

Company Registration No. SC013690 (Scotland)

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

COMPANY INFORMATION

Directors	Mr D K Dorward Mr J Fyffe Mr M Ogren Mr S Ogren	(Appointed 18 December 2018) (Appointed 18 December 2018)
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Company number	SC013690
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Registered office	Tannadice Park Dundee DD3 7JW
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Auditor	Thomson Cooper 3 Castle Court Carnegie Campus Dunfermline Fife KY11 8PB
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Bankers	Santander (Bootle) Bridle Road Bootle Merseyside L30 1PH
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THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

CONTENTS

	Page
Strategic report	1 - 4
Directors' report	5 - 6
Independent auditor's report	7 - 9
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14 - 29

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present the strategic report and financial statements for the year ended 30 June 2019.

Strategy and business model

Dundee United Football Club (the "company" and the "Club") is committed to be a sustainable and enduring competitor in the top half of the Scottish Premiership, with a philosophy both on and off the field of continuous personal and team development supported by first class facilities, staff, coaching, youth development and club infrastructure. It aims to be the club of choice for highly talented players and aspiring youngsters, and through a thriving senior football and academy set-up we will ensure our players are developed to their highest level possible.

Review of the business

This year saw significant changes in the ownership and management of Dundee United, with Mark Ogren acquiring a controlling 85.6% shareholding in the company on 18 December 2018, and at the same time replacing Mike Martin as Chairman. Mark and his son Scott were appointed directors of the company in December 2018, with James Fyffe and David Dorward remaining as non-executive directors, thereby ensuring important continuity and links to the supporter base and local communities.

The operational board, appointed by Mark Ogren in January 2019, to initially restructure the Club in order to improve performance across all areas of the organisation and then manage the Club thereafter, comprises:

- Malachy Brannigan - Managing Director
- Tony Asghar - Sporting Director
- Derek Bond - Finance Director

The primary focus of the operational board will always be on the football and commercial operations, as these are the two drivers that will deliver and maintain success. As a consequence, significant change and investment has already been made in personnel and systems in order to strengthen these areas, and we believe we now have the foundations in place for operating in the Premiership on a consistent basis.

It was a great disappointment to the Board and everyone at the Club that we missed out on promotion last season, however this has only increased our determination to succeed this season. The short-term focus and vision for everyone at the Club is achieving promotion to the Premiership, this being one of the strategic objectives of the High Performance Plan put in place since January 2019. The positive start made by the First Team in the league this season is very promising, including the fantastic 6-2 win over our local rivals.

Many developments have taken place within the "cover all" term of the football department since the change of ownership at the Club, not least in the Academy. The appointment of the SFA's Andrew Goldie as Academy Director in February 2019 was key to the Academy's drive for achieving the objective of Elite Performance status, as designated by the SFA. Professional contracts have been awarded to thirteen Academy graduates, including ten from the Tayside area, with one of them, Chris Mochrie, becoming the Club's youngest player to make a professional appearance. He joined fellow previous Academy graduates Logan Chalmers, Declan Glass, Louis Appere, Jamie Robson, Matty Smith, Scott Banks and Ross Graham all featuring in first team matches since January.

The Club's recruitment reach has stretched as far as America and Argentina and it will continue to scout from emerging markets, as well as closer to home. The facilities the Club enjoys at the High Performance Centre at the University of St. Andrews, the investment made into coaching, medical, sport science and support staff, plus the latest technologies made available by other partner bodies, are all instrumental in the recruitment and subsequent retention of players. These partnerships extend beyond academia and include Boca Juniors, the Scottish Rugby Union and the Scotland National Performance centre as well as Abertay University.

The Club achieved Silver status, moving from Bronze, following the most recent audit review by the game's governing body, the Scottish Football Association. This is a further material indicator that the Club is moving in the right direction, as it reflects not only the coaching structure but also the overall governance of the organisation: the (infamous and characteristic) gradient of the Tannadice pitch stopped us from getting the top award!

