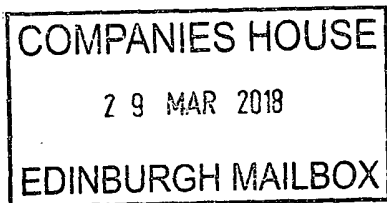


**THE DUNDEE UNITED FOOTBALL COMPANY LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2017**



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# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Company Information

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<b>Directors</b>	Mr J M Martin Mr D K Dorward Mr J Fyfe	(Appointed 15 December 2017) (Appointed 15 December 2017)
<b>Secretary</b>	Mr K McFarlane	
<b>Company number</b>	SC013690	
<b>Registered office</b>	Tannadice Park Dundee DD3 7JW	
<b>Auditor</b>	Condie & Co 10 Abbey Park Place Dunfermline Fife KY12 7NZ	
<b>Bankers</b>	Santander UK plc Bridle Road Bootle Merseyside L30 4GB	
<b>Solicitors</b>	Harper Macleod LLP The Ca'd'oro 45 Gordon Street Glasgow Lanarkshire G1 3PE	

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# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

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# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Strategic Report

For The Year Ended 30 June 2017

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The directors present the strategic report and financial statements for the year ended 30 June 2017.

### Principal activity

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

### Strategy and business model

Dundee United Football Club (the "company" and the "club") aims to achieve footballing success within Scotland in league and cup competitions through the identification, development and management of a group of skilled footballers. An integral part of this strategy revolves around the development of young players in order to produce the best opportunities for them to succeed within the Club and the football sector generally.

In tandem with this the Club aims to identify and develop commercial revenue streams associated with running a professional football club such as ticketing, hospitality, sponsorship and broadcast.

### Review of the business

In the year ended 30 June 2017 the company suffered the financial effect of its first full season in the Ladbrokes Championship having been relegated the season before from the Ladbrokes Premiership.

The company's revenue dropped by 24% to £3,499,612 (2016: £4,613,609) due, in the main, to reduced prize money connected to finishing 3rd in the Championship (2016: 12th in Premiership) and the associated drop in match attendances. The continued loyalty of Dundee United supporters attending games at Tannadice was not enough in itself to offset the loss of income from the larger travelling supports of Premiership teams including the loss of two derby games.

Income was also down due to failure of the team to progress beyond its introduction at Round 4 of the Scottish Cup compared to a semi-final appearance the season before. While the Club enjoyed trophy success in the Irn-Bru Cup and progressed to the Premiership Play-Off Final, both events had a neutral net financial effect due to the related costs and SPFL levies.

Reduction in income was however offset by cost savings of £2.2 million across the Club. Cost of sales and administrative expenses were cut by 30% as the Board took decisive action to deal with the change of footballing circumstances.

Because of this action, the Board is satisfied to report operating losses have narrowed by 42% to £1,455,985. When player trading and interest payments are accounted for then total loss for the year is £1,042,855 - 33% lower than the previous year.

The company continues to battle the effects of Championship football and the severe financial disparity when compared to participation in the Premiership. Promotion to the Premiership therefore remains the priority for the Club and the Board remains committed to financing the infrastructure and resource required to provide the best opportunity possible for that outcome.

The Board remains confident that a combination of investment in new and improved facilities including match day hospitality venues balanced with further selective loan finance and carefully targeted cost cutting will preserve the club's Premiership ambitions while protecting the company's financial position.

The Board feels that this year's accounts demonstrate its commitment and ability to address these challenges. The Board would also like to extend its thanks for the support of all its shareholders, staff, corporate partners and supporters.

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Strategic Report (Continued)

For The Year Ended 30 June 2017

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### Principal risks and uncertainties

The directors believe that the principal risks and market uncertainties include:

- downturn in first team football performance in the SPFL Championship particularly if the team was to remain in the Championship for a prolonged period of time;
- general economic climate affecting spending ability of commercial partners and supporters; and
- ability of central football authorities to develop and maintain key revenue streams for broadcast and league sponsorship.

In addition to this the Club has benefitted significantly in previous seasons due to player trading, which can be subject to uncertainty. However, the impact of this uncertainty is lessened based on ongoing careful management of operating finances.

