

Company Registration No. SC013690

**Dundee United Football Company
Limited**

Report and Financial Statements

30 June 2010

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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
Catherine Thompson

Secretary

Spence Anderson

Registered Office

Tannadice Park
Dundee
DD3 7JW

Bankers

Bank of Scotland plc
2 West Marketgait
Dundee
DD1 1QN

Solicitors

Blackadders
30 & 34 Reform Street
Dundee
DD1 1RJ

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

Independent Auditor

Deloitte LLP
Aberdeen

Dundee United Football Company Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2010.

Principal activities

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

Review of the business

In the year ended 30 June 2010 the company achieved revenues of £6.1 million, being a 4% increase over 2009 revenue, which also benefited from £382,000 arising from the operation of the club shop, prior to its transfer to Just Sport Pro Club Limited in June 2009. The increase in revenue is largely attributable to improved first team results with the highlights being the winning of the Scottish Cup and a third place finish in the Scottish Premier League (SPL). The company recorded an operating profit of £142,580 (2009: £241,056 loss). The profit for the financial year amounted to £65,592 (2009: loss of £136,748). The club's wage bill increased during the year by £359,008 and payroll costs as a percentage of turnover in the year were 65% (2009: 62%). The loss in 2009 was also impacted through a non-recurring exceptional item being the bad debt relating to the Setanta financial failure of £256,808. Excluding this exceptional item, the company's profit for the year fell by £54,468 primarily due to reduced gains on player and management disposals.

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 operating results include the fixed costs of the business which are mainly football related payroll costs and the upkeep of the stadium. Turnover and operating results are directly influenced by the playing performance of the club in the Scottish Premier League and cup competitions.

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 ongoing discussions surrounding the proposed restructure of the Scottish Premier League is also an important consideration for the company. The company is dependent on the continuing availability of appropriate banking facilities.

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 (2009: £nil).

Environment

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

Social and community statement

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

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

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

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

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 provisions for doubtful debts where required. The credit risk on liquid funds is considered limited because the counterparty is a bank with a credit-rating assigned by international credit-rating agencies. The company's principal financial liabilities are a bank overdraft and term loan. The bank overdraft and term loan are on variable interest rates. The company has entered into an interest rate swap to fix the interest rate on the term loan at 2.715% from March 2009 to March 2012 on an amount of £4 million. The terms of these financial liabilities are disclosed in note 17 to the financial statements.

Directors

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

Stephen E Thompson

Gilbert B Haggart

Derek W Robertson (resigned 6 January 2010, reappointed 29 April 2010, resigned 10 January 2011)

Catherine Thompson

Going concern

The company meets its day to day working capital requirements through a bank overdraft facility with a bank term loan also being in place. The bank overdraft facility is next due for review and renewal on 30 June 2011.

The company's monthly trading and cash flow forecast for the period through to 30 June 2012, identifies a need for a continuation of the bank term loan and overdraft facilities currently available, as well as a level of additional shareholder support. Currently a capital payment of £250,000 on the bank term loan is scheduled for 30 September 2011 and two capital payments originally scheduled for 2009 and 2010, totalling £250,000, remain unpaid. The directors are working closely with the bank to develop a longer term plan to reduce bank indebtedness and while no formal arrangement is in place with the bank, these capital payments are not anticipated to be required to be made in the coming twelve months and are not included in the company's forecasts. The forecasts identify a need for additional funding of £300,000, beyond that currently available from the bank. The controlling shareholder has confirmed that additional financial support to this level will be made available on the basis that the existing level of bank facilities (including the term loan) continue through the coming twelve months. The peak financing requirement as forecast is seasonal, and is also dependent on a level of playing success as well as the appropriate management of wage costs. The directors consider the assumptions underlying the cash forecasts to be conservative compared to recent experience 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 included in the forecasts.

The company's ability to continue to trade as a going concern is dependent on the continuing availability of appropriate bank facilities and shareholder support. The directors are in regular dialogue with the company's bankers and having considered matters, have a reasonable expectation that the level of facilities currently extended will be available throughout the twelve months from the date of this report. Having considered the company's forecasts through to 30 June 2012, the expected continuation of current bank facilities and the availability of additional financial support from the controlling shareholder, the directors believe that the company will continue as a going concern through the next twelve months. However it is recognised that the absence of committed bank facilities beyond 30 June 2011 and reliance on additional financial support from the controlling shareholder represent material uncertainties over the company's ability to continue as a going concern.