Turning to the financial results for the year ended 30 June 2019, the Statement of Comprehensive Income shows a loss of £3,759,220 (2018 - £218,993).

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Review of the business (continued)

This significant loss emphasises the level of financial investment made by Mark Ogren into the Club and includes the costs associated with undertaking the restructuring that was required, including a complete overhaul of the First Team playing squad and coaching staff, and restructuring the Academy to a standard that is commensurate with our strategic aims for the Club, as noted earlier.

Substantial investment was necessary in the infrastructure of the Club at the same time, although some of this spend is less visible than others, with the painting and maintenance of the Eddie Thompson stand being one example of this, and the renewal of the playing surface at Tannadice being another. The Board has committed to an ongoing series of projects to upgrade facilities throughout the stadium, and the refurbished and improved Centenary Lounge and Captain's Box are testament to this commitment. As a consequence, the Club now has capacity for more than 400 hospitality covers on every match day.

The Club's policy of continually improving the fan experience saw further investment in technology, with a new ticketing system and retail point of sale system being implemented throughout the stadium to coincide with us bringing the retail store back in-house. A new fibre-optic ring has been installed around the stadium, bringing more and better connectivity throughout Tannadice. Further improvements are planned in relation to Wi-Fi provision, catering within the concourses and the retail experience.

In terms of comparing the operating loss with last year, it is important to highlight two material points: firstly, in the financial year ended 30 June 2018 the Club was the beneficiary of £1.48m from player transfer income generated from sell-on clauses for players that were sold in previous seasons whereas this year, the figure amounts to only £0.17m, a significant difference of more than £1.3m; and secondly, the Club realised a gain of £0.44m from the sale of Gussie Park last year. There is a commitment to exercise the option to bring this property back under the ownership of the Club in 2019, and we expect this transaction to be completed soon.

The operating loss for year ended 30 June 2018, excluding the gain on sale of Gussie Park and income from player transfers, was £2.04m, this being £1.77m less than this year's operating loss of £3.81m.

The reduction in turnover of £0.07m (2%) is mainly attributable to season ticket sales, although this was substantially offset by increased match gate receipts towards the end of the season and income from the unsuccessful play-off matches. Although Dundee United again had the highest average home attendance numbers in the Championship in season 2018/19, this figure was down by about 8% from the previous season. Looking ahead into season 2019/20, the Club has reversed a five-year trend of falling season ticket attendees and revenues and the decision to bring retail back in-house and partner with Macron has indicated that investment has been made in the relevant areas. This is on the back of not increasing prices for those renewing Season Ticket holders who bought at the first opportunity and generating greater revenue from retail, all of which now comes directly to the Club.

The total wage cost increase of £1.13m (39%), reflects the significant investment being made into the First Team playing squad, the coaching staff for all squads currently under the Club's stewardship plus the cost of terminating some player and staff contracts during the year. As noted above, the restructuring and repositioning of the Club, on a number of fronts, will see short, medium and long-term benefits but as these numbers indicate, it comes at a significant but thankfully short-term cost.

Administrative expenses increased by £0.15m (10%), excluding the gain on sale of Gussie Park in the year ended 30 June 2018.

The net assets deficit of £2.27m, as reported in the Balance Sheet as at 30 June 2019, is distorted by the £4.70m funding provided by Mark Ogren, to the above date, being disclosed within Creditors rather than within Capital & Reserves. This funding has been provided to the Club on an interest-free loan basis, with no intention in the short to medium term to seek any repayment of this debt.

The internal projections for the year to 30 June 2020 anticipate a further operating loss, albeit much lower than in the year to 30 June 2019 due to the non-recurrence of some of the significant one-off costs that the Club has incurred in the last twelve months. The Board is also projecting new incremental revenue streams, in addition to a full year of profits from the retail store.