### Financial risk management

The company's activities expose it to a number of financial risks including interest rate risk, credit risk and liquidity risk.

#### Interest risk

The company is exposed to interest rate risk on its interest bearing loan notes. The company does not use derivative financial instruments.

#### Credit risk

The company's principal financial assets are cash at bank and trade debtors.

The company's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company's credit risk is concentrated on football clubs in respect of the sale of player registrations.

The credit risk on liquid funds is limited because the counterparties are banks with credit-ratings assigned by international credit-rating agencies.

#### Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company uses cash generated from operations, including player sales, and funds received through the issue of loan notes.

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Strategic Report (Continued)

For The Year Ended 30 June 2017

### Key performance indicators

Key performance indicators relevant to the company are shown below.

	2017	2016
SPFL Premiership - Final Placing	N/A	12th
SPFL Championship - Final Placing	3rd	N/A
SPFL Challenge Cup - Final Placing	Winner	N/A
Scottish Cup	4th Round	Semi Final
Scottish League Cup	Quarter Final	Quarter Final
Turnover	£3,499,612	£4,613,609
Operating Loss	£1,455,985	£2,526,670
Wage to Turnover Ratio	81%	84%
Financial Year (Loss)	£(1,042,855)	£(1,549,159)

### Future Developments / Going concern

The Board remains true to the company's core footballing, financial and community principles.

The appointment of Csaba Laszlo in November 2017, following the departure of Ray McKinnon as first team manager, is designed to re-energise a squad that has underperformed in recent seasons. The new manager is contracted until May 2019 and we continue to work closely with him to identify areas that require strengthening not only in the playing squad but also the overall football operations.

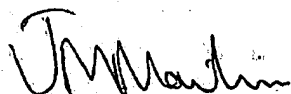
The Board's financial focus remains on driving increased efficiencies by raising revenues and cutting costs. The results of this ongoing aim are witnessed in this set of results, and cost reductions are ahead of schedule given the Board's previous forecast of savings of £1.5 million this time last year.

The appointment of Mike Martin as Chairman brings a wealth of corporate financial and commercial experience and brings a renewed drive to ensure a bright long-term future. Two new directors, James Fyffe and David Dorward, and the appointment of Laura Conway as associate director have further strengthened the Board. Each brings a comprehensive skill set to the Board and we look forward to their continued input in the months ahead.

The mid to longer term aims of the Board are unchanged in so far as the Directors continue to explore opportunities both domestically and overseas that should lead to better business and footballing opportunities for Dundee United Football Club.

In the community we are pleased to confirm the conclusion of the transfer Dundee United's community activity to registered charity, Dundee United Community Trust (previously United For All), to allow for further expansion of its work and, in turn, to widen the reach of its activities to the people and places that require our support the most.

On behalf of the board



Mr J M Martin

Director

7 March 2018

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Directors' Report

### For The Year Ended 30 June 2017

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The directors present their annual report and financial statements for the year ended 30 June 2017.

#### 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	
Mr D A McGrory	(Resigned 27 November 2017)
Mr S E Thompson	(Resigned 2 March 2018)
Mr D K Dorward	(Appointed 15 December 2017)
Mr J Fyffe	(Appointed 15 December 2017)

#### Results and dividends

The results for the year are set out on page 8.

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

#### Post reporting date events

Subsequent to the year end, a performance clause was triggered in a historic transfer agreement. The income in relation to this amounts to £772,500. The income and gains in relation to the above will be recognised in the financial statements to 30 June 2018.

In the year to 30 June 2018, additional debt financing of £450,000 has been advanced to the company for working capital. In February 2018, the company completed the sale of the property, commonly known as the GA Arena, to director Mike Martin for a sum of £1,000,000, retaining an irrevocable option to repurchase the property for no more than the sale price at any time. The proceeds of this disposal enabled the repayment of £320,000 of the debt financing referred to above and £400,000 of the loan note funding, together with all related standard securities, referred to in note 20.

