

Company Registration No. SC013690

The Dundee United Football Company Limited

Report and Financial Statements

30 June 2013

SATURDAY



S34707BV

SCT

22/03/2014

#20

COMPANIES HOUSE

The Dundee United Football Company Limited

Report and financial statements 2013

Contents	Page
Officers and professional advisers	1
Directors' report	2
Directors' responsibilities statement	5
Independent auditor's report	6
Profit and loss account	7
Balance sheet	8
Cash flow statement	9
Notes to the financial statements	10

The Dundee United Football Company Limited

Report and financial statements 2013

Officers and professional advisers

Directors

Stephen E Thompson (Chairman)
James M Martin
Derek Robertson
Justine E A Mitchell

Company Secretary

Spence Anderson

Registered Office

Tannadice Park
Dundee
DD3 7JW

Bankers

Santander
Bootle
Merseyside
L30 4GB

Solicitors

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

Independent Auditor

Deloitte LLP
Aberdeen

The Dundee United Football Company Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2013.

Principal activities

The principal activity of the company continues to be that of a professional football club ("the Club").

Review of the business

In the year ended 30 June 2013 the company achieved revenues of £5.4 million, being a 7% increase from 2012. The first team had a successful season and the level of revenue year on year reflects this consistent performance. In the 2012/13 season, the first team reached the semi-finals of the Scottish Cup, the quarter-finals of the League Cup and achieved a sixth place finish in the Scottish Premier League ("SPL"). The Club has made progress in significantly reducing its overall wage costs with a 15% decrease from the previous year. The ratio of wage costs to turnover reduced to 61% (2012 76%). The Club achieved a profit for the financial year amounting to £319,115 (2012: £1,448,532), including a gain of £595,205 (2012: £2,135,495) on the transfer of player registrations.

A new management team, led by Jackie McNamara, was appointed in January 2013 and this, along with the introduction to the first team squad of a number of very highly rated young players, has given the directors, staff and fans of the Club real optimism for the coming seasons.

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 Club to its available revenue streams. The continuing nurturing and development of young talent is considered crucial to our long term strategy and sustainability.

The directors consider key performance indicators of the company to be turnover, the operating results generated, the relationship of payroll costs to turnover and the playing results and performance of the Club's various teams.

Principal risk and uncertainties facing the company surround the performance and results of the first team, which have a direct impact on revenues and financial performance as well as SPFL sponsorship and television rights income.

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 (2012: £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 104 year history as a leading figure in the local community and Scottish football, and recognises a responsibility to promote sport, health, social awareness and social inclusion in The Club 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, free season tickets are provided 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.

It is envisaged that the agreement to exit the banking arrangements with the Bank of Scotland referred to in the post balance events will enable the Club to further develop its community ambitions for the future.

The 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. Subsequent to 30 June 2013 an agreement has been reached with the Bank of Scotland to settle these liabilities, see post balance sheet events as discussed below.

Directors

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

Stephen E Thompson	
Gilbert B Haggart	(resigned 31 December 2012)
James M Martin	
John Bennett	(resigned 14 February 2013)
Catherine Thompson	(resigned 15 November 2013)
Derek Robertson	
Justine E A Mitchell	(appointed 15 November 2013)

Going concern

As discussed at note 1 to the financial statements, the directors consider that the company has sufficient available financial resources to enable it to continue to operate as a going concern through the 12 months following the date of approval of these financial statements.

Accordingly the financial statements continue to be prepared on a going concern basis.

Post balance sheet events

On 15 November 2013 Catherine Thompson ceased to be the controlling shareholder by virtue of the transfer of 52% of the issued share capital to Stephen Thompson, who is now the controlling shareholder, and 36% to Justine E A Mitchell.

On 5 February 2014 the company entered an agreement to exit its banking arrangements with Bank of Scotland. The negotiated terms included the payment of £1.45m on the entering of the agreement with further contingent payments to a maximum of £2.65m being payable through to 31 August 2015, dependent on transfer proceeds received through to that date. The borrowings due to the bank at the date of entering the arrangement were £4.7m. The bank will retain a floating charge until the satisfaction of the contingent obligations.

