	2012 £	2011 £
Emoluments receivable	<u>157,064</u>	<u>141,343</u>

6. Interest receivable

	2012 £	2011 £
Bank interest	-	68
Other interest	<u>-</u>	<u>44,041</u>
	<u>-</u>	<u>44,109</u>

7. Interest payable and similar charges

	2012 £	2011 £
Bank interest payable and similar charges	203,425	239,802
Hire purchase interest	<u>3,048</u>	<u>4,472</u>
	<u>206,473</u>	<u>244,274</u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2012

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

	2012 £	2011 £
Current tax		
UK corporation tax	-	-

The average standard rate of tax for the year, based on the UK standard rate of tax is 25.5% (2011: 27.5%). The actual tax for the current and previous year differs from the average standard rate for the reasons set out in the following reconciliation:

	2012 £	2011 £
Profit/(loss) on ordinary activities before tax	1,450,399	(522,838)
Tax on profit/(loss) on ordinary activities at standard rate	369,852	(143,780)
Factors affecting charge for the year		
Expenses not deductible for tax purposes	216	585
Capital allowances in excess of depreciation	25,906	-
Depreciation in excess of capital allowances	-	30,094
Losses (relieved)/carried forward	(382,592)	146,611
Change in tax rate	(513)	-
Other timing differences	(11,002)	(33,510)
	<u>1,867</u>	<u>-</u>

At 30 June 2012 the company has an unrecognised deferred tax asset of £2,577,340 (2011: £3,183,367) 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 considered uncertain.

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2012

9. Intangible fixed assets

	Player and management registrations £
Cost	
At 1 July 2011	192,316
Additions	71,070
Disposals	(130,872)
At 30 June 2012	132,514
Amortisation	
At 1 July 2011	155,322
Charge for the year	41,949
On disposals	(121,069)
At 30 June 2012	76,202
Net book value	
At 30 June 2012	56,312
At 30 June 2011	36,994

10. Tangible fixed assets

	Stadium property £	Fixtures & fittings £	Motor vehicles £	Total £
Cost				
At 1 July 2011	8,695,035	1,777,447	115,183	10,587,665
Additions	-	37,560	-	37,560
At 30 June 2012	8,695,035	1,815,007	115,183	10,625,225
Depreciation				
At 1 July 2011	2,875,946	1,346,315	86,134	4,308,395
Charge for the year	173,901	67,563	7,262	248,726
At 30 June 2012	3,049,847	1,413,878	93,396	4,557,121
Net book value				
At 30 June 2012	5,645,188	401,129	21,787	6,068,104
At 30 June 2011	5,819,089	431,132	29,049	6,279,270

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2012

10. Tangible fixed assets (continued)

The net book value of tangible fixed assets includes £38,000 (2011: £38,000) in respect of land, which is not depreciated. The net book value of tangible fixed assets includes £41,264 (2011: £53,301) 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

	2012 £	2011 £
Bar stock	<u>2,984</u>	<u>2,297</u>

13. Debtors

	2012 £	2011 £
Trade debtors	316,496	201,879
Prepayments and accrued income	<u>274,694</u>	<u>190,276</u>
	<u>591,190</u>	<u>392,155</u>

14. Creditors: amounts falling due within one year

	2012 £	2011 £
Bank overdraft (note 17)	835,322	593,067
Bank loan (note 17)	225,000	5,400,000
Obligations under hire purchase contracts (note 17)	12,156	17,344
Directors' loans (note 17)	377,000	435,000
Trade creditors	393,196	409,709
Corporation tax	1,867	-
Other taxes and social security	445,258	443,387
Accruals and deferred income	<u>1,187,242</u>	<u>1,135,045</u>
	<u>3,477,041</u>	<u>8,433,552</u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2012

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

	2012 £	2011 £
Bank loan (note 17)	3,705,000	-
Obligations under hire purchase contracts (note 17)	6,390	18,546
	<u>3,711,390</u>	<u>18,546</u>
Accruals and deferred income (note 18)	1,860,337	1,900,170
	<u>5,571,727</u>	<u>1,918,716</u>

16. Obligations under operating leases

At 30 June 2012 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	2012 £	2011 £	2012 £	2011 £
Operating leases which expire:				
Within one year	-	-	6,850	3,577
In two to five years	36,000	-	14,103	-
After more than five years	-	30,000	-	-
	<u>36,000</u>	<u>30,000</u>	<u>20,953</u>	<u>3,577</u>

17. Borrowings

	2012 £	2011 £
Bank overdraft	835,322	593,067
Bank loan	3,930,000	5,400,000
Directors' loans	377,000	435,000
Hire purchase contracts	18,546	35,890
	<u>5,160,868</u>	<u>6,463,957</u>

The total borrowings are repayable as follows:

	2012 £	2011 £
Within one year	1,449,478	6,445,411
Between one and two years	252,840	14,996
Between two and five years	3,458,550	3,550
	<u>5,160,868</u>	<u>6,463,957</u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2012

17. Borrowings (continued)

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

Revised bank facilities were agreed in November 2011. The main terms attached 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 years then ending with additional debt reduction being required from proceeds of player registrations or improved financial performance. The loan bears interest at 4.5% above LIBOR (previously 1.5% above LIBOR).

