Grant Thornton

Financial statements The Sheffield United Football Club Limited

For the Year Ended 30 June 2010

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Company No. 61564

Company information

Company registration number	61564
Registered office	Bramall Lane SHEFFIELD S2 4SU
Directors	K McCabe C Steer D J Green J Burnley M Dudley T Birch
Secretary	D Harrop
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
Auditor	Grant Thornton UK LLP Chartered Accountants Statutory Auditor 2 Broadfield Court SHEFFIELD S8 0XF

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 June 2010

Principal activities and business review

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

Overview

After accounting for interest, exceptional items and tax, Sheffield United Football Club Limited made a retained loss for the year ended 30 June 2010 of £5 3 million (2009 profit of £9 8 million) The profit in 2009 included the £18 1m settlement payment from West Ham in respect of the "Tevez Affair" Without this one-off item the comparable 2009 retained loss figure would have been £8 2m

Turnover for the year fell to £15 0m (2009 £27 0m) The largest element of this reduction was television income, which fell to £4 4m (2009 £14 2m) as Sheffield United did not receive a Premier League parachute payment in the 2009/10 season

Gate receipts also fell in the 2009/10 season to £4 9m (2009 £6 9m) The 2009 income benefited from ticket sales from the Club's run to the play off final Apart from this, average attendances at Bramall Lane held up well, with an average league attendance of 25,120 in 2009/10 compared to 26,018 in 2008/09

The average crowd figures reflects Sheffield United's strong fan base and the Club's continued commitment to supporters to make attendance affordable through deals for concession customers and easy payment options

During the 2009/10 season Sheffield United sought to balance a desire to achieve promotion back to the Premier League with the reality of reduced income due to the end of parachute payments Whilst reductions were achieved in the overall cost of the playing squad, Sheffield United continued to maintain one of the largest wage bills in the division

Key player acquisitions in the year were Ched Evans, Lee Williamson, Richard Cresswell and Mark Yeates Ched Evans at a cost of £3m was the highest in the Championship in 2009/10 Significant injury problems experienced during the season meant that the Club also required the services of 13 loan players in 2009/10 with the consequent financial effect

To counter balance the investment in new players, the Club reluctantly accepted attractive offers from Tottenham Hotspur for the two star "home grown" players Kyle Walker and Kyle Naughton, with Kyle Walker being loaned back to Sheffield United for the 2009/10 season Disappointingly he was recalled by Tottenham Hotspur on the final day of the January transfer window

Matthew Kilgallon, with his contract expiring at the end of the season, was also sold in January after refusing to sign a new improved contract These three players in particular contributed to a profit on disposal of player registrations of £10 6m in the year (2009 £3 8m) These transfer fees made a significant contribution to the Club's working capital requirements, helped support a higher wage bill and again reiterated the success of the Academy

Ultimately the 2009/10 season was to end in disappointment, with a strong run of results at the end of the season coming too late to secure a play off place Sheffield United finished 8th in the Championship, five points behind Blackpool who were promoted via the play offs

Report of the directors

The start of the 2010/11 season suggests that the Championship will again be a competitive, tightly contested league After disappointing early results, the Club acted quickly to replace Kevin Blackwell with former coach Gary Speed as Manager Gary was widely respected as a player and is a coveted, young and ambitious Manager who shares the Board's desire for success

The First Team

After the disappointment of the play off final defeat in May 2009 Sheffield United again invested in the first team squad for the 2009/10 season under manager Kevin Blackwell, with Ched Evans, Lee Williamson and Richard Cresswell (initially on loan before transfer), all recruited

The funds received from Kyle Walker and Kyle Naughton helped support the player acquisitions and on-going high wage costs of a squad capable of competing for promotion

The Club endured a difficult season, not helped by a high number of injuries which forced the club into the unprecedented position of loaning 13 players during the season Loan players included James Harper, Mark Bunn, Toni Kallio, Marcel Seip, Nyron Nosworthy, Keith Treacy, Kyle Walker, Andrew Davies, Richard Cresswell, Carl Ikeme, Kyle Bartley, Paul Connelly and Steve Simonsen The cost of such loans was considerable in the year

Whilst a strong finish, with three wins from the last four games, lifted Sheffield United to a final position of 8th, the 2009/10 season is viewed as one of under achievement

The Club lost in the first round in the league cup In the FA cup Sheffield United beat QPR 3-2 at Loftus Road in a third round replay, before being knocked out by Premier League opposition, losing 2-0 in the fourth round away to Bolton An impressive 5,000 Blades fans travelled to the game, demonstrating the level of support the Club enjoys