The agreement to exit the banking arrangements was financed through the issuance of £2.1m of unsecured loan notes. The loan notes bear interest at 6% and are repayable in four increasing annual instalments, commencing on the second anniversary of their issuance, with a payment of £369,250. Further details are provided at Note 24 to the financial statements.

The Dundee United Football Company Limited

Directors' report (continued)

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

19th / 23rd August 2014

The 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 The Dundee United Football Company Limited

We have audited the financial statements of The Dundee United Football Company Limited for the year ended 30 June 2013 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013, 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

19 February 2014

The Dundee United Football Company Limited

Profit and loss account Year ended 30 June 2013

	Notes	2013 £	2012 £
Turnover	2	5,389,829	5,041,116
Cost of sales		(4,572,512)	(4,580,566)
Gross profit		817,317	460,550
Administrative expenses		(973,206)	(1,116,745)
Other operating income		56,183	177,572
Operating loss	3	(99,706)	(478,623)
Gain on disposal of player registrations		595,205	2,135,495
Profit before interest and taxation		495,499	1,656,872
Interest payable and similar charges	6	(174,936)	(206,473)
Profit on ordinary activities before taxation		320,563	1,450,399
Tax on profit on ordinary activities	7	(1,448)	(1,867)
Profit for the financial year	19,20	319,115	1,448,532

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.

The Dundee United Football Company Limited

Balance sheet At 30 June 2013

	Notes	2013 £	2012 £
Fixed assets			
Intangible assets	8	64,205	56,312
Tangible fixed assets	9	5,895,120	6,068,104
Investments	10	1	1
		<u>5,959,326</u>	<u>6,124,417</u>
Current assets			
Stocks	11	2,888	2,984
Debtors	12	1,031,918	591,190
Cash at bank and in hand		25,396	162,711
		<u>1,060,202</u>	<u>756,885</u>
Creditors: amounts falling due within one year	13	<u>(3,596,358)</u>	<u>(3,477,041)</u>
Net current liabilities		<u>(2,536,156)</u>	<u>(2,720,156)</u>
Total assets less current liabilities		3,423,170	3,404,261
Creditors: amounts falling due after more than one year	14	<u>(5,249,840)</u>	<u>(5,571,727)</u>
Net liabilities		<u>(1,826,670)</u>	<u>(2,167,466)</u>
Capital and reserves			
Called up share capital	18	9,793	9,727
Share premium account	19	2,788,425	2,766,810
Profit and loss account	19	<u>(4,624,888)</u>	<u>(4,944,003)</u>
Shareholders' deficit	20	<u>(1,826,670)</u>	<u>(2,167,466)</u>

The financial statements of The Dundee United Football Company Limited, registered number SC013690, were approved by the Board of Directors and authorised for issue on 19th February 2014.

Signed on behalf of the Board by:



S E Thompson
Chairman

The Dundee United Football Company Limited

Cash flow statement Year ended 30 June 2013

	Notes	2013 £	2012 £
Net cash outflow from operating activities	21	(164,389)	(406,547)
Returns on investments and servicing of finance	21	(174,936)	(206,473)
Taxation	21	(1,322)	-
Capital expenditure and financial investment	21	456,764	2,036,668
Cash inflow before financing		116,117	1,423,648
Financing	21	(239,475)	(1,525,380)
Decrease in cash	21	(123,358)	(101,732)

The Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2013

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

As discussed in the Directors' report and in note 24 to these financial statements, on 5 February 2014 the company entered an agreement to exit its banking arrangements with Bank of Scotland, financed through the issuance of unsecured loan notes. The company's cash flow forecasts identify that it has sufficient resources to enable it to continue to operate as a going concern for the foreseeable future. The company's trading and cash projections contain assumptions around revenue, including, match day income, television revenues, sponsorship, merit awards and transfer activities. The revenue and cash projections are particularly sensitive to the league and cup performance of the first team and on proceeds from transfer activities.

Having considered all of the circumstances, including reasonably possible sensitivities, the directors have concluded that there is sufficient flexibility available to ensure appropriate cash resources will continue to be available for the foreseeable future. Accordingly, the going concern basis continues to be applied in the preparation of the 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.

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.

The Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2013

1. Accounting policies (continued)

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.

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.

Season ticket sales are deferred and, together with Gate and other match day revenues, 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.

The Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2013

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

	2013 £	2012 £
Amortisation of intangible assets	52,714	41,949
Depreciation		
- owned fixed assets	248,375	239,407
- assets held under hire purchase contracts	2,229	9,319
Auditor's remuneration		
- audit services	15,750	15,200
- audit related assurance services	6,350	6,350
Release of deferred grant income	(55,801)	(55,271)
Operating lease rentals – other	54,530	61,632

4. Employee information

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

	2013 No	2012 No
Football	108	110
Administration and management	20	27
Ground staff	5	8
	<u>133</u>	<u>145</u>

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

	2013 £	2012 £
Wages and salaries	2,942,094	3,437,716
Social security costs	320,114	385,691
	<u>3,262,208</u>	<u>3,823,407</u>

5. Directors' emoluments

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

	2013 £	2012 £
Emoluments	<u>38,465</u>	<u>157,064</u>

The Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2013

6. Interest payable and similar charges

	2013 £	2012 £
Bank interest	140,246	203,425
Hire purchase interest	2,510	3,048
Other interest	32,180	-
	<u>174,936</u>	<u>206,473</u>

7. Tax on profit on ordinary activities

	2013 £	2012 £
Current tax		
UK corporation tax	<u>1,448</u>	<u>1,867</u>

The average standard rate of tax for the year, based on the UK standard rate of tax is 23.8% (2012: 25.5%). The actual tax for the current and previous year differs from the average standard rate for the reasons set out in the following reconciliation:

	2013 £	2012 £
Profit on ordinary activities before tax	<u>320,563</u>	<u>1,450,399</u>
Tax on profit on ordinary activities at standard rate	76,134	369,852
Factors affecting charge for the year		
Expenses not deductible for tax purposes	2,174	216
Depreciation in excess of capital allowances	30,865	25,906
Prior year adjustment	(545)	-
Losses relieved	(82,730)	(382,592)
Change in tax rate	(671)	(513)
Other timing differences	(23,779)	(11,002)
	<u>1,448</u>	<u>1,867</u>

At 30 June 2013 the company has an unrecognised deferred tax asset of £2,494,610 (2012: £2,577,340) 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.

The Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2013

8. Intangible assets

	Player and management registrations £
Cost	
At 1 July 2012	132,514
Additions	60,607
Disposals	(45,553)
At 30 June 2013	147,568
Amortisation	
At 1 July 2012	76,202
Charge for the year	52,714
On disposals	(45,553)
At 30 June 2013	83,363
Net book value	
At 30 June 2013	64,205
At 30 June 2012	56,312

9. Tangible fixed assets

	Stadium property £	Fixtures & fittings £	Motor vehicles £	Total £
Cost				
At 1 July 2012	8,695,035	1,815,007	115,183	10,625,225
Additions	-	67,458	10,376	77,834
Disposals	-	-	(30,352)	(30,352)
At 30 June 2013	8,695,035	1,882,465	95,207	10,672,707
Depreciation				
At 1 July 2012	3,049,847	1,413,878	93,396	4,557,121
Charge for the year	173,901	69,086	7,617	250,604
Disposals	-	-	(30,138)	(30,138)
At 30 June 2013	3,223,748	1,482,964	70,875	4,777,587
Net book value				
At 30 June 2013	5,471,287	399,501	24,332	5,895,120
At 30 June 2012	5,645,188	401,129	21,787	6,068,104

The net book value of tangible fixed assets includes £38,000 (2012: £38,000) in respect of land, which is not depreciated. The net book value of tangible fixed assets includes £12,632 (2012: £41,264) in respect of assets held under hire purchase contracts.

The Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2013

10. Investments

The company holds one Ordinary Share of £1 in The Scottish Professional Football League Limited for which a consideration of £1 was paid. This represents a 2.38% interest in the company.

11. Stocks

	2013 £	2012 £
Bar stock	2,888	2,984

12. Debtors

	2013 £	2012 £
Trade debtors	722,607	316,496
Prepayments and accrued income	309,311	274,694
	1,031,918	591,190

Included within trade debtors is a balance of £400,000 which is due to be received in more than one year.

