

COMPANY REGISTRATION NUMBER SC013690

DUNDEE UNITED FOOTBALL COMPANY LIMITED
REPORT AND FINANCIAL STATEMENTS
30 JUNE 2004



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DUNDEE UNITED FOOTBALL COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

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DUNDEE UNITED FOOTBALL COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	Edward H Thompson (Chairman) John M Bennett James D S Carnegie Gilbert B Haggart Derek W Robertson Stephen E Thompson Michael G Watson
Company secretary	Spence Anderson
Registered office	Tannadice Park Dundee DD3 7JW
Auditors	Deloitte & Touche LLP Chartered Accountants & Registered Auditors 2 Queen's Terrace Aberdeen AB10 1XL
Bankers	Bank of Scotland plc 2 West Marketgait Dundee DD1 1QN
Solicitors	Lindsays WS 11 Atholl Crescent Edinburgh EH3 8HE

DUNDEE UNITED FOOTBALL COMPANY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2004

The directors present their report and the financial statements of the company for the year ended 30 June 2004.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

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

In common with most Scottish football clubs the company has experienced difficult financial circumstances. In the current financial year cost cutting remains a priority, with substantial progress being made towards this aim.

RESULTS AND DIVIDENDS

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

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £0.10 each	
	At 30 June 2004	At 1 July 2003
Edward H Thompson (Chairman)	13,005	6,503
John M Bennett	110	5
James D S Carnegie	244	124
Gilbert B Haggart	10	5
Derek W Robertson	10	5
Stephen E Thompson	10	5
Michael G Watson	5	—

The company completed a rights issue in which the directors subscribed for additional ordinary shares of 10p each. Details of the changes can be found in notes 20 and 21.

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Tannadice Park
Dundee
DD3 7JW

Signed on behalf of the directors


E H Thompson

Director

Approved by the directors on 16/3/05

DUNDEE UNITED FOOTBALL COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 30 JUNE 2004

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the financial year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 9 to 10, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DUNDEE UNITED FOOTBALL COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DUNDEE UNITED FOOTBALL COMPANY LIMITED

YEAR ENDED 30 JUNE 2004

We have audited the financial statements on pages 6 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 10.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

DUNDEE UNITED FOOTBALL COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DUNDEE UNITED FOOTBALL COMPANY LIMITED *(continued)*

YEAR ENDED 30 JUNE 2004

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2004 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Aberdeen

18 March 2005.

Deloitte & Touche LLP.

DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors

DUNDEE UNITED FOOTBALL COMPANY LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 30 JUNE 2004**

	Note	2004 £	2003 £
TURNOVER	2	3,811,769	3,086,440
Cost of sales – recurring costs		(4,359,956)	(4,432,400)
Cost of sales – exceptional costs	3	(154,224)	(524,896)
GROSS LOSS		(702,411)	(1,870,856)
Administrative expenses		(863,887)	(839,680)
Other operating income		68,975	42,391
OPERATING LOSS	4	(1,497,323)	(2,668,145)
(Loss) / profit on disposal of fixed assets	7	(41,110)	100,000
		(1,538,433)	(2,568,145)
Interest receivable	8	1,067	1,039
Interest payable	9	(351,505)	(309,328)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,888,871)	(2,876,434)
Tax on loss on ordinary activities	10	–	–
LOSS FOR THE FINANCIAL YEAR	22	(1,888,871)	(2,876,434)
Balance brought forward		(1,792,352)	1,084,082
Balance carried forward		(3,681,223)	(1,792,352)

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above, accordingly no statement of total recognised gains and losses is presented.

The notes on pages 9 to 19 form part of these financial statements.

DUNDEE UNITED FOOTBALL COMPANY LIMITED

BALANCE SHEET

30 JUNE 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Intangible assets	11	566,847	539,345
Tangible assets	12	7,275,414	7,443,352
Investments	13	7,688	6,658
		<u>7,849,949</u>	<u>7,989,355</u>
CURRENT ASSETS			
Stocks	14	30,314	75,606
Debtors	15	263,561	450,083
Cash at bank and in hand		3,832	2,434
		<u>297,707</u>	<u>528,123</u>
CREDITORS: Amounts falling due within one year	16	<u>(7,396,224)</u>	<u>(6,036,757)</u>
NET CURRENT LIABILITIES		<u>(7,098,517)</u>	<u>(5,508,634)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>751,432</u>	<u>2,480,721</u>
CREDITORS: Amounts falling due after more than one year	17	<u>(4,092,774)</u>	<u>(4,271,772)</u>
		<u>(3,341,342)</u>	<u>(1,791,051)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	20	2,327	1,301
Share premium account	21	337,554	—
Profit and loss account		<u>(3,681,223)</u>	<u>(1,792,352)</u>
EQUITY SHAREHOLDERS' DEFICIT	22	<u>(3,341,342)</u>	<u>(1,791,051)</u>

These financial statements were approved by the directors on the16/3/05..... and are signed on their behalf by:


EDWARD H THOMPSON (CHAIRMAN)

The notes on pages 9 to 19 form part of these financial statements.