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Review of the business (continued)

The Board is determined to address the magnitude of the on-going operating losses through its commitment to providing the funds and framework within the Club to maximise the Team's chances of achieving promotion and consequently accessing the higher levels of match-day income, SPFL prize money and commercial opportunities that are currently available to Premiership clubs. The Academy is viewed as an essential and integral part of the Club, and the investment that has been made this year in targeting Project Brave Elite status will bring long-term benefits through a pipeline of top players that will enhance and strengthen the First Team and support the long term future of the Club. Decisions will be made where players will be sold but not to the detriment of the strategic plan or against the transfer policy endorsed by the Board, the Executive Team and the Head Coach.

The Board would like to thank the fans for continuing to turn out in large numbers to support the team during the recent period in the Club's history, and also all staff for their commitment, loyalty and hard work.

The Directors would like to congratulate Dundee United Community Trust for recently being recognised as the Best Professional Club in the Community: a tremendous achievement given that the Trust has only been established for three years. The work that it carries out across many sectors in the community, as the Club's charitable body, is to be commended.

It is also important to note and say thank you to the Club's commercial partners for the preceding twelve months and to build on these for the next twelve months. The presence of Utilita on the front of the primary and alternate Club shirts as well as J.F. Kegs, Norman Jamieson, Paint-Tec and Newtyle Commercials on the rest of the strip illustrates that the Club attracts both national, regional and local companies. Although no longer on the Club strip, Carling has continued to support the Club by becoming the naming rights partner of the Carling Stand. In addition, the support that the Club has received from its community of commercial supporters is genuinely valued and underpins what being part of Dundee United is all about. As already mentioned, the Board are delighted to have signed a four-year kit supply agreement with Italian technical sportswear manufacturer Macron, and we have also engaged local catering company, Alchemy Inns Ltd, to provide corporate hospitality and kiosk services to the Club. The Board would like to pass on its gratitude to Just Sport and Sodexo for their efforts over the last number of seasons and whose contracts have now expired.

We are confident that together we can make Dundee United successful on and off the pitch once again.

Principal risks and uncertainties

Due to the principal activity of the company, the revenues of the business are inherently linked to the on-field performance and success of the football team.

The performance of the team in recent years has led to the company making significant financial losses, which have required substantial investment to maintain the company as a going concern. The principal risk to the business is therefore the possibility of the team remaining in the Championship for a prolonged period of time.

As noted above, the new owners and Board are committed to providing the required funding to the Club to maintain it as a going concern in the Championship, and also to provide the platform to enhance the team's prospects of promotion to the Premiership.

Key performance indicators

	2019	2018	2017
SPFL Championship	2nd (Play-off final)	3rd (Play-off semi-final)	3rd (Play-off final)
SPFL Challenge Cup	2nd Round	Quarter Finals	Winner
Scottish Cup	Quarter Finals	5th Round	4th Round
Scottish League Cup	Group Stage	2nd Round	Quarter Finals
Turnover	£3.12m	£3.19m	£3.50m
Operating Loss	£3.81m	£1.60m	£1.46m
Wages to Turnover Ratio	133%	94%	81%
Financial Year Loss	£3.76m	£0.22m	£1.04m

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

On behalf of the board

Mr M Ogren

Director

3 October 2019

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their annual report and financial statements for the year ended 30 June 2019.

Principal activities

The principal activity of the company is the operation of a professional football club within Scottish Professional Football League ("SPFL").

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J M Martin	(Resigned 18 December 2018)
Mr D K Dorward	
Mr J Fyffe	
Mr M Ogren	(Appointed 18 December 2018)
Mr S Ogren	(Appointed 18 December 2018)

Results and dividends

The results for the year are set out on page 10.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Post reporting date events

On 5 August 2019 the Scottish Football Association ruled against the company in respect of a dispute with Queens Park Football Club over additional payments due on the transfer of Andrew Robertson to Hull City.

A full provision has been made for the costs associated with this ruling.

Auditor

In accordance with the company's articles, a resolution proposing that Thomson Cooper be reappointed as auditor of the company will be put at a General Meeting.

Statement of directors' responsibilities

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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr M Ogren

Director

3 October 2019

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

Opinion

We have audited the financial statements of The Dundee United Football Company Limited (the 'company') for the year ended 30 June 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISA's (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

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.