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

Approved by the Board and signed on its behalf by:



S E Thompson
Chairman

4 MARCH, 2011

Dundee United Football Company Limited

Directors' responsibilities statement

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

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

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

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

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

We have audited the financial statements of Dundee United Football Company Limited for the year ended 30 June 2010 which comprise the profit and loss account, the balance sheet, the cash flow statement, and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state 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.

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 2010, 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.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company's forecasts and projections through the twelve months following the date of this report identify a need for a continuation of existing banking facilities and also a level of additional financial support from the controlling shareholder to fund the forecast peak working capital requirement. The absence of committed bank facilities beyond 30 June 2011 and reliance on a level of additional financial support from the controlling shareholder represent material uncertainties which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

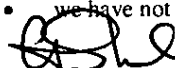
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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


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

4 March 2011

Dundee United Football Company Limited

Profit and loss account Year ended 30 June 2010

| | Note | 2010 £ | 2009 £ |
|---|--------|----------------------|-------------------------|
| Turnover | 2 | 6,052,434 | 5,791,917 |
| Cost of sales | | (5,036,551) | (4,861,491) |
| Gross profit | | <u>1,015,883</u> | <u>930,426</u> |
| Administrative expenses - recurring | | (1,141,168) | (977,000) |
| - exceptional | 3 | - | (256,808) |
| Total administrative expenses | | <u>(1,141,168)</u> | <u>(1,233,808)</u> |
| Other operating income | | <u>267,865</u> | <u>62,326</u> |
| Operating profit/(loss) | 3 | <u>142,580</u> | <u>(241,056)</u> |
| Gain on disposal of player and management registrations | | <u>191,717</u> | <u>461,634</u> |
| Profit before interest and taxation | | <u>334,297</u> | <u>220,578</u> |
| Interest receivable | 6 | 264 | 4,072 |
| Interest payable and similar charges | 7 | <u>(268,424)</u> | <u>(361,398)</u> |
| Profit/(loss) on ordinary activities before taxation | | <u>66,137</u> | <u>(136,748)</u> |
| Tax on profit/(loss) on ordinary activities | 8 | <u>(545)</u> | <u>-</u> |
| Profit/(loss) for the financial year | 20, 21 | <u><u>65,592</u></u> | <u><u>(136,748)</u></u> |

All of the activities of the company are 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 At 30 June 2010

| | Note | 2010 £ | 2009 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Intangible assets | 9 | 65,481 | 151,083 |
| Tangible assets | 10 | 6,470,939 | 6,634,262 |
| Investments | 11 | 1 | 1 |
| | | <u>6,536,421</u> | <u>6,785,346</u> |
| Current assets | | | |
| Stocks | 12 | 1,899 | - |
| Debtors | 13 | 551,633 | 222,095 |
| Cash at bank and in hand | | 34,821 | 23,672 |
| | | <u>588,353</u> | <u>245,767</u> |
| Creditors: amounts falling due within one year | 14 | <u>(3,128,948)</u> | <u>(2,834,674)</u> |
| Net current liabilities | | <u>(2,540,595)</u> | <u>(2,588,907)</u> |
| Total assets less current liabilities | | <u>3,995,826</u> | <u>4,196,439</u> |
| Creditors: amounts falling due after more than one year | 15 | <u>(7,103,754)</u> | <u>(7,369,959)</u> |
| Net liabilities | | <u>(3,107,928)</u> | <u>(3,173,520)</u> |
| Capital and reserves | | | |
| Called up share capital | 19 | 9,666 | 9,666 |
| Share premium account | 20 | 2,752,103 | 2,752,103 |
| Profit and loss account | 20 | (5,869,697) | (5,935,289) |
| Shareholders' deficit | 21 | <u>(3,107,928)</u> | <u>(3,173,520)</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 **4 MARCH, 2011**.

