

Company Registration No. SC013690

**Dundee United Football Company
Limited**

Report and Financial Statements

30 June 2006



Dundee United Football Company Limited

Report and financial statements 2006

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Dundee United Football Company Limited

Report and financial statements 2006

Officers and professional advisers

Directors

Edward H Thompson (Chairman)
John M Bennett
James D S Carnegie
Gilbert B Haggart
Derek W Robertson
Stephen E 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

Thorntons
50 Castle Street
Dundee
DD1 3RU

Independent Auditors

Deloitte & Touche 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 2006

Principal activities

The principal activity of the company during the year was that of a professional football club. The company is a founding member of the Scottish Premier League.

Review of the business

In common with most Scottish football clubs the company has experienced difficult financial circumstances. The priority is to continue to reduce losses through the development of a cost structure aligned to the revenue base.

The directors consider the key performance indicators of the company to be turnover and the operating loss generated, the relationship of payroll costs to turnover and the playing performance of the club. The operating loss includes the fixed costs of the business which are mainly football related payroll costs and the upkeep of the football stadium. Turnover and operating loss are directly influenced by the performance of the club in the Scottish Premier League (SPL) and the club's final position in the SPL each season will impact on the future prospects for the company.

Turnover in the year was £4,151,033 (2005 £5,374,350), with operating loss in the year being £761,736 (2005 £488,001). Turnover was higher and operating loss lower in the prior year due to the revenues generated from reaching the Scottish Cup Final. The gain on sale of fixed assets in the year of £415,360 (2005 loss of £194,905) has primarily arisen due to a net gain of £375k arising from the disposal of Mark Wilson during the year.

Despite the club's wage bill being reduced during the year by £667,313, payroll costs as a percentage of turnover in the year were 68.1% (2005 65%). The company has been striving to decrease the wage bill in the year by disposing of high earning players, however this has been impacted by the fact that turnover has decreased.

The club finished in 9th place in the Scottish Premier League (2005 9th). The club reached the 3rd round of the Scottish Cup (2005 runners up) and the 3rd round of the League Cup (2005 semi finalists).

The principal risks and uncertainties facing the club surround the performance and results of the first team, which has a direct impact on revenues and financial performance.

Results and dividends

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

Due to the accumulated losses of £5.6 million the company is not in a position to pay a dividend.

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.

Financial instruments

The company's principal financial instruments are bank balances and amounts due from customers. The amounts presented in the balance sheet are net of any provisions for doubtful debts where required. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The company does not directly enter into any derivative financial instruments. The company's principal financial liabilities are bank overdrafts, term loans and loans from directors. The bank overdraft and term loan are on variable interest rates, with no interest charged on directors' loans. The terms of these financial liabilities are disclosed in note 18.

Dundee United Football Company Limited

Directors' report (continued)

Directors and their interests

The directors who served the company during the year together with their beneficial interests in the shares of the company at the beginning and the end of the year were as follows

	Ordinary shares of £0.10 each	
	At 30 June 2006	At 1 July 2005
Edward H Thompson	51,437	35,892
John M Bennett	160	160
James D S Carnegie	244	244
Gilbert B Haggart	300	300
Derek W Robertson	10	10
Stephen E Thompson	10	10

Details of the share issue can be found in note 20

Audit information

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

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

This confirmation is given and should be interpreted in accordance with the provision of s234ZA of the Companies Act 1985

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board


E H Thompson

Director

15/12/ 2006

Dundee United Football Company Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP")

Company law requires the directors to prepare such financial statements for each financial period which give a true and fair view in accordance with UK GAAP of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. 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, 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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

Independent auditors' 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 2006 which comprise the profit and loss account, balance sheet, cash flow statement and the related notes 1 to 26. 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 auditors' 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

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the directors' report is consistent with the financial statements.