Sharon Collins (Senior Statutory Auditor)
for and on behalf of Thomson Cooper

4 October 2019

Accountants
Statutory Auditor

3 Castle Court
Carnegie Campus
Dunfermline
Fife
KY11 8PB

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £	2018 £
Turnover	3	3,124,236	3,189,550
Cost of sales		(5,313,502)	(3,756,918)
Gross loss		(2,189,266)	(567,368)
Administrative expenses		(1,676,409)	(1,086,554)
Other operating income		53,181	54,728
Operating loss	4	(3,812,494)	(1,599,194)
Interest receivable and similar income	7	64	19
Interest payable and similar expenses	8	(113,726)	(101,500)
Gain on disposal of player registrations	9	166,936	1,481,682
Loss before taxation		(3,759,220)	(218,993)
Tax on loss	10	-	-
Loss for the financial year		(3,759,220)	(218,993)

The income statement has been prepared on the basis that all operations are continuing operations.

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	2019 £	2018 £
Fixed assets			
Intangible assets	11	63,592	25,818
Tangible assets	12	4,538,238	4,578,663
Investments	13	1	1
		<u>4,601,831</u>	<u>4,604,482</u>
Current assets			
Stocks	15	19,775	3,899
Debtors	16	699,570	1,113,979
Cash at bank and in hand		146,629	86,986
		<u>865,974</u>	<u>1,204,864</u>
Creditors: amounts falling due within one year	17	<u>(2,431,813)</u>	<u>(3,717,267)</u>
Net current liabilities		<u>(1,565,839)</u>	<u>(2,512,403)</u>
Total assets less current liabilities		<u>3,035,992</u>	<u>2,092,079</u>
Creditors: amounts falling due after more than one year	18	<u>(5,304,168)</u>	<u>(1,543,562)</u>
Net (liabilities)/assets		<u><u>(2,268,176)</u></u>	<u><u>548,517</u></u>
Capital and reserves			
Called up share capital	22	9,882	9,877
Share premium account		2,813,858	2,812,180
Other reserves	23	875,186	-
Profit and loss reserves		<u>(5,967,102)</u>	<u>(2,273,540)</u>
Total equity		<u><u>(2,268,176)</u></u>	<u><u>548,517</u></u>

The financial statements were approved by the board of directors and authorised for issue on 3 October 2019 and are signed on its behalf by:

Mr M Ogren
Director

Company Registration No. SC013690

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Share capital	Share premium account	Equity reserve	Other reserves	Profit and loss	Total
Notes	£	£	£	£	£	£
Balance at 1 July 2017	9,876	2,811,851	16,414	-	(2,054,547)	783,594
Year ended 30 June 2018:						
Loss and total comprehensive income for the year	-	-	-	-	(218,993)	(218,993)
Issue of share capital	22	1	329	-	-	330
Other movements	-	-	(16,414)	-	-	(16,414)
Balance at 30 June 2018	9,877	2,812,180	-	-	(2,273,540)	548,517
Year ended 30 June 2019:						
Loss and total comprehensive income for the year	-	-	-	-	(3,759,220)	(3,759,220)
Issue of share capital	22	5	1,678	-	-	1,683
Other movements	-	-	-	875,186	65,658	940,844
Balance at 30 June 2019	9,882	2,813,858	-	875,186	(5,967,102)	(2,268,176)

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	Notes	£	£
Cash flows from operating activities			
Cash absorbed by operations	28	(2,921,573)	(1,828,053)
Interest paid		(48,068)	(107,838)
Net cash outflow from operating activities		(2,969,641)	(1,935,891)
Investing activities			
Purchase of intangible assets		(85,053)	(26,694)
Proceeds on disposal of intangibles		166,936	1,481,682
Purchase of tangible fixed assets		(177,705)	(11,139)
Proceeds on disposal of tangible fixed assets		-	438,727
Interest received		64	19
Net cash (used in)/generated from investing activities		(95,758)	1,882,595
Financing activities			
Proceeds from issue of shares		1,683	330
Repayment of convertible loans		-	(489,924)
Repayment of borrowings		(1,635,000)	459,925
Monies introduced by directors		4,758,359	-
Net cash generated from/(used in) financing activities		3,125,042	(29,669)
Net increase/(decrease) in cash and cash equivalents		59,643	(82,965)
Cash and cash equivalents at beginning of year		86,986	169,951
Cash and cash equivalents at end of year		146,629	86,986