#### Auditor

In accordance with the company's articles, a resolution proposing that Condie & Co 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;
- 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)

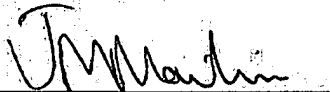
For The Year Ended 30 June 2017

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### 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 J M Martin**

*Director*

7 March 2018



# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Independent Auditor's Report

### To The Members Of The Dundee United Football Company Limited

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#### Opinion

We have audited the financial statements of The Dundee United Football Company Limited (the 'company') for the year ended 30 June 2017 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 2017 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.

#### Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which details that the company's current projections indicate that significant additional finance or significant cost reductions, or some combination of both, will be required in the next 12 months dependent upon the footballing performance of the first team squad. As stated in note 1.2, these events or conditions, along with the other matters as set forth in note 1.2, indicate that if the company is unable to raise additional finance or reduce costs a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### 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.

#### 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.
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# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Independent Auditor's Report (Continued)

### To The Members Of The Dundee United Football Company Limited

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#### 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.

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 Condie & Co

7 March 2018

**Chartered Accountants**  
**Statutory Auditor**

10 Abbey Park Place  
Dunfermline  
Fife  
KY12 7NZ

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Statement Of Total Comprehensive Income

For The Year Ended 30 June 2017

	Notes	2017 £	2016 £
Turnover	3	3,499,612	4,613,609
Cost of sales		(3,838,727)	(5,382,294)
<b>Gross loss</b>		(339,115)	(768,685)
Administrative expenses		(1,170,051)	(1,811,166)
Other operating income		53,181	53,181
<b>Operating loss</b>	4	(1,455,985)	(2,526,670)
Interest receivable and similar income	7	255	2,753
Interest payable and similar expenses	8	(69,546)	(64,994)
Gain on disposal of player registrations	9	482,421	1,039,752
<b>Loss before taxation</b>		(1,042,855)	(1,549,159)
Tax on loss	10	-	-
<b>Loss for the financial year</b>		(1,042,855)	(1,549,159)

The Income Statement has been prepared on the basis that all operations are continuing operations.

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

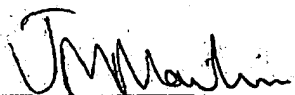
## Statement Of Financial Position

As At 30 June 2017

	Notes	2017 £	£	2016 £	£
<b>Fixed assets</b>					
Intangible assets	11	28,069		232,234	
Tangible assets	12	4,778,876		5,569,471	
Investments	13	1		1	
		<u>4,806,946</u>		<u>5,801,706</u>	
<b>Current assets</b>					
Stocks	14	3,587		3,587	
Debtors	16	1,274,303		612,819	
Cash at bank and in hand		169,951		124,812	
		<u>1,447,841</u>		<u>741,218</u>	
<b>Creditors: amounts falling due within one year</b>	18	<u>2,763,939</u>		<u>2,123,247</u>	
Net current liabilities		(1,316,098)		(1,382,029)	
Total assets less current liabilities		3,490,848		4,419,677	
<b>Creditors: amounts falling due after more than one year</b>	18	(2,707,254)		(2,609,642)	
Net assets		<u>783,594</u>		<u>1,810,035</u>	
<b>Capital and reserves</b>					
Called up share capital	22	9,876		9,876	
Share premium account		2,811,851		2,811,851	
Equity reserve		16,414		-	
Profit and loss reserves		(2,054,547)		(1,011,692)	
Total equity		<u>783,594</u>		<u>1,810,035</u>	

The financial statements were approved by the board of directors and authorised for issue on 7 March 2018

Signed on its behalf by:

  
**Mr J M Martin**  
 Director

Company Registration No. SC013690

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Statement Of Changes In Equity

For The Year Ended 30 June 2017

	Notes	Share capital £	Share premium account £	Equity reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 July 2015</b>		9,818	2,796,815	-	537,467	3,344,100
<b>Year ended 30 June 2016:</b>						
Loss and total comprehensive income for the year		-	-	-	(1,549,159)	(1,549,159)
Issue of share capital	22	58	15,036	-	-	15,094
<b>Balance at 30 June 2016</b>		9,876	2,811,851	-	(1,011,692)	1,810,035
<b>Year ended 30 June 2017:</b>						
Loss and total comprehensive income for the year		-	-	-	(1,042,855)	(1,042,855)
Issue of convertible loan	20	-	-	16,414	-	16,414
<b>Balance at 30 June 2017</b>		9,876	2,811,851	16,414	(2,054,547)	783,594