Deloitte & Touche LLP
Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Aberdeen

United Kingdom

18 December 2006

Dundee United Football Company Limited

Profit and loss account Year ended 30 June 2006

	Note	2006 £	2005 £
Turnover	2	4,151,033	5,374,350
Cost of sales – recurring costs		(4,117,967)	(4,858,397)
– exceptional costs	3	(131,133)	(332,900)
Total cost of sales		(4,249,100)	(5,191,297)
Gross (loss)/profit		(98,067)	183,053
Administrative expenses		(751,384)	(748,274)
Other operating income		87,715	77,220
Operating loss	4	(761,736)	(488,001)
Gain/(loss) on disposal of fixed assets	7	415,360	(194,905)
Loss before interest and taxation		(346,376)	(682,906)
Interest receivable	8	181	910
Interest payable	9	(438,591)	(494,924)
Loss on ordinary activities before taxation		(784,786)	(1,176,920)
Tax on loss on ordinary activities	10		
Loss for the financial year	22	(784,786)	(1,176,920)
Balance brought forward		(4,858,143)	(3,681,223)
Balance carried forward		<u>(5,642,929)</u>	<u>(4,858,143)</u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results 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 30 June 2006

	Note	2006 £	2005 £
Fixed assets			
Intangible assets	11	478,503	428,286
Tangible assets	12	7,030,801	7,178,076
Investments	13		
		<u>7,509,304</u>	<u>7,606,362</u>
Current assets			
Stocks	14	45,000	96,218
Debtors	15	727,092	400,931
Cash at bank and in hand		22,755	56,211
		<u>794,847</u>	<u>553,360</u>
Creditors: amounts falling due within one year	16	<u>(4,139,962)</u>	<u>(3,581,752)</u>
Net current liabilities		<u>(3,345,115)</u>	<u>(3,028,392)</u>
Total assets less current liabilities		<u>4,164,189</u>	<u>4,577,970</u>
Creditors: amounts falling due after more than one year	17	<u>(8,166,692)</u>	<u>(8,308,720)</u>
		<u>(4,002,503)</u>	<u>(3,730,750)</u>
Capital and reserves			
Called up share capital	20	6,268	4,713
Share premium account	21	1,634,158	1,122,680
Profit and loss account		<u>(5,642,929)</u>	<u>(4,858,143)</u>
Shareholders' deficit	22	<u>(4,002,503)</u>	<u>(3,730,750)</u>

These financial statements were approved by the Board of Directors on

15 / 12 / 2006

Signed on behalf of the Board of Directors


E H Thompson
Director

Dundee United Football Company Limited

Cash flow statement Year ended 30 June 2006

		2006	2005
		£	£
Net cash (outflow)/inflow from operating activities	23	(343,731)	10,935
Returns on investments and servicing of finance	23	(436,732)	(460,877)
Capital expenditure and financial investment	23	<u>(13,271)</u>	<u>(530,844)</u>
Cash outflow before financing		(793,734)	(980,786)
Financing	23	<u>627,824</u>	<u>5,102,910</u>
(Decrease)/increase in cash	23	<u><u>(165,910)</u></u>	<u><u>4,122,124</u></u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2006

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Exemption from group accounts

The company was exempt by virtue of Section 248 of the Companies Act 1985 and FRS2 from the requirement to prepare group accounts on the basis of being a medium sized group. The company's subsidiary was dissolved in the year. The financial statements present information about the company as an individual undertaking.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation is calculated so as to write off the cost of assets, less their estimated residual values, over the useful economic life of assets 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.

Stocks

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

Transfer costs

Amounts paid to third parties for players' registrations, football league levies and agent commissions are capitalised as intangible assets and amortised on a straight line basis over the periods of their contracts.

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.

Signing on fees

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.

Grants receivable

Grants receivable 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.

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2006

1. Accounting policies (continued)

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 provided in full on timing differences which result in obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences on unremitted earnings of subsidiaries where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. Turnover

The turnover shown in the profit and loss account represents the value of goods and services provided during the year, exclusive of Value Added Tax. The turnover and loss before tax, all of which arises in the UK, are attributable to the principal activity of the company.

Gate and other match day revenues are over the period of 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 whilst facility fees for live coverage or highlights are taken when earned. Income from commissions is recognised when known with reasonable accuracy. Merit awards are accounted for only when known at the end of the season. The merit awards are accounted for in the period earned. Merchandising revenue is recognised when title to the goods is transferred to the customer.