13. Creditors: amounts falling due within one year

	2013 £	2012 £
Bank overdraft (note 16)	821,365	835,322
Bank loan (note 16)	166,000	225,000
Obligations under hire purchase contracts (note 16)	2,840	12,156
Directors' loans (note 16)	453,000	377,000
Trade creditors	497,172	393,196
Corporation tax	1,993	1,867
Other taxes and social security	507,604	445,258
Football grounds improvement deferred grant (note 17)	54,384	57,138
Accruals and deferred income	1,092,000	1,130,104
	3,596,358	3,477,041

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

	2013 £	2012 £
Bank loan (note 16)	3,439,000	3,705,000
Obligations under hire purchase contracts (note 16)	3,550	6,390
	3,442,550	3,711,390
Football grounds improvement deferred grants (note 17)	1,807,290	1,860,337
	5,249,840	5,571,727

The Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2013

15. Obligations under operating leases

At 30 June 2013 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	2013	2012	2013	2012
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	5,510	6,850
In two to five years	36,000	36,000		14,103
After more than five years	-	-	13,300	-
	<u>36,000</u>	<u>36,000</u>	<u>18,810</u>	<u>20,953</u>

16. Borrowings

	2013	2012
	£	£
Bank overdraft	821,365	835,322
Bank loan	3,605,000	3,930,000
Director's loan	453,000	377,000
Hire purchase contracts	6,390	18,546
	<u>4,885,755</u>	<u>5,160,868</u>

The total borrowings are repayable as follows:

	2013	2012
	£	£
Within one year	1,443,205	1,449,478
Between one and two years	3,441,840	252,840
Between two and five years	710	3,458,550
	<u>4,885,755</u>	<u>5,160,868</u>

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

Revised bank facilities were agreed in October 2012. The main terms attached were:

- 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 3.2% above (previously 4.5%).
- An amended overdraft facility bearing interest at 3% above Bank of England bank rate (previously 1.5% above LIBOR).

Subsequent to the end of the financial year, the company entered into an agreement to exit the banking arrangements as discussed at Note 24.

The Dundee United Football Company Limited

Notes to the financial statements

Year ended 30 June 2013

16. Borrowings (continued)

The Director's loan is due to Catherine Thompson, who was also the controlling shareholder until 15 November 2013 (note 25). The loan is unsecured, interest free and had no contractually set repayment terms. Subsequent to the year end the terms of the loan were modified to provide for the loan to be repaid in monthly instalments of £4,000, commencing at the end of November 2013. The maximum and minimum outstanding balance during the year was £495,000 and £377,000 respectively.

	2013 £	2012 £
Obligations under hire purchase contracts		
Analysis of hire purchase contract repayments, net of future finance charges:		
Within one year	2,840	12,156
Between one and two years	2,840	2,840
Between two and five years	710	3,550
	<u>6,390</u>	<u>18,546</u>

17. Football grounds improvement deferred grants

	£
At 1 July 2012	1,917,475
Released to profit and loss account	(55,801)
At 30 June 2013	<u>1,861,674</u>
These amounts are released as follows:	
Falling due within one year	54,384
Falling due after more than one year	1,807,290
	<u>1,861,674</u>

18. Called up share capital

	2013		2012	
	No	£	No	£
Called up, allotted and fully paid				
Ordinary shares of £0.10 each	<u>97,927</u>	<u>9,793</u>	<u>97,270</u>	<u>9,727</u>

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

The Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2013

19. Reserves

	Share premium account £	Profit and loss account £
Balance at 1 July 2012	2,766,810	(4,944,003)
Profit for the financial year	-	319,115
Issue of new shares	21,615	-
Balance at 30 June 2013	<u>2,788,425</u>	<u>(4,624,888)</u>

20. Reconciliation of movements in shareholders' deficit

	2013 £	2012 £
Profit for the financial year	319,115	1,448,532
New shares issued	21,681	3,366
Decrease in shareholders' deficit	340,796	1,451,898
Opening shareholders' deficit	<u>(2,167,466)</u>	<u>(3,619,364)</u>
Closing shareholders' deficit	<u>(1,826,670)</u>	<u>(2,167,466)</u>