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Statement Of Cash Flows

For The Year Ended 30 June 2017

	Notes	2017 £	£	2016 £	£
<b>Cash flows from operating activities</b>					
Cash absorbed by operations	29	(1,801,415)		(667,390)	
Interest paid		(63,208)		(64,994)	
Income taxes paid		(1,223)		(3,116)	
<b>Net cash outflow from operating activities</b>		<b>(1,865,846)</b>		<b>(735,500)</b>	
<b>Investing activities</b>					
Purchase of intangible assets		(59,856)		(316,051)	
Proceeds on disposal of intangibles		714,305		1,254,345	
Purchase of tangible fixed assets		(5,738)		(62,094)	
Proceeds on disposal of tangible fixed assets		522,019		431	
Interest received		255		2,753	
<b>Net cash generated from investing activities</b>		<b>1,170,985</b>		<b>879,384</b>	
<b>Financing activities</b>					
Proceeds from issue of shares		-		15,094	
Issue of convertible loans		500,000		-	
Proceeds from borrowings		240,000		-	
Repayment of borrowings		-		(1,265,000)	
Payment of finance leases obligations		-		(710)	
<b>Net cash generated from/(used in) financing activities</b>		<b>740,000</b>		<b>(1,250,616)</b>	
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>45,139</b>		<b>(1,106,732)</b>	
Cash and cash equivalents at beginning of year		124,812		1,231,544	
<b>Cash and cash equivalents at end of year</b>		<b>169,951</b>		<b>124,812</b>	

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Notes To The Financial Statements

For The Year Ended 30 June 2017

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### 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.

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Notes To The Financial Statements (Continued)

### For The Year Ended 30 June 2017

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#### 1 Accounting policies

##### 1.2 Going concern

The company's activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 3.

The company is predominantly funded through its operating cash flows, receipts from player transfers, loan notes and support from the directors. The company has made significant progress in managing down its net debt in recent years, facilitated by a number of successful player transfers. The company's net debt reduced from a peak of £7.3m in 2007 to £1.8m as at 30 June 2017.

The current league position of the football team, together with general economic and other conditions create uncertainty in a number of areas including:

- the likely SPFL prize monies for the current season which will depend on the team's final league position;
- whether the club will compete in the Championship or Premiership in Season 2018/19 which will significantly impact prize monies, gate receipts and television revenues;
- the effect that this could have on the company's attractiveness to potential investors and lenders as well as sponsors and corporate customers;
- the potential income from successful runs in the Scottish FA Cup and Scottish League Cup; and
- the likelihood of contingent receipts crystallising in respect of previous player transfers.

The directors have prepared forecasts and projections. These forecasts indicate that there may be a significant additional funding requirement in the next 12 months depending upon the footballing performance of the first team. This is principally as a consequence of the direct impact on income of the Club remaining in the Championship. The additional funding requirement is also based on the assumption that none of the potential income opportunities materialise. The exact funding requirement is uncertain and will be influenced by the matters noted in the previous paragraph.

The directors are already in dialogue with a number of existing lenders, shareholders, intermediaries and other third parties regarding a number of potential options as well as mitigating actions and strategies. The directors are confident that a course of action will be agreed that is mutually acceptable to the company, its shareholders and its lenders that would enable the company to raise any additional funding required.

The combination of these circumstances represents a material uncertainty that may cast significant doubt upon the company's ability to continue as a going concern and, therefore, its ability to realise its assets and discharge its liabilities in the normal course of business.

After making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt 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 2017

---

### 1 Accounting policies

#### 1.4 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 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 on all tangible fixed assets other than freehold land 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 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.

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2017

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### 1 Accounting policies

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.

#### 1.7 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.

#### 1.8 Cash and cash equivalents

Cash at bank and in hand 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.

#### 1.9 Financial assets

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.