Signed on behalf of the Board by:



S E Thompson

Chairman

Dundee United Football Company Limited

Cash flow statement Year ended 30 June 2010

| | | 2010 £ | 2009 £ |
|---|----|-----------|-----------|
| Net cash inflow/(outflow) from operating activities | 22 | 443,085 | (149,075) |
| Returns on investments and servicing of finance | 22 | (270,081) | (388,804) |
| Capital expenditure and financial investment | 22 | 81,704 | 206,312 |
| Cash inflow/(outflow) before financing | | 254,708 | (331,567) |
| Financing | 22 | 268,445 | (149,070) |
| Increase/(decrease) in cash | 22 | 523,153 | (480,637) |

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2010

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 balance sheet on page 8 shows that the company has net liabilities of £3,107,928 and net current liabilities of £2,540,595 at 30 June 2010. The company meets its day to day working capital requirements through an overdraft facility with a term loan (£5.4m) also being in place. The bank overdraft facility is next due for review and renewal on 30 June 2011.

The company's forecasts for the period through to 30 June 2012 identify a need for a continuation of the bank term loan and overdraft facilities currently available as well as a level of additional shareholder support. Currently a capital payment of £250,000 on the bank term loan is scheduled for 30 September 2011 and two capital payments originally scheduled for 2009 and 2010, totalling £250,000, remain unpaid. The directors are working closely with the bank to develop a longer term plan to reduce bank indebtedness and while no formal arrangement is in place with the bank, these capital payments are not anticipated to be required to be made in the coming twelve months and are not included in the company's forecasts. The forecasts identify a need for additional funding of £300,000, beyond that currently available from the bank. The controlling shareholder has confirmed that additional financial support to this level will be made available on the basis that the existing level of bank facilities (including the term loan) continue through the coming twelve months. The peak financing requirement as forecast is seasonal and is also dependent on a level of playing success as well as the appropriate management of wage costs. The directors consider the assumptions underlying the cash forecasts to be conservative by reference to recent experience 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 included in the forecasts.

The application of the going concern basis in preparing these financial statements assumes a continuation of existing banking facilities for a further 12 months beyond the review date of 30 June 2011. The directors are in regular dialogue with the company's bankers and having considered matters, have a reasonable expectation that the level of facilities currently extended will be available throughout the twelve months from the date of signing these financial statements. Having considered the company's forecasts through to 30 June 2012, the expected continuation of the current banking facilities and the availability of additional financial support from the controlling shareholder, the directors believe that the company will continue as a going concern through the next twelve months. However it is recognised that the absence of committed facilities beyond 30 June 2011 and reliance on additional financial support from the controlling shareholder represent material uncertainties over the company's ability to continue as a going concern.

Tangible fixed assets

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

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

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

Depreciation is not provided on freehold land.

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2010

1. Accounting policies (continued)

Intangible fixed assets and 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 2010

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 whilst 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. Merchandising revenue is recognised when title to the goods is transferred to customers.

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

| | 2010 £ | 2009 £ |
|---|-----------|-----------|
| Amortisation of intangible fixed assets | 112,059 | 136,044 |
| Depreciation | | |
| - owned fixed assets | 226,640 | 197,856 |
| - assets held under hire purchase contracts | 31,330 | 24,554 |
| Auditors' remuneration | | |
| - audit services | 16,500 | 15,500 |
| - audited related services | 6,500 | 6,300 |
| Release of deferred grant income | (52,360) | (46,360) |
| Operating lease rentals – other | 46,168 | 33,659 |

Included in the operating loss in 2009 was an exceptional bad debt charge of £256,808 relating to the financial failure of Setanta.

4. Employee information

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

| | 2010 No | 2009 No |
|-------------------------------|------------|------------|
| Football | 63 | 57 |
| Administration and management | 26 | 20 |
| Ground staff | 8 | 13 |
| | <u>97</u> | <u>90</u> |

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

| | 2010 £ | 2009 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 3,579,630 | 3,242,353 |
| Social security costs | 383,191 | 361,460 |
| | <u>3,962,821</u> | <u>3,603,813</u> |

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2010

5. Directors' emoluments

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

| | 2010 £ | 2009 £ |
|-----------------------|----------------|----------------|
| Emoluments receivable | <u>107,078</u> | <u>113,545</u> |

6. Interest receivable

| | 2010 £ | 2009 £ |
|---------------|------------|--------------|
| Bank interest | <u>264</u> | <u>4,072</u> |

7. Interest payable and similar charges

| | 2010 £ | 2009 £ |
|---|----------------|----------------|
| Bank interest payable and similar charges | 262,735 | 356,315 |
| Hire purchase interest | <u>5,689</u> | <u>5,083</u> |
| | <u>268,424</u> | <u>361,398</u> |