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

The Dundee United Football Company Limited is a private company limited by shares incorporated in Scotland. The registered office is Tannadice Park, Dundee, DD3 7JW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The company incurred losses of £3,759,220 (2018: £218,893) during the year, net current liabilities of £1,565,840 (2018: £2,512,403) and a balance sheet deficit of £2,268,176 (2018: Surplus of £548,517).

The directors have prepared trading forecasts and assessed cash flow requirements for the period to 30 June 2020. These forecasts are prepared using assumptions which the directors consider to be appropriate to the financial position of the company as regards future expected revenues and changes in the cost base. The forecasts indicate that additional working capital financing is required to enable the company to fund its business plan and to meet its liabilities as they fall due. The amount of additional funding required will be dependent upon player trading and on field performance, which could ultimately lead to promotion.

The directors acknowledge that the company's liquidity position is reliant on the continued funding from Mark Ogren and without this support a material uncertainty would exist which may cast doubt over the company's ability to continue as a going concern. The Board has obtained written confirmation from Mark Ogren of his intention to provide such financial support as is required by the company for its continued operation for a period of at least twelve months from the date of approval of the financial statements.

After due consideration of the above, including the potential impact of key assumptions not materialising and having received assurances from the owners of the company the Board are satisfied there is reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly the Board consider it appropriate to prepare the financial statements on the going concern basis.

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. All turnover originates in the United Kingdom.

Season ticket sales are deferred and, together with gate and other matchday 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 where 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 (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Player registration	Over the term of the players contract
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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 are capitalised as intangible assets 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.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

In considering the risk of impairment the directors take into account the expected future cash flows to be generated by the company's activities. Given the company's long-term track record in generating significant transfer fees from the identification and developments of its player pool, the directors take into account potential future transfer income in their assessment of impairment.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Stadium Property	2% straight line
Fixtures & fittings	15% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.8 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises purchase price and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

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.

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the company performs impairment tests based on fair value less costs to sell. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset.

3 Turnover and other revenue

	2019	2018
	£	£
Turnover analysed by class of business		
Football	2,194,697	2,216,359
Commercial	899,938	858,624
Other	29,601	114,567
	<u>3,124,236</u>	<u>3,189,550</u>
	2019	2018
	£	£
Other significant revenue		
Interest income	64	19
Grants received	53,181	54,728
	<u></u>	<u></u>

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

4 Operating loss

	2019 £	2018 £
Operating loss for the year is stated after charging/(crediting):		
Government grants	(53,181)	(54,728)
Fees payable to the company's auditor for the audit of the company's financial statements	11,181	10,939
Depreciation of owned tangible fixed assets	218,130	211,351
Profit on disposal of tangible fixed assets	-	(438,727)
Amortisation of intangible assets	47,279	28,945
Cost of stocks recognised as an expense	1,309,837	896,961
Operating lease charges	212,115	169,625
	<u> </u>	<u> </u>

During the prior year the company sold the property at Gussie Park and realised a gain totalling £438,727.

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2019 Number	2018 Number
Football	65	54
Administration and management	21	19
Ground Staff	3	2
	<u> </u>	<u> </u>
	89	75
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	3,702,955	2,696,833
Social security costs	409,232	283,712
Pension costs	46,873	20,791
	<u> </u>	<u> </u>
	4,159,060	3,001,336
	<u> </u>	<u> </u>
Redundancy payments made or committed	181,801	81,900
	<u> </u>	<u> </u>

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

6 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	52,387	73,500
Compensation for loss of office	-	23,600
	<u>52,387</u>	<u>97,100</u>

7 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	64	19
	<u>64</u>	<u>19</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	64	19
	<u>64</u>	<u>19</u>

8 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	(7)	67
Interest on convertible loan notes	-	(6,338)
Other interest on financial liabilities	48,075	107,771
	<u>48,068</u>	<u>101,500</u>
Other finance costs:		
Unwinding of discount on loans	65,658	-
	<u>113,726</u>	<u>101,500</u>

9 Gains on disposals of player registrations

	2019 £	2018 £
Other gains and losses	166,936	1,481,682
	<u>166,936</u>	<u>1,481,682</u>

The disposal includes values receivable as a result of sell on clauses contained within the players contracts.

