Financial Statements The Sheffield United Football Club Limited

For the year ended 30 June 2012

Registered number: 00061564

Company Information

Company registration number	00061564
Registered office	Bramall Lane SHEFFIELD S2 4SU
Directors	C Steer D J Green J Burnley M Dudley D W McCarthy M A Blundell C Burns S Coakley I S Cameron
Company secretary	C Burns
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2 Broadfield Court SHEFFIELD South Yorkshire S8 0XF
Bankers	Santander Ground Floor Merrion Court 44 Merrion Street LEEDS LS2 8JQ
Solicitors	Kennedys Law LLP Ventana House 2 Concourse Way Sheaf Street SHEFFIELD S1 2BJ

Contents

Directors' Report
For the year ended 30 June 2012

The directors present their report and the financial statements for the year ended 30 June 2012

Principal activities
The company is principally engaged in the operation of a professional football club

Business review
For the year ended June 2012, Sheffield United Football Club (SUFC) made a retained loss of £12 2m (2011 loss of £13 3m)

The financial year under review saw a period of adjustment for Sheffield United A season of great football ended in frustration, with a total of 90 points, normally enough to win promotion from League One, leaving the Blades to miss out in the cruellest possible fashion in a sudden death penalty shoot out at Wembley A high League position throughout the 2011-2012 campaign along with a good cup run has held ticketing revenues at £4 5m (2011 £4 4m) despite relegation from the Championship Our average attendance for the season stood at 18,701 (2011 20,632) a reduction of less than 2,000 from the previous season in the Championship Comparable turnover fell by £4 2m to £9 7m (2011 £13 9m) in the year, of which £3 5m related to the reduction in central distributions from the Football League and Premier League and £0 7m related to Commercial income

Given the current financial climate and the relegation suffered in 2011 the profitability of our off the pitch operations has become of even greater importance to our long term sustainability In anticipation of lower revenues, efforts continue throughout the Club to reduce costs, from player wages through to administration expenses Cost of sales which includes player wages has been reduced by £3 2m to £14 2m (2011 £17 3m) Administration costs from continuing operations were reduced by £1 1m to £4 7m (2011 £5 8m)

Player trading in the year contributed £1 6m of profit to the financial results for the year This together with interest costs of £2 6m took SUFC to a loss on ordinary activities before taxation of £12 2m (2011 £13 3m)

After a promising start to the new season the club remains focused on promotion to the Championship with a medium term view of regaining it's rightful place in the English Premier League

First Team

The 2011-2012 season was one of transition for Sheffield United Football Club in the unfamiliar surroundings of League One Danny Wilson was appointed Manager and introduced a new playing philosophy to the club which saw the team delivering a more possession based style of play with attacking flair and a cutting edge A new squad structure was introduced which would see the professional squad gradually reducing in size while rationalising it to support a more fluid progression for home grown players from the club's Academy and for young acquisitions from the transfer market A new wages structure was implemented to ease the club's transition towards the Salary Control Management Protocol regulations that were to commence on 1st September 2012 as well as incentivising players to contribute where it matters most on the field of play'

The new squad structure positions the club to trade more effectively in the transfer market going forward by providing first team opportunities for the young talents within the club This new approach offered plenty of first team opportunities to home-grown talents with 96 Football League appearances shared amongst Matt Lowton, Harry Maguire, David McAllister, Erik Tonne, and George Long 2011-2012 saw 36% of first team Football League starts coming from the club's home grown players while only 56% of first team starts came from players over 21 years of age that had been acquired for the professional squad in the transfer market While the loan market was used during the 2011-2012 season it was used far more frugally than the previous season as the emphasis shifted towards a different approach Only 8% of first team starts came from loan players during 2011-2012

The transition within the first team group meant that players left the club, others arrived and home-grown talents came to the fore. Amongst those leaving the club during 2011-2012 were Jordan Slew (Blackburn), Daniel Bogdanovic (Blackpool), Jamie Ward (Derby County), Mark Yeates (Watford) and Darius Henderson (Millwall)