21. Notes to the cash flow statement

Reconciliation of operating loss to net cash outflow from operating activities

	2013 £	2012 £
Operating loss	(99,706)	(478,623)
Amortisation of intangible assets	52,714	41,949
Depreciation of tangible fixed assets	250,604	248,726
Loss on sale of fixed assets	214	-
Release of deferred grant income	(55,801)	(55,271)
Decrease/(increase) in stocks	96	(687)
Increase in debtors	(440,728)	(199,036)
Increase in creditors	127,338	36,395
Net cash outflow from operating activities	<u>(164,389)</u>	<u>(406,547)</u>

Returns on investments and servicing of finance

	2013 £	2012 £
Interest paid	<u>(174,936)</u>	<u>(206,473)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(174,936)</u>	<u>(206,473)</u>

The Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2013

21. Notes to the cash flow statement (continued)

Taxation

	2013 £	2012 £
Taxation received	545	-
Taxation paid	(1,867)	-
Net cash outflow from taxation	(1,322)	-

Capital expenditure and financial investment

	2013 £	2012 £
Payments to acquire tangible fixed assets	(77,834)	(37,560)
Payments to acquire football registrations	(60,607)	(71,070)
Receipts from sale of football registrations	595,205	2,145,298
Net cash inflow from capital expenditure and financial investment	456,764	2,036,668

Financing

	2013 £	2012 £
Issue of share capital	21,681	3,366
Grant received	-	16,598
Hire purchase capital repayments	(12,156)	(17,344)
Directors' loans received	190,000	-
Repayment of directors' loans	(114,000)	(58,000)
Repayment of term loan	(325,000)	(1,470,000)
Net cash outflow from financing	(239,475)	(1,525,380)

Reconciliation of net cash flow to movement in net debt

	2013 £	2012 £
Decrease in cash in the period	(123,358)	(101,732)
Cash outflow from decrease in debt	261,156	1,545,344
Movement in net debt arising from cash flows	137,798	1,443,612
Net debt at start of year	(4,998,157)	(6,441,769)
Net debt at end of year	(4,860,359)	(4,998,157)

The Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2013

21. Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At 30 June 2012 £	Cash flows £	Hire purchase £	At 30 June 2013 £
Cash at bank and in hand	162,711	(137,315)	-	25,396
Bank overdraft	(835,322)	13,957	-	(821,365)
	(672,611)	(123,358)	-	(795,969)
Debt:				
Debt due within one year	(614,156)	(10,524)	2,840	(621,840)
Debt due after more than one year	(3,711,390)	265,290	3,550	(3,442,550)
Net debt	(4,998,157)	131,408	6,390	(4,860,359)

22. Contingent liabilities

At 30 June 2013 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.

23. Related party transactions

During the year the company was charged £36,000 (2012: £36,000) 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 for accommodating youth players from out of the city. The balance due to Panmure Street Property Company Limited at 30 June 2013 is £88,629 (2012: £104,521).

24. Post balance sheet events

On 5 February 2014 the company entered an agreement to exit its banking arrangements with Bank of Scotland. The negotiated terms included the payment of £1.45m on the entering of the agreement with further contingent payments to a maximum of £2.65m being payable through to 31 August 2015, dependent on future transfer proceeds received through to that date. The borrowings due to the bank at the date of entering the arrangement were £4.7m and the bank will retain a floating charge until the satisfaction of the contingent obligations.

The agreement to exit the banking arrangements was financed through the issuance of £2.1m of unsecured loan notes. The loan notes bear interest at 6% and are repayable in four increasing annual instalments, commencing on the second anniversary of their issuance, with a payment of £369,250.

The Dundee United Football Company Limited

Notes to the financial statements

Year ended 30 June 2013

24. Post balance sheet events (continued)

The company has entered an arrangement with Santander plc to provide day to day banking services going forward.

In November 2013 Stephen Thompson and Justine Mitchell, both Directors, provided loans to the company of £121,000 and £79,000 respectively. The loans are interest free and unsecured with no fixed terms of repayment. The respective directors have confirmed the company is not obligated to repay any of the principal outstanding in the period through to 31 March 2015, if it considers to do so would compromise its ability to meet ongoing commitments and to continue to trade as a going concern throughout this period.

25. Controlling party

The controlling party at the balance sheet date was Catherine Thompson, Director, who owned 88% of the issued share capital. On 15 November 2013 Stephen E Thompson, Director, became the controlling party following the transfer of 52% of the issued share capital from Catherine Thompson, who also resigned as a director.