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

10 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Loss before taxation	(3,759,220)	(218,993)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(714,252)	(41,609)
Tax effect of expenses that are not deductible in determining taxable profit	16,456	12,496
Tax effect of income not taxable in determining taxable profit	(3,331)	(10,399)
Gains not taxable	-	(83,358)
Unutilised tax losses carried forward	671,084	89,902
Permanent capital allowances in excess of depreciation	30,043	32,968
Taxation charge for the year	-	-

11 Intangible fixed assets

	Player registration £
Cost	
At 1 July 2018	72,078
Additions	85,053
At 30 June 2019	157,131
Amortisation and impairment	
At 1 July 2018	46,260
Amortisation charged for the year	47,279
At 30 June 2019	93,539
Carrying amount	
At 30 June 2019	63,592
At 30 June 2018	25,818

Amortisation of the players registration is included within cost of sales.

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

12 Tangible fixed assets

	Stadium Property	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 July 2018	8,361,927	1,990,223	48,497	10,400,647
Additions	4,270	173,435	-	177,705
At 30 June 2019	8,366,197	2,163,658	48,497	10,578,352
Depreciation and impairment				
At 1 July 2018	4,022,057	1,763,587	36,340	5,821,984
Depreciation charged in the year	169,025	46,066	3,039	218,130
At 30 June 2019	4,191,082	1,809,653	39,379	6,040,114
Carrying amount				
At 30 June 2019	4,175,115	354,005	9,118	4,538,238
At 30 June 2018	4,339,870	226,636	12,157	4,578,663

Loan notes totalling £Nil (2018: £1,400,000) are secured through a fixed charge over the stadium property of the company.

13 Fixed asset investments

	2019	2018
	£	£
Unlisted investments	1	1

The company has not designated any financial assets that are not classified as financial assets at fair value through profit or loss.

The company holds 1 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.

Movements in fixed asset investments

	Investments other than loans £
Cost or valuation	
At 1 July 2018 & 30 June 2019	1
Carrying amount	
At 30 June 2019	1
At 30 June 2018	1

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

14 Financial instruments

	2019 £	2018 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	638,198	968,066
Equity instruments measured at cost less impairment	1	1
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	4,899,413	2,596,143
	<u> </u>	<u> </u>

15 Stocks

	2019 £	2018 £
Goods for resale	19,775	3,899
	<u> </u>	<u> </u>

16 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	525,758	946,303
Other debtors	28,693	21,763
Prepayments and accrued income	145,119	145,913
	<u> </u>	<u> </u>
	699,570	1,113,979
	<u> </u>	<u> </u>

17 Creditors: amounts falling due within one year

	Notes	2019 £	2018 £
Other borrowings	19	275,000	1,910,000
Trade creditors		357,728	542,692
Taxation and social security		388,310	260,792
Deferred income	20	961,605	860,332
Other creditors		72,906	2,892
Accruals		376,264	140,559
		<u> </u>	<u> </u>
		2,431,813	3,717,267
		<u> </u>	<u> </u>

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

18 Creditors: amounts falling due after more than one year

	Notes	2019 £	2018 £
Deferred income	20	1,486,653	1,543,562
Other creditors		3,817,515	-
		<u>5,304,168</u>	<u>1,543,562</u>

Included in other creditors due after more than one year is a loan from Mr M Ogren of £3,817,515 (2018: £Nil). As the loan is interest free and due after more than one year the loan has been discounted to reflect the net present value of the loan.