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2010

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

| | 2010 £ | 2009 £ |
|--------------------|-----------|-----------|
| Current tax | | |
| UK corporation tax | 545 | - |

The standard rate of tax for the year, based on the UK standard rate of tax is 28% (2009: 28%). The actual tax for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

| | 2010 £ | 2009 £ |
|---|-----------|-----------|
| Profit/(loss) on ordinary activities before tax | 66,137 | (136,748) |
| Tax on profit/(loss) on ordinary activities at standard rate | 18,518 | (38,289) |
| Factors affecting charge for the year | | |
| Expenses not deductible for tax purposes | 1,429 | 864 |
| Capital allowances in excess of depreciation | - | (508) |
| Depreciation in excess of capital allowances | 16,756 | - |
| Losses (brought)/carried forward | (12,362) | 55,569 |
| Small companies rate effect | (182) | - |
| Other timing differences | (23,614) | (17,636) |
| | 545 | - |

At 30 June 2010 the company has an unrecognised deferred tax asset of £3,310,135 (2009: £3,361,697) 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 dependant on future profitability and is therefore uncertain.

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2010

9. Intangible fixed assets

| | Player and management registrations £ |
|-----------------------|--|
| Cost | |
| At 1 July 2009 | 369,362 |
| Additions | 38,540 |
| Disposals | (29,284) |
| At 30 June 2010 | <u>378,618</u> |
| Amortisation | |
| At 1 July 2009 | 218,279 |
| Charge for the year | 112,059 |
| On disposals | (17,201) |
| At 30 June 2010 | <u>313,137</u> |
| Net book value | |
| At 30 June 2010 | <u>65,481</u> |
| At 30 June 2009 | <u>151,083</u> |

10. Tangible fixed assets

| | Stadium property £ | Fixtures & fittings £ | Motor vehicles £ | Total £ |
|-----------------------|-----------------------|--------------------------|---------------------|-------------------|
| Cost | | | | |
| At 1 July 2009 | 8,695,035 | 1,627,460 | 104,092 | 10,426,587 |
| Additions | - | 83,556 | 11,091 | 94,647 |
| At 30 June 2010 | <u>8,695,035</u> | <u>1,711,016</u> | <u>115,183</u> | <u>10,521,234</u> |
| Depreciation | | | | |
| At 1 July 2009 | 2,528,144 | 1,199,812 | 64,369 | 3,792,325 |
| Charge for the year | 173,901 | 71,986 | 12,083 | 257,970 |
| At 30 June 2010 | <u>2,702,045</u> | <u>1,271,798</u> | <u>76,452</u> | <u>4,050,295</u> |
| Net book value | | | | |
| At 30 June 2010 | <u>5,992,990</u> | <u>439,218</u> | <u>38,731</u> | <u>6,470,939</u> |
| At 30 June 2009 | <u>6,166,891</u> | <u>427,648</u> | <u>39,723</u> | <u>6,634,262</u> |

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2010

10. Tangible fixed assets (continued)

The net book value of tangible fixed assets includes £38,000 (2009: £38,000) in respect of land, which is not depreciated. The net book value of tangible fixed assets includes £67,844 (2009: £88,083) 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

| | 2010 £ | 2009 £ |
|-------|-----------|-----------|
| Stock | 1,899 | - |

13. Debtors

| | 2010 £ | 2009 £ |
|--------------------------------|-----------|-----------|
| Trade debtors | 169,513 | 81,217 |
| Prepayments and accrued income | 382,120 | 140,878 |
| | 551,633 | 222,095 |

14. Creditors: amounts falling due within one year

| | 2010 £ | 2009 £ |
|---|-----------|-----------|
| Bank overdraft (note 17) | 84,171 | 596,175 |
| Trade creditors | 422,258 | 514,183 |
| Corporation tax | 545 | - |
| Other taxes and social security | 531,666 | 356,835 |
| Accruals and deferred income | 1,385,508 | 1,150,062 |
| Bank loan (note 17) | 250,000 | 50,000 |
| Directors' loans (note 17) | 435,000 | 135,000 |
| Obligations under hire purchase contracts (note 17) | 19,800 | 32,419 |
| | 3,128,948 | 2,834,674 |