The summer 2010 close season was again very active at Sheffield United as the Club sought to build a squad capable of challenging for promotion

Notable departures were Paddy Kenny (QPR), Henri Camara (released), Ian Bennett (released), Jonathan Fortune (released), Derek Geary (released), Justin Haber (Ferencvaros), James Harper (released), Glen Little (released), Gary Naysmith (released), Kyel Reid (released), Billy Sharp (Doncaster), Jordan Stewart (Skoda Xanthi, Greece) and Sam Wedgbury (released)

A number of new signings were made, including Steve Simonsen, Kyle Bartley (season long loan), Leon Britton, Danijel Bogdanovich, Jean Calve (season long loan), Johannes Ertl, Stephen Jordan, Rob Kozluk (resigned after a period at Barnsley), Nyron Nosworthy (season long loan), Elian Parrino (season long loan from partner club Estudiantes), Richard Wright (short term loan), and Ritchie De Laet (short term loan)

It is important to note that Sheffield United did not pay any transfer fees to acquire the new players, reflecting both the changed climate in football generally, and the Club's drive to reduce its net funding cost As well as the new signings, new contracts were awarded to stalwarts Captain Chris Morgan, Nick Montgomery, Richard Cresswell, Stephen Quinn together with Matthew Lowton who made his league debut against Ipswich Town on the final day of the season

Report of the directors

Unfortunately, the start of the 2010/11 season did not suggest that the desired improvement in performance was going to be achieved After a disappointing League Cup exit to Hartlepool and a 3 - 0 defeat at home to QPR in August, it was decided with regret to replace Kevin Blackwell as Manager with former coach Gary Speed

The appointment of Gary marks the start of a new era at Bramall Lane He has played at the very highest level of the game throughout his career and sets exacting standards Gary has sensibly surrounded himself with the experienced heads of existing Assistant Manager Sam Ellis and new First Team Coach, John Carver

With this mix of ambition and experience Sheffield United believe that they have put in place the right Football Management team to deliver playing success

Player Development

The Club's Academy remains central to Sheffield United's strategy The excellent facilities at Shirecliffe together with a strong coaching staff and a clear plan for how young players should be developed has supported the club in two key ways

- The production of first team players 27 academy graduates have played in the first team since 2000, the most recent examples being Matthew Lowton and Jordan Slew who made his first team debut against Watford in October 2010
- Generating transfer income for the Club It is estimated that players with a transfer value in excess of £25 million have been developed through the Academy systems since inception

Current youth internationals on Sheffield United's books are Callum McFadzean (England U16), George Willis (aged 15 England U17), Shane Murray (Republic of Ireland U18), Aodhan Bronwnlee (Northern Ireland U17) and Charlie Anderson who was called up to an U16s England Squad

The main youth tournament we participated in during the last 12 months was the Paola Hibernians Football Nursery under 12's tournament in Malta, in which Sheffield United finished second This outcome was particularly gratifying as we actually took the under 11's to the tournament who were a year younger than all the other squads and in some cases 18 months younger

During their time in Malta the Sheffield United team was invited to play an 11 aside game v Paola Hibernians mixed 12's and 13's The result was a creditable 2 - 0 defeat in the first 11 a side game the boys had played since joining the Academy

This year has been one of transition at the Academy with John Pemberton replacing the long serving Ron Reid as Academy Director Ron has been an integral part of the Academy's success down the years, and the legacy of his coaching regime will endure John has brought new ideas and a sense of renewed dynamism to the Academy and we can look forward with great anticipation Another change has seen Mark Pease appointed as Academy Strength and Conditioning coach

Sheffield United has signed a partnership agreement with Irish club Arklow Town FC's Academy, with this relationship leading to the signing of Shane Murray and Aaron Barry The Academy teams also played pre-season friendlies at Arklow Town

Kingsley James, Jordan Chappell, Connor Brown, Nathanial Foster, Phil Roe have all been offered pro contracts, and Jack Adams a 3rd year scholar contract

Report of the directors

The Club continues to maximise the revenue generated from the Academy's assets to ensure that as much revenue as possible can be ploughed back into player development

Football Operations

Gate Receipts

In the 2009/10 season, Sheffield United continued to be one of the best supported clubs in the Coca-Cola Championship The average attendance for the season of 25,120 meant that the Club had the 3rd highest aggregate attendance in the division and was in line with the 2008/09 figure of 26,018 The average crowd represents a 77% occupancy at Bramall Lane, current capacity 32,609