#### *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. The impairment loss is recognised in profit or loss.

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2017

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### 1 Accounting policies

#### Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

#### 1.10 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.

#### 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 Compound instruments

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

#### 1.12 Equity instruments

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

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2017

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### 1 Accounting policies

#### 1.13 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.

#### 1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease 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.

#### 1.16 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.

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2017

### 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

An analysis of the company's turnover is as follows:

	2017 £	2016 £
<b>Turnover analysed by class of business</b>		
Football	2,532,783	3,731,258
Commercial	578,991	537,777
Other	387,838	344,574
	<u>3,499,612</u>	<u>4,613,609</u>
	2017 £	2016 £
<b>Other significant revenue</b>		
Interest income	255	2,753
Grants received	53,181	53,181
	<u>53,436</u>	<u>55,934</u>
	2017 £	2016 £
<b>Turnover analysed by geographical market</b>		
Scotland	<u>3,499,612</u>	<u>4,613,609</u>

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2017

### 4 Operating loss

	2017	2016
	£	£
Operating loss for the year is stated after charging/(crediting):		
Government grants	(53,181)	(53,181)
Fees payable to the company's auditor for the audit of the company's financial statements	12,119	9,775
Depreciation of owned tangible fixed assets	270,053	286,424
Loss on disposal of tangible fixed assets	4,202	2,216
Amortisation of intangible assets	32,196	322,336
Cost of stocks recognised as an expense	1,063,090	1,631,006
Operating lease charges	39,135	48,274

### 5 Employees

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

	2017 Number	2016 Number
Football	51	44
Administration and management	17	17
Ground staff	4	4
	<u>72</u>	<u>65</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,552,093	3,448,028
Social security costs	268,508	417,018
	<u>2,820,601</u>	<u>3,865,046</u>
Redundancy payments made or committed	105,578	407,708

### 6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	<u>12,978</u>	<u>109,495</u>

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2017

### 7 Interest receivable and similar income

	2017	2016
	£	£
<b>Interest income</b>		
Interest on bank deposits	255	2,753

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	255	2,753
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### 8 Interest payable and similar expenses

	2017	2016
	£	£
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on convertible loan notes	6,338	-
Interest on finance leases and hire purchase contracts	-	218
	6,338	218
<b>Other finance costs:</b>		
Other interest	63,208	64,776
	69,546	64,994

### 9 Gain on disposal of player registrations

	2017	2016
	£	£
Gain on disposal of player registrations	482,421	1,039,752

The gain on disposal included the sale of Harry Souttar to Stoke City and distributions from performance clauses in historic transfer agreements. Gain on disposal is represented by the consideration receivable, net of related transaction costs, less the unamortised cost of the original registration.

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2017

### 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:

	2017 £	2016 £
Loss before taxation	(1,042,855)	(1,549,159)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2016: 20.00%)	(198,142)	(309,832)
Tax effect of expenses that are not deductible in determining taxable profit	1,204	126
Tax effect of income not taxable in determining taxable profit	(10,104)	(11,079)
Tax effect of utilisation of tax losses not previously recognised	(2,099)	(823)
Unutilised tax losses carried forward	165,725	286,449
Permanent capital allowances in excess of depreciation	43,416	35,159
Taxation charge for the year	-	-

At 30 June 2017 the company has an unrecognised deferred tax asset of £1,403,992 (2016: £1,311,746) relating to the availability of trading losses for carry forward and depreciation in excess of capital allowances.

The deferred tax asset has not been recognised as its recoverability is dependent on future profitability and is therefore considered uncertain.



# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2017

### 11 Intangible fixed assets

	Player / Management Registrations £
<b>Cost</b>	
At 1 July 2016	457,098
Additions - separately acquired	59,856
Disposals	(471,570)
At 30 June 2017	45,384
<b>Amortisation and impairment</b>	
At 1 July 2016	224,864
Amortisation charged for the year	32,196
Disposals	(239,745)
At 30 June 2017	17,315
<b>Carrying amount</b>	
At 30 June 2017	28,069
At 30 June 2016	232,234

Amortisation of player registrations is included within cost of sales.