3. Exceptional costs

These costs relate to termination payments as a result of changes within the football management and football staff of the club. These costs are exceptional as they relate to the reorganisation of the club in terms of changes in management and playing staff.

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

	2006 £	2005 £
Amortisation of intangible fixed assets	299,438	358,123
Depreciation – owned fixed assets	226,251	227,351
Auditors' remuneration	11,500	10,750
Release of deferred income	(46,360)	(46,360)
Gain on sale of investment		(5,948)
	<u> </u>	<u> </u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2006

5. Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2006 No	2005 No
Football	46	44
Administration and management	20	22
Ground staff	11	10
	<u>77</u>	<u>76</u>

The aggregate payroll costs of the above were

	2006 £	2005 £
Wages and salaries	2,567,303	3,173,743
Social security costs	257,701	318,574
	<u>2,825,004</u>	<u>3,492,317</u>

In addition to the above employee costs, payroll costs of £407,745 were funded by the Chairman through his director's loan account (note 24)

6. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2006 £	2005 £
Emoluments receivable	<u>90,915</u>	<u>82,277</u>

7 Gain/(loss) on disposal of fixed assets

	2006 £	2005 £
Gain/(loss) on cessation of player registrations	<u>415,360</u>	<u>(194,905)</u>

8. Interest receivable

	2006 £	2005 £
Bank interest	<u>181</u>	<u>910</u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2006

9. Interest payable and similar charges

	2006 £	2005 £
Bank interest payable and similar charges	438,591	480,161
Other loan interest		14,763
	<u>438,591</u>	<u>494,924</u>

10. Tax on loss on ordinary activities

	2006 £	2005 £
Current tax		
UK corporation tax		

The standard rate of tax for the year, based on the UK standard rate of tax is 30% (2005 30%) The actual tax for the current and previous years differ from the standard rate for the reasons set out in the following reconciliation

	2006 £	2005 £
Loss on ordinary activities before tax	(784,786)	(1,176,920)
Tax on loss on ordinary activities at standard rate	(235,436)	(353,076)
Factors affecting charge for the year		
Expenses not deductible for tax purposes	7,500	24,257
Capital allowances in excess of depreciation	67,875	29,201
Loss arising	186,375	299,721
Other items	(26,314)	(103)

At 30 June 2006 the company has an unrecognised deferred tax asset of £3,607,251 (2005 £3,404,780) due to the availability of trading losses for carry forward and capital allowances in excess of depreciation

The ability of the company to utilise the deferred tax asset depends on the future trading performance No deferred tax asset has been recognised given the uncertainty of available future trading profits required to utilise the accumulated tax losses

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2006

11. Intangible fixed assets

	Player and management registrations £
Cost	
At 1 July 2005	910,797
Additions	397,435
Disposals	(380,767)
At 30 June 2006	927,465
Amortisation	
At 1 July 2005	482,511
Charge for the year	299,438
On disposals	(332,987)
At 30 June 2006	448,962
Net book value	
At 30 June 2006	478,503
At 30 June 2005	428,286

12. Tangible fixed assets

	Stadium property £	Fixtures & fittings £	Motor vehicles £	Total £
Cost				
At 1 July 2005	8,695,035	1,329,578	71,002	10,095,615
Additions		78,976		78,976
At 30 June 2006	8,695,035	1,408,554	71,002	10,174,591
Depreciation				
At 1 July 2005	1,832,532	1,022,478	62,529	2,917,539
Charge for the year	173,904	50,231	2,116	226,251
At 30 June 2006	2,006,436	1,072,709	64,645	3,143,790
Net book value				
At 30 June 2006	6,688,599	335,845	6,357	7,030,801
At 30 June 2005	6,862,503	307,100	8,473	7,178,076

The net book value of the tangible fixed assets includes £38,000 (2005 £38,000) in respect of land, which is not depreciated

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2006

13. Investments held as fixed assets

	Investment in subsidiary £
Cost	
At 1 July 2005	1,000
Disposals	(1,000)
	<hr/>
At 30 June 2006	<hr/>
Provision	
At 1 July 2005	1,000
Disposals	(1,000)
	<hr/>
At 30 June 2006	<hr/>
Net book value	
At 30 June 2005 and at 30 June 2006	<hr/> <hr/>