The club's policy of allowing season tickets to be paid for in installments helped boost season ticket numbers to 18,746, meaning that this number has averaged over 16,500 for the three completed seasons since relegation

Total ticket office contribution for the season of £4 6m represents a £2 1 reduction versus 2009 (£6 7m) The key elements in the fall in contribution comprise £1 2m from the play offs in 2008, £0 4m from lower cup receipts and £0 4m lower league game income

Sponsorship, Royalties, Merchandising and Advertising

Reflecting the prolonged recession in the UK, revenue from these income streams declined to £4 3m in 2010, (2009 £4 9m)

Retail turnover fell by £0 2m to £1 2m, (2009 £1 4m) The combination of a less successful season versus 2008/09 and Sheffield United's non participation in the play offs has reduced replica shirt and other retail sales To help reduce retail stock, a number of sales promotions were held in the year, causing the full year gross margin in the shop to drop to 38%, (2009 46%]

Total commercial turnover of £2 7m was in line with the previous year (2009 £2 8m) As in the previous year, an increase in sales of the major sponsorship categories has compensated for a reduction in local sponsorship and hospitality sales The 2010 commercial income benefits from major new partnerships with Macron (kit supplier), Compass (catering partner) and Coors (pouring rights)

These new partners complement the existing relationships with shirt sponsor Malta Tourism Authority, Westfield Contributory Health and the Fortina Spa Resort Since the year end, the Club has also entered into significant new sponsorship agreements with 188 Bet and Kennedys llp

Sheffield United remains committed to growing our commercial business through improved B2B (Business to Business) networking both locally in Sheffield and the South Yorkshire area and internationally through our network of associated international clubs

As always, the Club would like to thank all our sponsors and commercial partners who have provided support to the Club over the last financial year They make a major contribution to the success of the Club and we hope we can continue to work together in the future It is important that as a club we reciprocate that support and use opportunities to assist in the growth of their businesses

Report of the directors

Prospects

The key strategic objective for Sheffield United Football Club remains a return to the Premier League The pursuit of this objective in the last three seasons has seen the Club maintain a high wage bill for the division, resulting in significant operating losses and increased net debt

The Directors of Sheffield United are now seeking to re-balance the structure of the Club so that the cost of the player wage bill is one that can be supported by the Club's football and commercial income streams

Summary

2010 was a difficult trading year for Sheffield United Revenues in most parts of the business were reduced, and playing success was elusive The Board has taken decisive steps to refresh the football team by appointing a new manager in Gary Speed

On behalf of the Directors I would like to thank all supporters and staff for their tremendous support and resilience over the last 12 months With renewed energy and vigour we can achieve the success we deserve

Results and dividends

The loss for the year amounted to £5,327,600 The directors have not recommended a dividend

Directors

The directors who served the company during the year were as follows

K McCabe	
C Steer	
D J Green	
J Burnley	(Appointed 18 December 2009)
M Dudley	(Appointed 18 December 2009)
T Birch	(Appointed 1 December 2009)
T Robinson	(Resigned 18 December 2009)
J Rockett	(Resigned 18 December 2009)
S Capper	(Resigned 18 December 2009)
S C McCabe	(Resigned 18 December 2009)
S R McCabe	(Resigned 18 December 2009)

Retirement of directors

The following directors are to retire from the board in accordance with the Articles of Association and, being eligible, offer themselves for re-appointment

J Burnley
M Dudley
T Birch

Report of the directors

Financial risk management objectives and policies

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations The main risks arising from the company financial instruments are interest rate risk, liquidity risk and foreign currency risk The directors review and agree policies for managing each of these risks and they are summarised below The policies have remained unchanged from previous periods

Interest rate risk

The company finances its operations through a mixture of retained profits, inter-company accounts, bank and other borrowings The company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably Primarily this is achieved through inter-company accounts and bank overdraft facilities

Currency risk

The company is exposed to transaction and translation foreign exchange risk In relation to translation risk the proportion of assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency Transaction exposures are hedged when known, mainly using the forward hedge market

Directors' responsibilities

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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

Report of the directors

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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Donations

Donations to charitable organisations amounted to £8,714 (2009 £33,450)

Auditor

Grant Thornton UK LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

BY ORDER OF THE BOARD

D Harrop
Secretary
14 December 2010

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 2010 which comprise the principal accounting policies, profit and loss account, statement of historical cost profits and losses, 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 8 to 9, 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 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 (APB'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 APB's website at www frc org uk/apb/scope/UKNP

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2010 and of its 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditor's report to the members of The Sheffield United Football Club Limited (continued)