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2017

### 12 Tangible fixed assets

	Stadium Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
<b>Cost</b>				
At 1 July 2016	8,695,035	2,340,355	48,497	11,083,887
Additions	-	5,738	-	5,738
Disposals	-	(5,660)	-	(5,660)
Transfer	(333,108)	(361,349)	-	(694,457)
At 30 June 2017	8,361,927	1,979,084	48,497	10,389,508
<b>Depreciation and impairment</b>				
At 1 July 2016	3,745,450	1,742,082	26,885	5,514,417
Depreciation charged in the year	173,901	90,749	5,403	270,053
Eliminated in respect of disposals	-	(1,400)	-	(1,400)
Transfer	(64,534)	(107,904)	-	(172,438)
At 30 June 2017	3,854,817	1,723,527	32,288	5,610,632
<b>Carrying amount</b>				
At 30 June 2017	4,507,110	255,557	16,209	4,778,876
At 30 June 2016	4,949,586	598,273	21,612	5,569,471

Loan notes of £1,900,000 (2016: £1,200,000) are secured through various fixed charges over the stadium property of the company. Since the year end fixed charges of £500,000 have been satisfied in full, with £400,000 being fully repaid and security discharged on a further £100,000 which was not repaid.

The transfers above represents a transfer to current assets of the net book value amounting to £522,019 relating to Gussie Park which was sold in February 2018 for a consideration of £1,000,000. The amount of £522,019 is shown in note 16 to the financial statements. The gain on disposal will be recorded in the financial statements for the year ended 30 June 2018.

### 13 Fixed asset investments

	2017 £	2016 £
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.

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2017

### 14 Stocks

	2017 £	2016 £
Raw materials and consumables	3,587	3,587

### 15 Financial instruments

	2017 £	2016 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	971,099	251,151
Equity instruments measured at cost less impairment	1	1
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	2,587,577	1,999,985

### 16 Debtors

	2017 £	2016 £
<b>Amounts falling due within one year:</b>		
Trade debtors	449,081	251,151
Other debtors	522,019	-
Prepayments and accrued income	303,203	361,668
	1,274,303	612,819

Other debtors amounting to £522,019 relate to the net book value of property which was sold in February 2018.

### 17 Creditors: amounts falling due within one year

	Notes	2017 £	2016 £
Other borrowings	19	820,000	240,000
Trade creditors		501,376	377,112
Corporation tax		-	1,223
Other taxation and social security		286,923	183,788
Deferred income	21	999,363	898,251
Other creditors		55,802	312,152
Accruals and deferred income		100,475	110,721
		2,763,939	2,123,247

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2017

### 18 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Convertible loans	20	489,924	-
Other borrowings	19	620,000	960,000
Deferred income	21	1,597,330	1,649,642
		<u>2,707,254</u>	<u>2,609,642</u>

### 19 Loans and overdrafts

	2017 £	2016 £
Other loans	<u>1,440,000</u>	<u>1,200,000</u>
Payable within one year	820,000	240,000
Payable after one year	<u>620,000</u>	<u>960,000</u>

Loan notes of £1,400,000 and convertible loan notes of £500,000 (note 20) are secured through various fixed charges over the stadium property of the company.

All loan notes bear interest at 6% and are repayable in various instalments, commencing in August 2017 with a payment of £240,000 then February 2018 with a payment of £540,000. The balance of the loan notes are due for payment in February 2019, September 2019 and February 2020. Where the company does not make a payment on the due date, additional interest of 4% becomes due on the outstanding amount. The principal amount outstanding will then fall due on the next anniversary of the issue of the loan notes.

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2017

### 20 Convertible loan notes

	2017 £	2016 £
Liability component of convertible loan notes	489,924	-

Convertible loan notes were issued in March 2017 at an issue price of £1 per note. The notes are convertible into ordinary shares of the company at any time from 2 February 2018. The conversion price is at £24 per ordinary share at the date the convertible loan notes were issued.

If the notes have not been converted, they will be redeemed in equal instalments in September 2019 and February 2020 at par. Interest of 6% will be paid annually up until that date.

The interest expensed for the year is calculated by applying an effective interest rate of 6% to the liability component of the loan notes. The liability component is measured at amortised cost. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the statement of financial position represents the effective interest rate less interest paid to that date.

The net proceeds received from the issue of the convertible loan notes have been split between the financial liability element and an equity component, representing the fair value of the embedded option to convert the financial liability into equity.