Directors' Report
For the year ended 30 June 2012

Those that arrived at Bramall Lane during 2011-2012 included Mark Howard (Blackpool), James Beattie (Rangers), Marcus Williams (Reading), Ryan Flynn (Falkirk), Kevin McDonald (Burnley) Jean-Francios Lescinel (Swindon) and Chris Porter (Derby County)

Those that arrived on loan during the 2011-2012 season were John Egan (Sunderland), Matt Hill, Matt Phillips, Billy Clarke (all Blackpool), Michael O'Halloran (Bolton Wanderers) and Will Hoskins (Brighton & Hove Albion)

The club focused clearly upon the objective of a quick return to the Championship and Danny Wilson led the team to a spectacular 90 points in League One while entertaining the Sheffield United supporters by scoring 92 League goals This would be only the second time in 10 seasons that a total of 90 points would not be enough to claim an automatic promotion spot, while 92 goals would be one of the biggest goal-scoring tallies in Europe A Wembley play-off against Yorkshire neighbours Huddersfield Town ended in heartbreak for the club as a Steve Simonsen penalty failed to find the net thereby thwarting Sheffield United's attempt to get back to the Championship at the first time of asking

Season 2012-2013 will continue the transition for Sheffield United as the Financial Fair Play rules come into effect Thus far the first team has made a good start to the new season with a young and hungry group of players led by Manager Danny Wilson

Player Development

The club's Academy continued to provide a return on investment with the promotion of young players from the previous season's FA Youth Cup Final side to the first team group Harry Maguire, George Long, Corey Gregory and Matty Harriott all joined Danny Wilson's professional squad while Jordan Slew was sold to Blackburn Rovers The next crop of Academy talents made a third round exit from the FA Youth Cup at Southampton after beating Tranmere Rovers and Port Vale in the earlier rounds This Youth Team group still showed enough promise of first team players to come following in the footsteps of the many players that have progressed from the Academy at Shirecliffe

The Sheffield United Reserve team, led by Chris Morgan and containing a number of Academy products became Champions of the Central League Central Division in May The reserves pipped Derby County by one point and Nottingham Forest by three points This success underlines the ongoing contribution that the Academy is making within the professional ranks at the club

The transition of Youth Development across the country also affected the Academy during 2011-2012 as the Premier League announced plans in May 2011 for the introduction of their Elite Player Performance Plan (EPPP) with effect from the start of July 2012 A significant restructure of the Academy began during 2011-2012 to position the club to achieve Category 2 status under the new regulations Furthermore, a process was started to identify additional coaches as well as to revise the coaching curriculum to address the increased coaching hours that will be required by the new standard Provisional Category 2 status was awarded to the club for the 2012-2013 season however further restructuring will be required, before an ISO audit is due to take place in February 2013, if the club is to maintain its categorisation

The Academy continues to look in good shape to maintain its proud record of producing professional players to the Sheffield United first team with 4 further graduates to the first team squad at the start of 2012-2013 Calum McFadzean, Aaron Barry, Terry Kennedy and Elliot Whitehouse all joined Danny Wilson's squad for the new season

Directors' Report
For the year ended 30 June 2012

Prospects

Over the forthcoming season we will strive to make further progress in achieving our break even business model With a new first team philosophy, embracing player development along with investment in young talent through the implementation of category two of the Premier Leagues' Elite Player Performance Plan, the future of the club on the pitch will be paramount The 2012-2013 season sees the implementation of the Salary Cost Management Protocol, in earnest, with the Club well positioned within the 65% wages to turnover threshold As allowances for home grown professionals are given, (their wage costs are discounted from the calculation), the investment in the Academy is key to the future of the club It is through this long term thinking that Sheffield United will become a self sustaining business

Summary

The continued support received from investors, shareholders, sponsors and fans has been overwhelming despite the disappointment faced over the last few seasons Season ticket sales have reached almost 12,000 for the forthcoming season and attendances continue to be 30% higher than any other club in League One On behalf of the Directors, I would like to take this opportunity to express our sincere appreciation and thanks