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

Grant Thornton UK LLP

CRAIG BURTON (Senior Statutory Auditor)
For and on behalf of
GRANT THORNTON UK LLP
STATUTORY AUDITOR
CHARTERED ACCOUNTANTS

SHEFFIELD
14 December 2010

Principal accounting policies

Basis of accounting

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

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention except that certain freehold properties are shown at their revalued amounts (see policy below regarding FRS 15)

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

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

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

Transfer fees paid for player registrations

The costs of acquired player registrations, including agents fees, are capitalised as intangible assets and amortised over the period of the players' contracts, with appropriate 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

Tangible fixed assets

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

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

Following the implementation of FRS 15 "Tangible Fixed Assets" the company has adopted a policy of not revaluing fixed assets The carrying amount of tangible fixed assets previously revalued have been retained at their book amount in accordance with the transitional provisions of FRS 15

Investments

Investments are included at cost less amounts written off

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 land and buildings	-	2%
Equipment and vehicles	-	20-25%

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

Stocks

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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies Future instalments under such leases, net of finance charges, are included within creditors Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments

Pension costs

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 2010 Accordingly the pension cost in respect of the defined benefit scheme represent the amount of contributions payable in respect of the accounting period

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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

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

Profit and loss account

	Note	**2010** £	2009 £
Turnover	1	**15,041,717**	27,032,214
Cost of sales		**(18,737,115)**	(23,007,997)
Gross (loss)/profit		**(3,695,398)**	4,024,217
Other operating charges	2	**(11,305,092)**	(13,476,894)
Other operating income	3	**383,946**	18,489,967
Operating (loss)/profit	4	**(14,616,544)**	9,037,290
Profit on disposal of fixed assets	7	**4,298**	99,920
Profit on sale of player registrations		**10,602,735**	3,801,000
Amounts written off investments	9	**(642)**	(2,495,556)
Interest payable and similar charges	10	**(1,317,447)**	(652,562)
(Loss)/profit on ordinary activities before taxation		**(5,327,600)**	9,790,092
Tax on (loss)/profit on ordinary activities	11	**–**	–
(Loss)/profit for the financial year	28	**(5,327,600)**	9,790,092

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

Balance sheet

	Note	2010 £	2009 £
Fixed assets			
Intangible assets	12	**4,656,257**	5,658,239
Tangible assets	13	**28,244,933**	28,546,054
Investments	14	**1**	1
		32,901,191	34,204,294
Current assets			
Stocks	15	**212,125**	183,079
Debtors due within one year	16	**21,780,867**	16,558,477
Debtors due after one year	16	**13,000,000**	16,500,000
		34,992,992	33,241,556
Creditors amounts falling due within one year	17	**(37,370,016)**	(30,671,726)
Net current (liabilities)/assets		**(2,377,024)**	2,569,830
Total assets less current liabilities		**30,524,167**	36,774,124
Creditors: amounts falling due after more than one year	18	**(39,279,239)**	(38,642,994)
Deferred income	23	**(7,265,246)**	(8,823,848)
		(16,020,318)	(10,692,718)
Capital and reserves			
Called-up equity share capital	26	**1,489,202**	1,489,202
Revaluation reserve	27	**4,408,852**	4,560,524
Profit and loss account	27	**(21,918,372)**	(16,742,444)
Deficit	28	**(16,020,318)**	(10,692,718)

These financial statements were approved by the directors and authorised for issue on 14 December 2010, and are signed on their behalf by

T Birch

Company Registration Number 61564

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

Other primary statements

Note of historical cost profits and losses

	2010	2009
	£	£
(Loss)/profit on ordinary activities after taxation	**(5,327,600)**	9,790,092
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	**151,672**	150,872
Historical cost (loss)/profit on ordinary activities after taxation	**(5,175,928)**	9,940,964

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

Notes to the financial statements

1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company
An analysis of turnover is given below

	2010 £	2009 £
United Kingdom	**15,041,717**	27,032,214

2 Other operating charges

	2010 £	2009 £
Impairment of player registrations	**–**	193,580
Amortisation of player registrations	**3,401,000**	3,559,200
Administrative expenses	**7,904,092**	9,724,114
	11,305,092	13,476,894

3 Other operating income

	2010 £	2009 £
Donations	**277,782**	291,119
Grants released	**106,164**	106,164
Other operating income	**–**	18,092,684
	383,946	18,489,967