The liability component is measured at amortised cost, and the difference between the carrying amount of the liability at the date of issue and the amount reported in the Statement Of Financial Position represents the effective interest rate less interest paid to that date.

The effective rate of interest is 6.17%.

The equity component of the convertible loan notes has been credited to the equity reserve.

### 21 Deferred income

	2017 £	2016 £
Other deferred income	2,596,693	2,547,893
Deferred income is included in the financial statements as follows:		
Current liabilities	999,363	898,251
Non-current liabilities	1,597,330	1,649,642
	2,596,693	2,547,893

Football grounds improvement grants of £1,647,745 (2016: £1,700,926) 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 £50,415 (2016: £51,284).

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2017

### 22 Share capital

	2017 £	2016 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
98,760 Ordinary shares of 10p each	9,876	9,876
	<u>9,876</u>	<u>9,876</u>

### 23 Financial commitments, guarantees and contingent liabilities

At 30 June 2017 the company had certain contingent liabilities in respect of signing and other bonuses under the terms of contracts and compensation due to other football clubs on player registrations. 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 any such liabilities will crystallise, and an estimated potential liability cannot be forecast with reasonable certainty given the number and variety of conditions.

### 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:

	2017 £	2016 £
Within one year	73,065	14,316
Between two and five years	21,864	9,492
	<u>94,929</u>	<u>23,808</u>

### 25 Events after the reporting date

Subsequent to the year end, a performance clause was triggered in a historic transfer agreement. The income in relation to this amounts to £772,500. The income and gains in relation to the above will be recognised in the financial statements to 30 June 2018.

In the year to 30 June 2018, additional debt financing of £450,000 has been advanced to the company for working capital. In February 2018, the company completed the sale of the property, commonly known as the GA Arena, to director Mike Martin for a sum of £1,000,000, retaining an irrevocable option to repurchase the property for no more than the sale price at any time. The proceeds of this disposal enabled the repayment of £320,000 of the debt financing referred to above and £400,000 of the loan note funding, together with all related standard securities, referred to in note 20.

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2017

### 26 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2017 £	2016 £
Aggregate compensation	12,978	96,108

#### Transactions with related parties

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

	Purchase of goods	
	2017 £	2016 £
Entities with common management	19,379	87,732

The following amounts were outstanding at the reporting end date:

	2017 £	2016 £
<b>Amounts owed to related parties</b>		
Entities with common management	18,514	30,576

### 27 Directors' transactions

Advances or credits have been granted by the company to its directors as follows:

Description	% Rate	Opening balance £	Amounts advanced £	Amounts repaid £	Closing balance £
Mr J M Martin -	-	-	-	29,844	29,844
Mr S E Thompson -	-	-	(65,851)	83,977	18,126
		-	(65,851)	113,821	47,970

The loans due to the directors are interest free and repayable on demand. The maximum liability during the year was £18,818.

### 28 Controlling party

The controlling party at the balance sheet date was Stephen Thompson, Director, who owned 52% of the issued share capital.

# THE DUNDEE UNITED FOOTBALL COMPANY LIMITED

## Notes To The Financial Statements (Continued)

For The Year Ended 30 June 2017

### 29 Cash generated from operations

	2017 £	2016 £
Loss for the year after tax	(1,042,855)	(1,549,159)
<b>Adjustments for:</b>		
Finance costs	69,546	64,994
Investment income	(255)	(2,753)
Loss on disposal of tangible fixed assets	4,202	2,216
Amortisation and impairment of intangible assets	32,196	322,336
Depreciation and impairment of tangible fixed assets	270,053	286,423
Amounts written off investments	(482,421)	(1,039,752)
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	-	403
(Increase)/decrease in debtors	(661,484)	2,406,500
(Decrease) in creditors	(39,197)	(1,952,383)
Increase in deferred income	48,800	793,784
<b>Cash absorbed by operations</b>	<b>(1,801,415)</b>	<b>(667,391)</b>

### 30 Reserves

Called up share capital - This reserve represents the nominal value of shares that have been issued.

Share premium account - This reserve represents the premium received above nominal value on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss reserve - This reserve records retained earnings and accumulated losses.