19 Loans and overdrafts

	2019 £	2018 £
Other loans	<u>275,000</u>	<u>1,910,000</u>
Payable within one year	<u>275,000</u>	<u>1,910,000</u>

Loan notes of £Nil (2018: £1,400,000) were secured through a fixed charge over the stadium. The security was discharged during the year.

20 Deferred income

	2019 £	2018 £
Other deferred income	<u>2,448,258</u>	<u>2,403,894</u>
Deferred income is included in the financial statements as follows:		
Current liabilities	961,605	860,332
Non-current liabilities	<u>1,486,653</u>	<u>1,543,562</u>
	<u>2,448,258</u>	<u>2,403,894</u>

Football grounds improvement grants of £1,539,835 (2018: £1,597,633) are included in deferred income and released to the Income Statement at a rate equal to the depreciation rate of the asset to which the grant relates. Amounts falling due within one year are £53,181 (2018: £49,545).

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

21 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	46,873	20,791
	<u> </u>	<u> </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

22 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
98,821 Ordinary shares of 10p each	9,882	9,877
	<u> </u>	<u> </u>

During the year the company issued 51 ordinary 0.10p shares for a consideration of £1,683.

Reconciliation of movements during the year:

	Ordinary shares
	Number
At 1 July 2018	98,760
Issue of fully paid shares	51
	<u> </u>
At 30 June 2019	98,811
	<u> </u>

23 Other reserves

Loans provided to the company due after more than one year at an interest rate below market value have been discounted to their net present value. Other reserves represent the contribution to capital of a market rate of interest that would have been charged on the loans to the company. These contributions to capital are unwound as the loan matures.

The loans are discounted over 6½ years at a rate of 3.5%. During the year £65,658 (2018: £Nil) of interest has been unwound and transferred to retained profit and loss reserves.

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

24 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2019 £	2018 £
Within one year	50,000	50,000
Between two and five years	200,000	200,000
In over five years	187,500	237,500
	<u>437,500</u>	<u>487,500</u>

25 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	<u>52,387</u>	<u>73,500</u>

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Purchases	
	2019 £	2018 £
Entities with directors in common	<u>89,931</u>	<u>53,909</u>

	Loan received in year		Sale of property	
	2019 £	2018 £	2019 £	2018 £
Entities with directors in common	<u>225,000</u>	<u>460,000</u>	<u>-</u>	<u>1,000,000</u>

	2019 £	2018 £
Amounts due to related parties		
Entities with directors in common	-	180,180
Other related parties	<u>62,500</u>	<u>-</u>

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

25 Related party transactions (Continued)

The loans are unsecured and interest free.

	2019 £	2018 £
Amounts due from related parties		
Other related parties	25,000	10,548

26 Directors' transactions

The loans from Mr D K Dorward is interest free and repayable on demand. The loan from Mr M Ogren is interest free and repayable after more than year. The maximum liability during the year was that due at the year end date.

Description	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Mr D K Dorward	50,000	150,000	(150,000)	50,000
Mr M Ogren	-	4,692,700	-	4,692,700
	50,000	4,842,700	(150,000)	4,742,700

27 Ultimate controlling party

Mr M Ogren, director, is considered to be the company's ultimate controlling party.

THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

28 Cash absorbed by operations

	2019 £	2018 £
Loss for the year after tax	(3,759,220)	(218,993)
Adjustments for:		
Finance costs	113,726	101,500
Investment income	(64)	(19)
Gain on disposal of tangible fixed assets	-	(438,727)
Amortisation and impairment of intangible assets	47,279	28,945
Depreciation and impairment of tangible fixed assets	218,130	211,351
Amounts written off investments	(166,936)	(1,481,682)
Decrease in provisions	(65,658)	-
Movements in working capital:		
Increase in stocks	(15,876)	(312)
Decrease in debtors	414,409	160,324
Increase in creditors	248,273	2,359
Increase/(decrease) in deferred income	44,364	(192,799)
Cash absorbed by operations	(2,921,573)	(1,828,053)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.