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2010

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

| | 2010 £ | 2009 £ |
|---|------------------|------------------|
| Bank loan (note 17) | 5,150,000 | 5,350,000 |
| Obligations under hire purchase contracts (note 17) | 24,862 | 32,707 |
| | <u>5,174,862</u> | <u>5,382,707</u> |
| Accruals and deferred income (note 18) | 1,928,892 | 1,987,252 |
| | <u>7,103,754</u> | <u>7,369,959</u> |

16. Obligations under operating leases

At 30 June 2010 the company had annual commitments under non-cancellable operating leases as set out below:

| | Other 2010 £ | Other 2009 £ |
|--|--------------------|--------------------|
| Operating leases which expire: In two to five years | <u>48,613</u> | <u>17,337</u> |

17. Borrowings

| | 2010 £ | 2009 £ |
|-------------------------|------------------|------------------|
| Bank overdraft | 84,171 | 596,175 |
| Bank loan | 5,400,000 | 5,400,000 |
| Directors' loans | 435,000 | 135,000 |
| Hire purchase contracts | 44,662 | 65,126 |
| | <u>5,963,833</u> | <u>6,196,301</u> |

The total borrowings are repayable as follows:

| | 2010 £ | 2009 £ |
|----------------------------|------------------|------------------|
| Within one year | 788,970 | 813,594 |
| Between one and two years | 266,629 | 217,698 |
| Between two and five years | 8,234 | 265,009 |
| After more than five years | 4,900,000 | 4,900,000 |
| | <u>5,963,833</u> | <u>6,196,301</u> |

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2010

17. Borrowings (continued)

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 LIBOR. A capital repayment of £250,000 is scheduled for 30 September 2011 and two capital payments originally scheduled for 30 September 2009 and 30 September 2010 remain unpaid. There are no set repayment dates for the remainder of the loan.

The company has entered into an interest rate swap to fix the interest rate at 2.715% from March 2009 to March 2012 on an amount of £4 million (note 25).

The bank overdraft bears interest at 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 2010, together with the minimum and maximum amounts outstanding during the year are as follows:

| | Minimum amount £ | Maximum amount £ | Balance at 30 June 2010 £ |
|---|------------------------|------------------------|------------------------------------|
| Directors' loans | 135,000 | 435,000 | 435,000 |
| | | 2010 £ | 2009 £ |
| Obligations under hire purchase contracts | | | |
| Analysis of hire purchase contract repayments, net of future finance charges: | | | |
| Within one year | | 19,800 | 32,419 |
| Between one and two years | | 16,628 | 17,698 |
| Between two and five years | | 8,234 | 15,009 |
| | | 44,662 | 65,126 |

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2010

18. Deferred income

| | £ |
|--|------------------|
| Football grounds improvement grants | |
| At 1 July 2009 | 2,033,612 |
| Released to profit and loss account | (52,360) |
| | <u>1,981,252</u> |
| At 30 June 2010 | <u>1,981,252</u> |
| These amounts are released as follows: | |
| Falling due within one year | 52,360 |
| Falling due after more than one year | 1,928,892 |
| | <u>1,981,252</u> |

19. Called up share capital

| | 2010 £ | 2009 £ |
|---|---------------|---------------|
| Authorised: | | |
| 120,000 ordinary shares of £0.10 each (2009: 120,000) | <u>12,000</u> | <u>12,000</u> |

Called up, allotted and fully paid

| | 2010 | | 2009 | |
|-------------------------------|---------------|--------------|---------------|--------------|
| | No | £ | No | £ |
| Ordinary shares of £0.10 each | <u>96,653</u> | <u>9,666</u> | <u>96,653</u> | <u>9,666</u> |

20. Reserves

| | Share premium account £ | Profit and loss account £ |
|-------------------------|----------------------------------|------------------------------------|
| Balance at 1 July 2009 | 2,752,103 | (5,935,289) |
| Profit for the year | - | 65,592 |
| Balance at 30 June 2010 | <u>2,752,103</u> | <u>(5,869,697)</u> |

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2010

21. Reconciliation of movements in shareholders' deficit

| | 2010 £ | 2009 £ |
|--|-------------|-------------|
| Profit/(loss) for the financial year | 65,592 | (136,748) |
| Decrease/(increase) in shareholders' deficit | 65,592 | (136,748) |
| Opening shareholders' deficit | (3,173,520) | (3,036,772) |
| Closing shareholders' deficit | (3,107,928) | (3,173,520) |