Subsidiary undertaking	Country of incorporation	Proportion of ordinary shares held	Nature of business
Tannadice Catering Limited	Scotland	100%	Non trading
The subsidiary undertaking was dissolved during the year			

14. Stocks

	2006 £	2005 £
Goods for resale	45,000	96,218
	<hr/>	<hr/>

15. Debtors

	2006 £	2005 £
Trade debtors	444,915	54,089
Prepayments and accrued income	282,177	346,842
	<hr/>	<hr/>
	727,092	400,931
	<hr/>	<hr/>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2006

16. Creditors: amounts falling due within one year

	2006 £	2005 £
Bank overdraft (note 18)	795,274	662,820
Trade creditors	556,226	320,453
Other taxes and social security	374,707	355,635
Accruals and deferred income	1,585,915	1,625,463
Directors' loans (note 18)	827,840	617,381
	<u>4,139,962</u>	<u>3,581,752</u>

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

	2006 £	2005 £
Bank loan (note 18)	6,000,000	6,000,000
Directors' loans (note 18)	34,000	129,668
	<u>6,034,000</u>	<u>6,129,668</u>
Accruals and deferred income (note 19)	2,132,692	2,179,052
	<u>8,166,692</u>	<u>8,308,720</u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2006

18 Borrowings

	2006 £	2005 £
Bank overdraft	795,274	662,820
Bank loan	6,000,000	6,000,000
Directors' loans	861,840	747,049
	<u>7,657,114</u>	<u>7,409,869</u>

The total borrowings are repayable as follows

	2006 £	2005 £
Within one year	1,623,114	1,280,201
Between one and two years	284,800	294,000
Between two and five years	270,800	335,668
Over five years	5,478,400	5,500,000
	<u>7,657,114</u>	<u>7,409,869</u>

The bank loan and overdraft are secured by a bond and floating charge over the assets of the company

The bank loan bears interest at 1.5% above the bank's base rate, and is repayable by ninety one equal consecutive quarterly instalments of £65,200 and a final instalment of £66,800, commencing on 30 September 2007

Upon a breach of the agreed banking facilities a maximum personal guarantee of £200,000 plus interest on that sum at 2% over the bank's base rate, has been provided in connection with the bank borrowings by Mr E H Thompson, a director and majority shareholder. Subsequent to 30 June 2006 the bank released this guarantee.

The company has received loans from individual directors, which are unsecured and interest free. The amounts outstanding at year end, together with the minimum and maximum amounts outstanding during the year are as follows:

	Minimum amount £	Maximum amount £	Balance at 30 June 2006 £
Edward H Thompson	333,333	933,333	602,127
Other directors	259,713	395,332	259,713
			<u>861,840</u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2006

19. Accruals and deferred income falling due after more than one year

	£
Football grounds improvement grants	
At 1 July 2005	2,179,052
Released to profit and loss account (note 4)	(46,360)
	<hr/>
At 30 June 2006	<u>2,132,692</u>

20. Called up share capital

	2006 £	2005 £
Authorised.		
100,000 ordinary shares of £0 10 each	<u>10,000</u>	<u>10,000</u>

Called up, allotted and fully paid

	2006		2005	
	No	£	No	£
Ordinary shares of £0 10 each	<u>62,674</u>	<u>6,268</u>	<u>47,128</u>	<u>4,713</u>

During the year 15,546 ordinary shares of £0 10 each were issued at a price of £33 to increase the capital base, raising £513,033

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2006

21. Reserves

	Share premium account £
Balance at 1 July 2005	1,122,680
New equity share capital subscribed	511,478
	<hr/>
Balance at 30 June 2006	1,634,158
	<hr/>