Through the hard work of the Directors and Employees of Sheffield United, positive moves have been made towards becoming a self sustaining business The adoption of a new infrastructure and business model with clear goals has been brought into place The focus going forward will be upon developing and maintaining a high performing player talent base, maintaining a sustainable business, ensuring the maximum return on assets and ensuring we are a true family and community club However, our eye will always remain on our ultimate goal of achieving long term self sufficient Premier League status

Results

The loss for the year, after taxation, amounted to £12,156,363 (2011 - loss £13,319,338)

Directors

The directors who served during the year were

C Steer
D J Green
J Burnley
M Dudley
D W McCarthy
J Winter (appointed 29 September 2011 & resigned 7 September 2012)
M A Blundell (appointed 24 November 2011)

Post year end on 1 October 2012, C Burns, I S Cameron and S Coakley were appointed directors of the company

Directors' Report

For the year ended 30 June 2012

Directors' responsibilities statement

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

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

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- 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

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier

This report was approved by the board on 15 October 2012 and signed on its behalf

C Burns
Director

Grant Thornton

Independent Auditor's Report to the Members of The Sheffield United Football Club Limited

We have audited the financial statements of The Sheffield United Football Club Limited for the year ended 30 June 2012, which comprise the profit and loss account, the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor
As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 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

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Grant Thornton

Independent Auditor's Report to the Members of The Sheffield United Football Club Limited

Matters on which we are required to report by exception

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

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

Michael Redfern (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Sheffield

15 October 2012

Profit and Loss Account

For the year ended 30 June 2012

	Note	2012 £	2011 £
Turnover	1,2	**9,726,416**	13,888,550
Cost of sales		**(14,192,001)**	(17,345,840)
Gross loss		**(4,465,585)**	(3,457,290)
Administrative expenses		**(6,954,333)**	(8,947,198)
Other operating income	3	**275,547**	1,628,945
Operating loss	4	**(11,144,371)**	(10,775,543)
Exceptional items			
Net profit/(loss) on sale of tangible fixed assets	8	**1,571,404**	(103,273)
Loss on ordinary activities before interest		**(9,572,967)**	(10,878,816)
Interest receivable and similar income		**23,523**	4,487
Interest payable and similar charges	7	**(2,606,919)**	(2,445,009)
Loss on ordinary activities before taxation		**(12,156,363)**	(13,319,338)
Tax on loss on ordinary activities	9	**-**	-
Loss for the financial year	19	**(12,156,363)**	(13,319,338)

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The notes on pages 10 to 25 form part of these financial statements

Note of Historical Cost Profits and Losses

For the year ended 30 June 2012

	2012	2011
	£	£
Reported loss on ordinary activities before taxation	**(12,156,363)**	(13,319,338)
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	**154,223**	159,450
Historical cost loss on ordinary activities before taxation	**(12,002,140)**	(13,159,888)
Historical loss for the year after taxation	**(12,002,140)**	(13,159,888)

The accompanying accounting policies and notes form part of these financial statements

Balance Sheet
As at 30 June 2012

	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Intangible assets	10		**374,290**		2,070,096
Tangible assets	11		**23,578,044**		24,419,758
Investments	12		**1**		1
			23,952,335		26,489,855
Current assets					
Stocks	13	**42,930**		92,557	
Debtors amounts falling due after more than one year	14	**2,500,000**		8,500,000	
Debtors amounts falling due within one year	14	**11,693,925**		12,883,710	
Cash at bank		**397,987**		1,548,538	
		14,634,842		23,024,805	
Creditors. amounts falling due within one year	15	**(46,063,284)**		(42,418,854)	
Net current liabilities			**(31,428,442)**		(19,394,049)
Total assets less current liabilities			**(7,476,107)**		7,095,806
Creditors amounts falling due after more than one year	16		**(28,743,152)**		(31,265,617)
Deferred income	17		**(5,276,760)**		(5,169,845)
Net liabilities			**(41,496,019)**		(29,339,656)
Capital and reserves					
Called up share capital	18		**1,489,202**		1,489,202
Revaluation reserve	19		**4,095,179**		4,249,402
Profit and loss account	19		**(47,080,400)**		(35,078,260)
Shareholders' deficit	20		**(41,496,019)**		(29,339,656)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 October 2012