22. Notes to the cash flow statement

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

| | 2010 £ | 2009 £ |
|---|-----------|-----------|
| Operating profit/(loss) | 142,580 | (241,056) |
| Amortisation of intangible fixed assets | 112,059 | 136,044 |
| Depreciation of tangible fixed assets | 257,970 | 222,410 |
| Loss on sale of fixed assets | - | 2,914 |
| Release of grant income | (52,360) | (46,360) |
| (Increase)/decrease in stocks | (1,899) | 48,345 |
| (Increase)/decrease in debtors | (329,538) | 234,108 |
| Increase/(decrease) in creditors | 314,273 | (505,480) |
| Net cash inflow/(outflow) from operating activities | 443,085 | (149,075) |

Returns on investments and servicing of finance

| | 2010 £ | 2009 £ |
|---|-----------|-----------|
| Interest received | 264 | 4,072 |
| Interest paid | (270,345) | (392,876) |
| Net cash outflow from returns on investments and servicing of finance | (270,081) | (388,804) |

Capital expenditure and financial investment

| | 2010 £ | 2009 £ |
|---|-----------|-----------|
| Payments to acquire tangible fixed assets | (83,556) | (193,942) |
| Payments to acquire football registrations | (38,540) | (75,646) |
| Receipts from sale of football registrations | 203,800 | 475,900 |
| Net cash inflow from capital expenditure and financial investment | 81,704 | 206,312 |

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2010

22. Notes to the cash flow statement (continued)

Financing

| | 2010 £ | 2009 £ |
|--|----------------|------------------|
| Grant received | - | 40,000 |
| Hire purchase capital repayments | (31,555) | (32,022) |
| Directors' loans received | 300,000 | 135,000 |
| Repayment of directors' loans | - | (192,048) |
| Repayment of bank loan | - | (100,000) |
| Net cash inflow/(outflow) from financing | <u>268,445</u> | <u>(149,070)</u> |

Reconciliation of net cash flow to movement in net debt

| | 2010 £ | 2009 £ |
|--|--------------------|--------------------|
| Increase/(decrease) in cash in the period | 523,153 | (480,637) |
| Cash (inflow)/outflow from (increase)/decrease in debt | <u>(268,445)</u> | <u>189,070</u> |
| Movement in net debt arising from cashflows | 254,708 | (291,567) |
| New hire purchase agreements | (11,091) | (25,850) |
| Net debt at start of year | <u>(6,172,629)</u> | <u>(5,855,212)</u> |
| Net debt at end of year | <u>(5,929,012)</u> | <u>(6,172,629)</u> |

Analysis of changes in net debt

| | At 30 June 2009 £ | Cashflows £ | Hire purchase £ | At 30 June 2010 £ |
|-----------------------------------|-------------------------|----------------|-----------------------|-------------------------|
| Cash at bank and in hand | 23,672 | 11,149 | - | 34,821 |
| Bank overdraft | <u>(596,175)</u> | <u>512,004</u> | <u>-</u> | <u>(84,171)</u> |
| | (572,503) | 523,153 | - | (49,350) |
| Debt: | | | | |
| Debt due within one year | (217,419) | (476,289) | (11,091) | (704,799) |
| Debt due after more than one year | <u>(5,382,707)</u> | <u>207,844</u> | <u>-</u> | <u>(5,174,863)</u> |
| Net debt | <u>(6,172,629)</u> | <u>254,708</u> | <u>(11,091)</u> | <u>(5,929,012)</u> |

Dundee United Football Company Limited

Notes to the financial statements Year ended 30 June 2010

23. Related party transactions

J M Bennett, a director during the prior year, was a partner of J&E Shepherd, a firm which acts as a broker of rented accommodation to Dundee United Football Company Limited. In the year to 30 June 2009, the rental charged to the company totalled £92,520. At the end of 2009 £42,560 of rental costs were outstanding. While transactions were made in the current year they are not disclosed as the related party relationship did not exist in that period.

24. Contingent liabilities

At 30 June 2010 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.

25. Derivatives not included at fair value

Interest rate swap

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

The details are as follows:

| | Principal £ | Rate fixed | Expiry | Fair value £ |
|--------------------|----------------|------------|------------|-----------------|
| As at 30 June 2010 | 4,000,000 | 2.715% | March 2012 | (115,049) |
| As at 30 June 2009 | 4,000,000 | 2.715% | March 2012 | (11,117) |

26. Controlling party

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