DUNDEE UNITED FOOTBALL COMPANY LIMITED**CASH FLOW STATEMENT****YEAR ENDED 30 JUNE 2004**

	Note	2004 £	2003 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	23	(536,195)	(1,713,671)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	23	(350,438)	(283,289)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	23	(437,307)	(263,110)
CASH OUTFLOW BEFORE FINANCING		(1,323,940)	(2,260,070)
FINANCING	23	770,231	1,958,509
DECREASE IN CASH	23	(553,709)	(301,561)

DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Exemption from group accounts

The company is exempt by virtue of Section 248 of the Companies Act 1985 and FRS 2 from the requirement to prepare group accounts on the basis of being a medium sized group. The financial statements present information about the company as an individual undertaking and not about the group.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Players - Over the length of individual contracts

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Buildings - 2% straight line
Fixtures & Fittings - 15% reducing balance
Motor Vehicles - 25% reducing balance

Depreciation is not provided on freehold land.

Stocks

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

Transfer costs

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

Where contingencies are contained within those contracts for further payments, these costs are recognised when they crystallise and are amortised over the remaining period of the contract.

Profit on sale of players' registrations

The profit on sale of players' registrations represents the proceeds of sale less the net book value of the registration and any direct costs.

Signing on fees

Signing on fees and loyalty bonuses are charged to the profit and loss account as incurred. However, future instalments that are contingent on continued service are not recognised until the relevant conditions are satisfied.

DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

Grants receivable

Grants receivable from the Football Grounds Improvement Trust, in respect of capital expenditure, are credited to deferred income in the balance sheet, and are released to revenue over the expected useful life of the relevant asset in equal annual amounts.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

2. TURNOVER

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

3. EXCEPTIONAL COSTS

These costs relate to termination payments as a result of changes within the football staff of the club.

4. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2004	2003
	£	£
Amortisation	299,901	117,089
Depreciation - owned fixed assets	233,251	232,334
Depreciation - leased fixed assets	—	9,908
Loss on disposal of fixed assets	2,451	4,080
Auditors' remuneration		
- as auditors	9,000	9,000
Write down of investment in subsidiary	—	1,000
Release of deferred income	(46,360)	(46,360)

DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

5. PARTICULARS OF EMPLOYEES

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

	2004	2003
	No	No
Football	46	57
Administration and management	19	21
Ground staff	12	12
	<u>77</u>	<u>90</u>

The aggregate payroll costs of the above were:

	2004	2003
	£	£
Wages and salaries	3,237,230	2,948,513
Social security costs	350,667	343,789
	<u>3,587,897</u>	<u>3,292,302</u>

6. DIRECTORS' EMOLUMENTS

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

	2004	2003
	£	£
Emoluments receivable	<u>130,298</u>	<u>96,995</u>

7. (LOSS) / PROFIT ON DISPOSAL OF FIXED ASSETS

	2004	2003
	£	£
(Loss) / profit on cessation of player registrations	<u>(41,110)</u>	<u>100,000</u>

8. INTEREST RECEIVABLE

	2004	2003
	£	£
Bank interest	<u>1,067</u>	<u>1,039</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Interest payable on bank borrowing	351,505	307,667
Finance lease and hire purchase contract	—	1,661
	<u>351,505</u>	<u>309,328</u>

DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

10. TAX ON LOSS ON ORDINARY ACTIVITIES

	2004 £	2003 £
Current tax		
UK corporation tax	—	—

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

	2004 £	2003 £
Loss on ordinary activities before tax	(1,888,871)	(2,876,434)
Tax on loss on ordinary activities at standard rate	(566,661)	(862,930)
Factors affecting charge for the year		
Expenses not deductible for tax proposed	38,270	51,355
Capital allowances in excess of depreciation	19,249	(22,437)
Loss arising	509,452	834,976
Other items	(310)	(964)
	—	—

At 30 June 2004 the company has an unrecognised deferred tax asset of £3,073,887 (2003: £2,523,935) due to the availability of trading losses for carry forward and capital allowances in excess of depreciation.

The ability of the company to utilise the deferred tax asset depends on the future trading performance. No deferred tax asset has been recognised given the anticipated time required to utilise the accumulated tax losses.