C Burns
Director

The notes on pages 10 to 25 form part of these financial statements

Notes to the Financial Statements

For the year ended 30 June 2012

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards

The principal accounting policies of the company as set out below, have remained unchanged from the previous year

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006 These financial statements therefore present information about the company as an individual undertaking and not about its group

1.2 Going concern

The Company's business activities, together with factors likely to its future development, performance and position are set out in the business review on pages 1 to 3

The financial statements have been drawn up on a going concern basis which assumes the continuing financial support of the ultimate parent undertaking Sheffield United Plc has confirmed that it is its present intention to provide financial support to The Sheffield United Football Club for the forseeable future

The Directors have recently undergone a review if their internal resources and requirements to reflect the current economic environment Forecasts covering the period to 31 October 2013 have been prepared which include a reduced player wage budget which will ensure the club meet the Football League Salary Cost Management Protocol requirements The loans and financing in place in the Group headed by Sheffield United Plc has been confirmed at the year end from related parties to remain in place for the remainder of the forecast period These forecasts show that the company can continue as a going concern but assume that the Group headed up by Sheffield United Plc is able to continue raising further financing facilities, sourcing additional equity investment or selling assets to generate cash The directors have entered into negotiations with certain investors and financial institutions and are confident that such funds can be raised from one or more of the above sources

The Directors therefore have a reasonable expectation that the Company will be able to continue as a going concern for the foreseeable future

1 3 Cash flow statement

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

1 4 Turnover

Turnover comprises net gate and ticket receipts, sports contracts, television and sponsorship revenue, retail and programme income, excluding VAT Season ticket and sponsorship income received prior to the year end in resepect of the following football season is treated as deferred income

Notes to the Financial Statements
For the year ended 30 June 2012

1. Accounting Policies (continued)

1 5 Intangible fixed assets and amortisation

Transfer fees paid for player registrations
The costs of acquired player registrations, including agents fees, are capitalised as intangiable assets and amortised over the period of the players' contracts, with appropiate adjustments for any impairments assessed to have taken place

Trademarks
The costs of acquired trademarks are capitalised as intangible assets

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

Trademarks	-	10 years

1 6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation

Finance costs on fixed asset additions are capitalised during the period of construction and written off as part of the total cost No depreciation is charged during the period of construction

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold land & buildings	-	2 - 15% straight line basis
Equipment & vehicles	-	20 - 25% straight line basis

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

1 7 Revaluation of tangible fixed assets

As permitted by the transitional provisions of FRS 15 Tangible Fixed Assets the company has elected not to adopt a policy of revaluation of tangible fixed assets The company will retain the book value of land and buildings, previously revalued at 30 June 1997 and will not update that valuation

1.8 Investments

Investments held as fixed assets are shown at cost less provision for impairment

Notes to the Financial Statements
For the year ended 30 June 2012

1. Accounting Policies (continued)

1.9 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives Assets acquired by hire purchase are depreciated over their useful lives Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company Obligations under such agreements are included in creditors net of the finance charge allocated to future periods The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

1.10 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term

1.11 Stocks

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

1.12 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the latest enacted tax rates

Deferred tax assets and liabilities are not discounted

1.13 Grants

Grants received from the Football Trust and Government in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets

Notes to the Financial Statements

For the year ended 30 June 2012

1. Accounting Policies (continued)

1.14 Pensions

The company operates defined contribution schemes for certain employees The company funds its pension liabilities through externally managed pension schemes Contributions are charged against profits in the year in which payments are due

The defined benefit scheme participated in by the company is a multi employer pension scheme The company is unable to identify its share of the underlying assets and liabilities of the scheme Accordingly the company has taken advantage of the exemption in FRS17 to assess the liabilities of the scheme at 30 June 2012 Accordingly the pension cost in respect of the defined benefit scheme represent the amount of contributions payable in respect of the accounting period

1.15 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such on the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities Dividends and distributions relating to equity instruments are debited direct to equity

Notes to the Financial Statements

For the year ended 30 June 2012

2. Turnover

The turnover is attributable to the one principal activity of the company in the United Kingdom