22. Reconciliation of movements in shareholders' deficit

	2006 £	2005 £
Loss for the financial year	(784,786)	(1,176,920)
	<hr/>	<hr/>
New equity share capital subscribed	1,555	2,386
Premium on new share capital subscribed	511,478	785,126
	<hr/>	<hr/>
	513,033	787,512
	<hr/>	<hr/>
Net increase in shareholders' deficit	(271,753)	(389,408)
Opening shareholders' deficit	(3,730,750)	(3,341,342)
	<hr/>	<hr/>
Closing shareholders' deficit	(4,002,503)	(3,730,750)
	<hr/>	<hr/>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2006

23. Notes to the statement of cash flows

Reconciliation of operating loss to net cash outflow from operating activities

	2006 £	2005 £
Operating loss	(761,736)	(488,001)
Amortisation of intangible fixed assets	299,438	358,123
Depreciation	226,251	227,351
Gain on sale of investment		(5,948)
Release of grant income	(46,360)	(46,360)
Decrease/(increase) in stocks	51,218	(65,904)
Increase in debtors	(326,161)	(137,370)
Increase in creditors	213,619	169,044
Net cash (outflow)/inflow from operating activities	<u>(343,731)</u>	<u>10,935</u>

Returns on investments and servicing of finance

	2006 £	2005 £
Interest received	181	910
Interest paid	(436,913)	(461,787)
Net cash outflow from returns on investments and servicing of finance	<u>(436,732)</u>	<u>(460,877)</u>

Capital expenditure and financial investment

	2006 £	2005 £
Payments to acquire tangible fixed assets	(78,976)	(130,013)
Payments to acquire football registrations	(397,435)	(414,467)
Payments to acquire investments		(342)
Receipts from sale of investments		13,978
Receipts from sale of football registrations	463,140	
Net cash outflow from capital expenditure and financial investment	<u>(13,271)</u>	<u>(530,844)</u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2006

23. Notes to the statement of cash flows (continued)

Financing

	2006 £	2005 £
Issue of equity share capital	1,555	2,386
Share premium on issue of share capital	511,478	32,144
Loans advanced		4,000,000
Introduction of directors' loans	1,100,000	1,905,000
Repayment of directors' loans	(985,209)	(836,620)
Net cash inflow from financing	<u>627,824</u>	<u>5,102,910</u>

Reconciliation of net cash flow to movement in net debt

	2006 £	2005 £
(Decrease)/increase in cash in the period	(165,910)	4,122,124
Cash inflow from increase in debt	<u>(114,791)</u>	<u>(5,068,380)</u>
	(280,701)	(946,256)
Conversion of loan into share capital		752,982
Net debt at start of year	<u>(7,353,658)</u>	<u>(7,160,384)</u>
Net debt at end of year	<u>(7,634,359)</u>	<u>(7,353,658)</u>

Analysis of changes in net debt

	At 30 June 2005	Cashflows	At 30 June 2006
Cash in hand and at bank	56,211	(33,456)	22,755
Overdraft	(662,820)	<u>(132,454)</u>	<u>(795,274)</u>
		(165,910)	
Debt			
Debt due within one year	(617,381)	(210,459)	(827,840)
Debt due after more than 1 year	<u>(6,129,668)</u>	<u>95,668</u>	<u>(6,034,000)</u>
	<u>(7,353,658)</u>	<u>(280,701)</u>	<u>(7,634,359)</u>

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2006

24. Related party transactions

JDS Carnegie is a director of Dand Carnegie Consulting Limited, a firm providing accounting and taxation services to the company. In 2006 the fees charged to Dundee United Company Limited amounted to £5,250 (2005 £10,000), and sales of £4,018 (2005 £3,857) were made to Dand Carnegie Consulting Limited.

During the year the Chairman met £731,625 (2005 £nil) of expenses in relation to the payment of certain costs and meeting the carrying value of certain intangible assets. This has been funded through his director's loan account.

25. Contingent liabilities

At 30 June 2006 the company had certain contingent liabilities in respect of signing and other bonuses under the terms of contracts. The company also has 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.

26. Post balance sheet event

The year end balance sheet includes £195,505 within intangible assets in respect of the management staff and £157,807 in respect of playing staff. Subsequent to year end these staff were disposed of. In addition to this, compensation payments of £185,000 were made to the management staff. The £195,505 and the £157,807 have been recompensed to the club by the Chairman through his director's loan account.