11. INTANGIBLE FIXED ASSETS

	Players £
COST	
At 1 July 2003	611,398
Additions	368,513
Disposals	(65,850)
At 30 June 2004	914,061
AMORTISATION	
At 1 July 2003	72,053
Charge for the year	299,901
On disposals	(24,740)
At 30 June 2004	347,214
NET BOOK VALUE	
At 30 June 2004	566,847
At 30 June 2003	539,345

DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

12. TANGIBLE FIXED ASSETS

	Stadium Property £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1 July 2003	8,576,927	1,248,659	82,701	9,908,287
Additions	—	69,014	—	69,014
Disposals	—	—	(11,699)	(11,699)
At 30 June 2004	8,576,927	1,317,673	71,002	9,965,602
DEPRECIATION				
At 1 July 2003	1,487,268	913,732	63,935	2,464,935
Charge for the year	171,540	57,943	3,768	233,251
On disposals	—	—	(7,998)	(7,998)
At 30 June 2004	1,658,808	971,675	59,705	2,690,188
NET BOOK VALUE				
At 30 June 2004	6,918,119	345,998	11,297	7,275,414
At 30 June 2003	7,089,659	334,927	18,766	7,443,352

The net book value of the company's tangible fixed assets includes £38,000 (2003 : £38,000) in respect of land, which is not depreciated.

13. INVESTMENTS

	Investment in Subsidiary £	Listed Investment £	Total £
Cost			
At 1 July 2003	1,000	6,658	7,658
Additions	—	1,030	1,030
At 30 June 2004	1,000	7,688	8,688
Provision			
At 1 July 2003 and 30 June 2004	1,000	—	1,000
NET BOOK VALUE			
At 30 June 2004	—	7,688	7,688
At 30 June 2003	—	6,658	6,658

DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

13. INVESTMENTS *(continued)*

Subsidiary Undertaking

	Country of Incorporation	Proportion of ordinary shares held	Nature of business
Tannadice Catering Limited	Scotland	100%	Non trading

Listed Investments

Market value at 30 June 2004 was £13,604 (2003: £12,732)

14. STOCKS

	2004 £	2003 £
Goods for resale	<u>30,314</u>	<u>75,606</u>

15. DEBTORS

	2004 £	2003 £
Trade debtors	52,298	366,273
Prepayments and accrued income	<u>211,263</u>	<u>83,810</u>
	<u>263,561</u>	<u>450,083</u>

16. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts (note 18)	4,954,787	4,177,458
Trade creditors	347,292	429,002
PAYE and social security	588,785	544,128
Scottish Premier League loan (note 18)	120,000	-
Other creditors	25,713	2,868
Accruals and deferred income	1,137,580	883,301
Directors' loans (note 18)	<u>222,067</u>	<u>-</u>
	<u>7,396,224</u>	<u>6,036,757</u>

17. CREDITORS: Amounts falling due after more than one year

	2004 £	2003 £
Bank loans and overdrafts (note 18)	1,777,778	2,000,000
Directors' loans (note 18)	<u>89,584</u>	<u>-</u>
	<u>1,867,362</u>	<u>2,000,000</u>
Accruals and deferred income (note 19)	<u>2,225,412</u>	<u>2,271,772</u>
	<u>4,092,774</u>	<u>4,271,772</u>

DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

18. BORROWINGS

Total borrowings are:

	2004 £	2003 £
Bank overdraft	4,732,565	4,177,458
Bank loan	2,000,000	2,000,000
Scottish Premier League loan	120,000	-
Directors' loans	311,651	-
	<u>7,164,216</u>	<u>6,177,458</u>

The total borrowings are repayable as follows:

	2004 £	2003 £
Within one year	5,296,854	4,177,458
Between one and two years	247,222	-
Between two and five years	731,250	-
Over five years	888,890	2,000,000
	<u>7,164,216</u>	<u>6,177,458</u>

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

The loan bears interest at 1.75% above the bank's base rate, and is repayable in equal monthly instalments commencing 1 November 2003. Subsequent to 30 June 2004 the bank loan and overdraft has been restructured into a term loan of £6million repayable over 25 years and a further overdraft facility of £1million.

A maximum personal guarantee of £200,000 has been provided in connection with the bank borrowings by Mr E H Thompson, a director and majority shareholder.

The Scottish Premier League loan attracts interest at the rate of ½% below bank base rate, and is repayable no later than 31 July 2004.

The company has received loans from each of the individual directors, which are unsecured and interest free. The loans are repayable in instalments within five years.