3. Other operating income

	2012	2011
	£	£
Grants written off	-	1,301,097
Grants released	75,763	103,630
Donations	199,784	224,218
	275,547	1,628,945

In June 2011, grant income totaling £1 3m in respect of the Blades Enterprise Centre was fully released following the disposal of the related asset

4. Operating loss

The operating loss is stated after charging

	2012	2011
	£	£
Amortisation - intangible fixed assets	1,524,000	2,523,000
Depreciation of tangible fixed assets		
- owned by the company	1,005,119	1,163,007
- held under finance leases	22,755	13,715
Auditors' remuneration	-	20,000
Operating lease rentals		
- other operating leases	92,305	23,351
Impairment of player registrations	677,000	591,000

The cost of auditor's remuneration was covered by another company within the Sheffield United Plc group

Notes to the Financial Statements

For the year ended 30 June 2012

5. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012	2011
	£	£
Wages and salaries	**10,303,668**	13,534,086
Social security costs	**1,207,675**	1,353,868
Other pension costs	**513,304**	220,309
	12,024,647	15,108,263

The average monthly number of employees, including the directors, during the year was as follows

	2012	2011
	No	No
Football	**112**	89
Non-football	**51**	68
	163	157

6. Directors' remuneration

	2012	2011
	£	£
Emoluments	**66,256**	5,984

7. Interest payable

	2012	2011
	£	£
On bank loans and overdrafts	**464,434**	242,933
On other loans	**2,139,799**	2,193,904
On finance leases and hire purchase contracts	**2,686**	8,172
	2,606,919	2,445,009

Included in interest payable on other loans is interest payable to group undertakings of £1,313,611 (2011 - £1,060,576) (note 24)

Notes to the Financial Statements

For the year ended 30 June 2012

8. Profit / (loss) on disposal of fixed assets

	2012	2011
	£	£
Profit/(loss) on disposal of fixed assets	**27,400**	(1,367,226)
Profit on disposal of player registrations	**1,544,004**	1,263,953
	1,571,404	(103,273)

9. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 25 5% (2011 - 27 5%) The differences are explained below

	2012	2011
	£	£
Loss on ordinary activities before tax	**(12,156,363)**	(13,319,338)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25 5% (2011 - 27 5%)	**(3,099,873)**	(3,662,818)
Effects of		
Expenses not deductible for tax purposes	**124,477**	172,237
Capital allowances for year in excess of depreciation	**113,081**	142,102
Short term timing difference leading to an increase (decrease) in taxation	**38,012**	(57,091)
Unrelieved tax losses carried forward	**2,809,278**	3,381,296
Surrender of group relief	**15,025**	24,274
Current tax charge for the year (see note above)	**-**	-

Factors that may affect future tax charges

Unrelieved tax losses of approximately £40,000,000 (2011 - £30,000,000) remain available to offset against future taxable trading profits

No provision has been made for deferred tax on trading losses carried forward The total amount unprovided for is approximately £11,000,000 (2011 - £8,000,000) At present it is not envisaged that future taxable profits will be sufficient for these timing differences to be reversed

No provision has been made for deferred tax on accelerated capital allowances and other short term timing differences The total amount unprovided for is approximately £nil (2011 - £nil) At present it is not envisaged that future taxable profits will be sufficient for these timing differences to be reversed

Notes to the Financial Statements

For the year ended 30 June 2012

10. Intangible fixed assets

	Player registrations £	Trademarks £	Total £
Cost			
At 1 July 2011	9,142,988	100,000	9,242,988
Additions	694,000	-	694,000
Disposals	(9,221,988)	-	(9,221,988)
At 30 June 2012	615,000	100,000	715,000
Amortisation			
At 1 July 2011	7,152,892	20,000	7,172,892
Charge for the year	1,514,000	10,000	1,524,000
On disposals	(9,033,182)	-	(9,033,182)
Impairment charge	677,000	-	677,000
At 30 June 2012	310,710	30,000	340,710
Net book value			
At 30 June 2012	304,290	70,000	374,290
At 30 June 2011	1,990,096	80,000	2,070,096

During the year the gross cost and amortisation in relation to player contracts now completed or cancelled has been eliminated