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

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 2012, 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	377,000	435,000	377,000
		2012 £	2011 £
Obligations under hire purchase contracts			
Analysis of hire purchase contract repayments, net of future finance charges:			
Within one year		12,156	17,344
Between one and two years		2,840	14,996
Between two and five years		3,550	3,550
		<u>18,546</u>	<u>35,890</u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2012

18. Deferred income

	£
Football grounds improvement grants	
At 1 July 2011	1,956,148
Received in year	16,598
Released to profit and loss account	(55,271)
	<u>1,917,475</u>
At 30 June 2012	<u>1,917,475</u>
These amounts are released as follows:	
Falling due within one year	57,138
Falling due after more than one year	1,860,337
	<u>1,917,475</u>

19. Called up share capital

			2012 £	2011 £
Authorised:				
120,000 ordinary shares of £0.10 each (2011: 120,000)			12,000	12,000
Called up, allotted and fully paid				
	2012		2011	
	No	£	No	£
Ordinary shares of £0.10 each	97,270	9,727	97,168	9,717

During the year, the company issued 102 shares at £33 each, for a total cash consideration of £3,366.

20. Reserves

	Share premium account	Profit and loss account
	£	£
Balance at 1 July 2011	2,763,454	(6,392,535)
Profit for the year	-	1,448,532
Issue of new shares	3,356	-
Balance at 30 June 2012	<u>2,766,810</u>	<u>(4,944,003)</u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2012

21. Reconciliation of movements in shareholders' deficit

	2012 £	2011 £
Profit/(loss) for the financial year	1,448,532	(522,838)
New shares issued	3,366	11,402
Decrease/(increase) in shareholders' deficit	1,451,898	(511,436)
Opening shareholders' deficit	(3,619,364)	(3,107,928)
Closing shareholders' deficit	(2,167,466)	(3,619,364)

22. Notes to the cash flow statement

Reconciliation of operating loss to net cash outflow from operating activities

	2012 £	2011 £
Operating loss	(478,623)	(310,781)
Amortisation of intangible fixed assets	41,949	60,391
Depreciation of tangible fixed assets	248,726	258,100
Release of grant income	(55,271)	(55,225)
Increase in stocks	(687)	(398)
(Increase)/decrease in debtors	(199,036)	159,479
Increase/(decrease) in creditors	36,395	(338,669)
Net cash outflow from operating activities	(406,547)	(227,103)

Returns on investments and servicing of finance

	2012 £	2011 £
Interest received	-	44,109
Interest paid	(206,473)	(260,514)
Net cash outflow from returns on investments and servicing of finance	(206,473)	(216,405)

Capital expenditure and financial investment

	2012 £	2011 £
Payments to acquire tangible fixed assets	(37,560)	(46,681)
Payments to acquire football registrations	(71,070)	(49,700)
Receipts from sale of football registrations	2,145,298	5,904
Net cash inflow/(outflow) from capital expenditure and financial investment	2,036,668	(90,477)

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2012

22. Notes to the cash flow statement (continued)

Financing

	2012 £	2011 £
Issue of share capital	3,366	11,402
Grant received	16,598	30,121
Hire purchase capital repayments	(17,344)	(28,522)
Directors' loans received	-	100,000
Repayment of directors' loans	(58,000)	(100,000)
Repayment of term loan	(1,470,000)	-
Net cash (outflow)/inflow from financing	<u>(1,525,380)</u>	<u>13,001</u>

Reconciliation of net cash flow to movement in net debt

	2012 £	2011 £
Decrease in cash in the period	(101,732)	(521,529)
Cash outflow from decrease in debt	1,545,344	28,522
Movement in net debt arising from cash flows	1,443,612	(493,007)
New hire purchase agreements	-	(19,750)
Net debt at start of year	<u>(6,441,769)</u>	<u>(5,929,012)</u>
Net debt at end of year	<u>(4,998,157)</u>	<u>(6,441,769)</u>

Analysis of changes in net debt

	At 30 June 2011 £	Cash flows £	Hire purchase £	At 30 June 2012 £
Cash at bank and in hand	22,188	140,523	-	162,711
Bank overdraft	(593,067)	(242,255)	-	(835,322)
	<u>(570,879)</u>	<u>(101,732)</u>	<u>-</u>	<u>(672,611)</u>
Debt:				
Debt due within one year	(5,852,344)	5,226,032	12,156	(614,156)
Debt due after more than one year	(18,546)	(3,699,234)	6,390	(3,711,390)
Net debt	<u>(6,441,769)</u>	<u>1,425,066</u>	<u>18,546</u>	<u>(4,998,157)</u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2012

23. Contingent liabilities

~~At 30 June 2012 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. Related party transactions

During the year the company was charged £36,000 (2011: £30,000) by Panmure Street Property Company Limited, a company in which Mr John Bennett is also a director. The charges relate to the company's use of the Perth Road Hostel. The balance due to Panmure Street Property Company Limited at 30 June 2012 is £104,521 (2011: 124,362).

25. Controlling party

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