19. ACCRUALS AND DEFERRED INCOME

Football grounds improvement grants	£
At 1 July 2003	2,271,772
Released to profit and loss account (note 4)	(46,360)
At 30 June 2004	<u>2,225,412</u>

DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

20. SHARE CAPITAL

Authorised share capital:

	2004	2003
	£	£
25,000 Ordinary shares of £0.10 each	<u>2,500</u>	<u>2,500</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £0.10 each	<u>23,264</u>	<u>2,327</u>	<u>13,004</u>	<u>1,301</u>

During the year, 10,260 ordinary shares were issued to increase the capital base, raising £338,580.

21. RESERVES

	Share premium account £
New equity share capital subscribed	<u>337,554</u>
Balance carried forward	<u>337,554</u>

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT)/FUNDS

	2004	2003
	£	£
Loss for the financial year	<u>(1,888,871)</u>	<u>(2,876,434)</u>
New equity share capital subscribed	1,026	—
Premium on new share capital subscribed	337,554	—
	<u>338,580</u>	<u>—</u>
Net reduction in funds	(1,550,291)	(2,876,434)
Opening shareholders' equity (deficit)/funds	<u>(1,791,051)</u>	<u>1,085,383</u>
Closing shareholders' deficit	<u>(3,341,342)</u>	<u>(1,791,051)</u>

DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

23. NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2004 £	2003 £
Operating loss	(1,497,323)	(2,668,145)
Amortisation	299,901	117,089
Depreciation	233,251	242,242
Impairment of investment	—	1,000
Loss on disposal of fixed assets	2,451	4,080
Release of grant income	(46,360)	(46,360)
Decrease in stocks	45,292	54,412
Decrease/(increase) in debtors	186,522	(119,159)
Increase in creditors	240,071	701,170
Net cash outflow from operating activities	<u>(536,195)</u>	<u>(1,713,671)</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2004 £	2003 £
Interest received	1,067	1,039
Interest paid	(351,505)	(282,667)
Interest element of finance lease and hire purchase contracts payments	—	(1,661)
Net cash outflow from returns on investments and servicing of finance	<u>(350,438)</u>	<u>(283,289)</u>

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2004 £	2003 £
Payments to acquire tangible fixed assets	(69,014)	(42,834)
Payments to acquire football registrations	(368,513)	(378,084)
Payments to acquire investments	(1,030)	(953)
Receipts from sale of tangible fixed assets	1,250	58,761
Receipts from sale of player registrations	—	100,000
Net cash outflow for capital expenditure and financial investment	<u>(437,307)</u>	<u>(263,110)</u>

DUNDEE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2004

23. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)* FINANCING

	2004 £	2003 £
Issue of equity share capital	1,026	—
Share premium on issue of equity share capital	337,554	—
Loans advanced	120,000	2,000,000
Capital element of hire purchase and finance lease payments	—	(16,164)
Introduction of directors' loans	460,000	—
Loans repaid	(148,349)	(25,327)
Net cash inflow from financing	770,231	1,958,509

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2004 £	2003 £
Decrease in cash in the period	(553,709)	(301,561)
Cash inflow from increase in debt	(431,651)	(1,958,509)
	(985,360)	(2,260,070)
Net debt at 1 July	(6,175,024)	(3,914,954)
Net debt at 30 June	(7,160,384)	(6,175,024)

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jul 2003 £	Cashflows £	Other non Cash Movements £	At 30 Jun 2004 £
Cash in hand and at bank	2,434	1,398	-	3,832
Overdraft	(4,177,458)	(555,107)	-	(4,732,565)
		(553,709)		
Debt:				
Debt due within one year	-	(342,067)	(222,222)	(564,289)
Debt due after 1 year	(2,000,000)	(89,584)	222,222	(1,867,362)
	(6,175,024)	(985,360)	-	(7,160,384)

24. RELATED PARTY TRANSACTIONS

JDS Carnegie is a director of Dand Carnegie Consulting Limited, a firm providing accounting and taxation services to the company. In 2004 the fees charged to Dundee United Company Limited amounted to £10,000 (2003: £29,370), and sales of £1,340 (2003: £2,251).

The company also traded with Morning Noon & Night Limited, a company in which Edward H Thompson and Stephen E Thompson were directors and shareholders. Sales of £55,000 (2003 : £71,361) were made to Morning Noon & Night Limited in the year. In addition prepaid sponsorship of £300,000 relating to 2004/05 and 2005/06 was received.

DUNDEE UNITED FOOTBALL COMPANY LIMITED

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25. CONTINGENT LIABILITIES

At 30 June 2004 the company had contingent liabilities in respect of signing and other bonuses under the terms of contracts amounting to £211,000 (2003: £196,500). The company also has liabilities under certain players contracts to pay a percentage ranging from 5% to 20% on any future gain made on subsequent transfers of these player registrations.