11. Tangible fixed assets

	Freehold land & buildings £	Equipment & vehicles £	Total £
Cost or valuation			
At 1 July 2011	27,843,712	4,313,645	32,157,357
Additions	38,812	160,539	199,351
Disposals	(12,753)	(438)	(13,191)
At 30 June 2012	27,869,771	4,473,746	32,343,517
Depreciation			
At 1 July 2011	4,394,202	3,343,397	7,737,599
Charge for the year	506,530	521,344	1,027,874
At 30 June 2012	4,900,732	3,864,741	8,765,473
Net book value			
At 30 June 2012	22,969,039	609,005	23,578,044
At 30 June 2011	23,449,510	970,248	24,419,758

Notes to the Financial Statements

For the year ended 30 June 2012

11. Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2012	2011
	£	£
Equipment and vehicles	**4,525**	75,283

The depreciation charged to the financial statements in the year in respect of assets held under hire purchase agreements is £22,755 (2011 - £13,715)

Finance costs totalling £99,467 (2011 - £99,467) are included in the cost of tangible fixed assets

No provision has been made for the deferred taxation in respect of estimated corporation tax that would be payable on disposal of the land and buildings at the valuation because, in the opinion of the directors, those assets are unlikely to be disposed of in the foreseeable future

Cost or valuation at 30 June 2012 is as follows

	Land and buildings
	£
At cost	**11,869,771**
At valuation	
30 June 1997	**16,000,000**
	27,869,771

If the land and buildings had not been included at valuation they would have been included under the historical cost convention as follows

	2012	2011
	£	£
Cost	**11,869,771**	11,843,712
Accumulated depreciation	**(3,259,322)**	(3,303,046)
Net book value	**8,610,449**	8,540,666

Notes to the Financial Statements
For the year ended 30 June 2012

12. Investments

	Investments in subsidiary companies £
Cost	
At 1 July 2011 and 30 June 2012	**1**
Net book value	
At 30 June 2012	**1**
At 30 June 2011	1

Subsidiary undertakings

The following is a dormant subsidiary undertaking of the company

Name	Class of shares	Holding
Blades Club Limited	Ordinary	100%

13. Stocks

	2012 £	2011 £
Goods for resale	**42,930**	92,557

Notes to the Financial Statements

For the year ended 30 June 2012

14. Debtors

	2012	2011
	£	£
Due after more than one year		
Other debtors	**2,500,000**	8,500,000

	2012	2011
	£	£
Due within one year		
Trade debtors	**3,130,117**	5,741,632
Amounts owed by group undertakings	**2,028,097**	2,028,097
Other debtors	**6,177,726**	4,719,359
Prepayments and accrued income	**357,985**	394,622
	11,693,925	12,883,710

Included in other debtors is an amount of £8,500,000 (2011 - £13,000,000) which is used as security against bank loans and overdrafts of £8,532,556 (2011 - £13,066,544) included in notes 15 and 16

15. Creditors:
Amounts falling due within one year

	2012	2011
	£	£
Bank loans and overdrafts	**6,032,556**	4,566,544
Other loans	**19,124,582**	16,790,255
Net obligations under finance leases and hire purchase contracts	**3,407**	35,010
Trade creditors	**1,447,831**	2,383,428
Amounts owed to group undertakings	**16,608,940**	16,423,235
Social security and other taxes	**493,160**	743,956
Other creditors	**247,983**	203,771
Accruals and deferred income	**2,104,825**	1,272,655
	46,063,284	42,418,854

The bank loan facility with Santander is secured against monies owed to The Sheffield United Football Club Limited from West Ham Football Club Plc in respect of Carlos Tevez

Other loans comprise, loans with related parties of £14,999,311 (see note 24) (2011 - £12,450,103) together with loans from non bank financial institutions of £4,125,271 (2011 - £4,340,152)

Notes to the Financial Statements
For the year ended 30 June 2012

16. Creditors: Amounts falling due after more than one year

	2012	2011
	£	£
Bank loans	**2,500,000**	8,500,000
Other loans	**-**	3,380,231
Net obligations under finance leases and hire purchase contracts	**1,268**	3,882
Amounts owed to group undertakings	**25,698,506**	19,194,974
Other creditors	**534,248**	177,400
Preference share capital of £10 each treated as debt (Note18)	**9,130**	9,130
	28,743,152	31,265,617

Disclosure of the terms and conditions attached to the non-equity shares is made in note 18

Included within the above are amounts falling due as follows

	2012	2011
	£	£
Between one and two years		
Bank loans	**2,500,000**	6,000,000
Other loans	**-**	3,380,231
Between two and five years		
Bank loans	**-**	2,500,000

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2012	2011
	£	£
Between one and five years	**1,268**	3,882

The bank loan facility with Santander is secured against monies owed to The Sheffield United Football Club Limited from West Ham Football Club Plc in respect of Carlos Tevez

Other loans comprise, loans with related parties (see note 24) together with loans from non bank financial institutions of £nil (2011 - £3,380,000)

17. Deferred income

	2012	2011
	£	£
Sponsorship	**526,493**	402,654
Advance ticket sales	**2,047,954**	1,989,114
Deferred capital grant	**2,702,313**	2,778,077
	5,276,760	5,169,845

Notes to the Financial Statements

For the year ended 30 June 2012

18. Share capital

	2012	2011
	£	£
Shares classified as capital		
Allotted, called up and fully paid		
477 Deferred shares of £100 each	**47,700**	47,700
2,883 Ordinary shares of £500 each	**1,441,500**	1,441,500
204 Deferred shares of £0 01 each	**2**	2
	1,489,202	1,489,202
Shares classified as debt		
Allotted, called up and fully paid		
913 Preference shares of £10 each	**9,130**	9,130

19. Reserves

	Revaluation reserve	Profit and loss account
	£	£
At 1 July 2011	4,249,402	(35,078,260)
Loss for the year	-	(12,156,363)
Transfer between Revaluation reserve and Profit and loss account	(154,223)	154,223
At 30 June 2012	4,095,179	(47,080,400)

20. Reconciliation of movement in shareholders' deficit

	2012	2011
	£	£
Opening shareholders' deficit	**(29,339,656)**	(16,020,318)
Loss for the year	**(12,156,363)**	(13,319,338)
Closing shareholders' deficit	**(41,496,019)**	(29,339,656)

Notes to the Financial Statements
For the year ended 30 June 2012

21. Contingent liabilities

The group has received grant income over many years The funding bodies have clawback arrangements in place for many of the grants and the group may have to pay monies back in the event of an unsatisfactory audit

22. Pension commitments

Certain of the company's employees and ex-employees are members of the Football League Limited Pension and Life Assurance Scheme (FLLPLAS), a defined benefit scheme As the company is one of a number of participating employers in FLLPLAS, it is not possible to accrue any actuarial surplus or deficit on a meaningful basis The assets of the scheme are held separately from those of the company, being invested with insurance companies Under the provisions of FRS 17 the scheme is treated as a defined benefit multi-employer scheme

The scheme's actuary has advised that the participating employer's share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis and, accordingly, no disclosures are made under the provisions of FRS 17 At 31 August 2011 an updated actuarial valuation was performed and caused the trustees to amend the outstanding deficit they agreed to be allocated to the Sheffield United plc Group to £651,927 The actuary has taken into account that, with people generally living longer, pensions will be payable over a longer term, and as a result, there is an increase in the annual payment from September 2012 to August 2019 The contribution level for the Group is therefore £42,000 per annum for the period from September 2009 to August 2012 increasing to £89,000 per annum from September 2012 to August 2019 As the scheme is no longer accruing benefits in respect of employees, the directors have made a provision for the fair value of future contributions to be paid The provision of £616,000 is included within other creditors

23. Operating lease commitments

At 30 June 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2012	2011	**2012**	2011
	£	£	**£**	£
Expiry date				
Between 2 and 5 years	**-**	-	**30,713**	-
After more than 5 years	**60,000**	60,000	**-**	-

24. Related party transactions

During the year the Company purchased goods and services from companies in which certain directors held interests During the year the Company sold services to directors or companies in which certain directors held interests The transactions were all undertaken on an arms length basis The transactions were not considered to be material to either the Company or the related parties with the exception of the following which are controlled by the McCabe family

Notes to the Financial Statements

For the year ended 30 June 2012

	Outstanding (including accrued interest) at 30 June 2012	**Interest charged to the profit and loss 2012**	Outstanding (including accrued interest) at 30 June 2011	Interest charged to the profit and loss 2011
	£	**£**	£	£
Included within other loans (Note 16)				
Scarborough Luxembourg Sarl (Terms 10 0% per annum)	**13,377,408**	**1,285,447**	12,347,363	103,984
Scarborough (Terms 10 0% per annum)	**112,713**	**9,973**	102,740	2,740
New loans during the year:				
Scarborough Luxembourg Sarl (Terms 4 5% per annum)	**505,628**	**5,628**	-	-
Scarborough Partnerships Limited (Terms 10 0% per annum)	**1,003,562**	**3,562**	-	-
New loans repaid during the year				
Scarborough Partnerships Limited (Terms 4 5% per annum)	**-**	**2,813**	-	-
SPC Group Limited (Terms 4 5% per annum)	**-**	**-**	-	-
Scarborough Luxembourg Sarl (Terms 4 5% per annum)	**-**	**6,188**	-	-

On 5 August 2011 a loan of £250,000 was made to Sheffield United Football Club Limited from Scarborough Partnership Limited, a company controlled by the McCabe family at an interest rate of 4 5% On 8 November 2011 the full amount of this loan and accrued interest was settled

On 15 September 2011 a loan of £400,000 was made to Sheffield United Football Club Limited from SPC Group Limited, a company controlled by the McCabe family at an interest rate of 4 5% On 4 October 2011 the full amount of this loan was settled

An additional short term loan of £550,000 was made to Sheffield United Football Club Limited from Scarborough Luxembourg Sarl at a rate of 4 5% on 8 August 2011 This loan and accrued interest was settled on 8 November 2011

25. Signing on and transfer fees payable

Commitments in respect of deferred signing-on fees due to players under contract at the year end and not provided in the financial statements amounted to £196,000 (2011 - £441,000) Such fees are charged to the profit and loss account in the period in which there is an obligation

Under the terms of certain contracts with other football clubs in respect of player transfers, certain additional amounts would be payable by the company if conditions as to future team selection or performance are met The maximum that could be repayable is £693,000 (2011 - £2,131,000) This amount is not provided in the financial statements as it is not expected to be payable

Notes to the Financial Statements

For the year ended 30 June 2012

26. Post balance sheet events

On 1 August 2012 the immediate ownership of the company changed and the immediate parent undertaking is now Blades Leisure Limited As part of the transaction the property known as the Bramall Lane Stadium and the Sheffield United Shirecliffe Academy was transferred to Sheffield United Plc along with related party loans amounting to £23,520,000

During the summer transfer window the Football Club purchased and sold players to the net value of £1 1m

As a result of a further season in League One, the company embarked on a significant reorganisation process which incurred £0 2m redundancy costs

27. Derivatives

On 9 December 2010 the Group purchased two interest rate swaps to fix the interest rate at 1 3% on £5 25m of borrowings until August 2012, and 1 78% on £7 75m of borrowings until August 2013 The contracts were marked to market at 30 June 2012 which resulted in a liability of £64,000 (2011 £112,000) This amount is not provided for in these accounts

28. Ultimate parent undertaking and controlling party

The immediate parent undertaking of the company is Blades Leisure Limited

The smallest group of undertakings for which group accounts have been drawn up is that headed by Sheffield United Plc which is incorporated in England & Wales and the largest such group of undertakings is that headed by Scarborough Group International Limited incorporated in Scotland

The ultimate parent undertaking of this company is Scarborough Group International Limited incorporated in Scotland Group accounts for Scarborough Group International Limited are available from Companies House By virtue of shareholdings in Scarborough Group International Limited, the McCabe family is considered to be the company's controlling related party

The financial statements have been drawn up on a going concern basis which assumes the continuing financial support of the ultimate parent undertaking Sheffield United plc has confirmed that it is its present intention to provide financial support to Sheffield United Football Club Limited for the foreseeable future