During 2009 a settlement was reached with West Ham United Football Club Limited in favour of Sheffield United Football Club Limited relating to the Tevez case A settlement, net of legal costs, of £18,092,684 was awarded and is receivable in installments over 4 years Amounts totalling £3,000,000 have been received during the year with the 2010 financial year end balance included within other debtors

4 Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting)

	2010 £	2009 £
Amortisation of deferred income re fixed assets	**(106,164)**	(106,164)
Amortisation of intangible assets	**3,411,100**	3,559,200
Depreciation of owned fixed assets	**1,089,675**	1,007,195
Depreciation of assets held under hire purchase agreements	**111,310**	111,310
Auditor's remuneration		
Audit fees	**25,000**	14,000

5 Directors and employees

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

	2010 No	2009 No
Football	105	108
Non-football	72	74
	177	182

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	15,009,136	18,336,426
Social security costs	1,565,854	2,110,897
Other pension costs	151,117	272,930
	16,726,107	20,720,253

Included within other pension costs is a special contribution of £42,000 (2009 £182,323) to the Football League Limited Pension and Life Assurance Scheme

6 Directors

Remuneration in respect of directors was as follows

	2010 £	2009 £
Remuneration receivable	67,502	146,875

7 Profit on disposal of fixed assets

	2010 £	2009 £
Profit on disposal of fixed assets	4,298	99,920

8 Profit on disposal of player registrations

	2010 £	2009 £
Profit on disposal of player registrations	10,602,735	3,801,000

9 Amounts written off investments

	2010	2009
	£	£
Write-off of inter-company loans	**642**	2,495,556

10 Interest payable and similar charges

	2010	2009
	£	£
Interest payable on bank borrowing	**28,231**	272,600
Finance charges payable under hire purchase agreements	**24,163**	21,000
Other similar charges payable	**1,265,053**	358,962
	1,317,447	652,562

Included in other similar charges payable is interest payable to group undertakings amounting to £807,100 (2009 £358,962)

11 Taxation on ordinary activities

Unrelieved tax losses of approximately £18,000,000 (2009 £14,000,000) 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 £6,000,000 (2009 £4,000,000) 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 (2009 asset £Nil) At present it is not envisaged that future taxable profits will be sufficient for these timing differences to be reversed

Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2009 - 28%)

	2010	2009
	£	£
(Loss)/profit on ordinary activities before taxation	**(5,327,600)**	9,790,092
(Loss)/profit on ordinary activities by rate of tax	**(1,482,675)**	2,741,226
Expenses not deductible for tax purposes	**166,935**	1,241,718
Capital allowances for the period in excess of depreciation	**156,416**	131,646
Short term timing differences	**(6,891)**	44,562
Unused tax losses carried forward	**1,166,215**	-
Utilisation of tax losses	**-**	(4,159,152)
Total current tax	**-**	-

12 Intangible fixed assets

	Trademarks	Player Registrations	Total
	£	£	£
Cost			
At 1 July 2009	100,000	10,439,531	10,539,531
Additions	–	3,710,118	3,710,118
Disposals	–	(3,547,000)	(3,547,000)
At 30 June 2010	100,000	10,602,649	10,702,649
Amortisation			
At 1 July 2009	–	4,881,292	4,881,292
Charge for the year	10,000	3,401,100	3,411,100
On disposals	–	(2,246,000)	(2,246,000)
At 30 June 2010	10,000	6,036,392	6,046,392
Net book value			
At 30 June 2010	**90,000**	**4,566,257**	**4,656,257**
At 30 June 2009	100,000	5,558,239	5,658,239

13 Tangible fixed assets

	Freehold land and buildings	**Equipment and vehicles**	**Total**
	£	**£**	**£**
Cost or valuation			
At 1 July 2009	30,916,354	3,754,299	34,670,653
Additions	514,480	385,384	899,864
At 30 June 2010	31,430,834	4,139,683	35,570,517
Depreciation			
At 1 July 2009	3,994,141	2,130,458	6,124,599
Charge for the year	557,866	643,119	1,200,985
At 30 June 2010	4,552,007	2,773,577	7,325,584
Net book value			
At 30 June 2010	**26,878,827**	**1,366,106**	**28,244,933**
At 30 June 2009	26,922,213	1,623,841	28,546,054

13 Tangible fixed assets (continued)

The total cost of finance costs included in the cost of tangible fixed assets is £99,467 (2009 £99,467)

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

The figures stated above for cost or valuation include valuations as follows

	Freehold land and buildings	
	2010	2009
	£	£
At cost	**15,430,834**	14,916,354
Valuation - 30 June 1997	**16,000,000**	16,000,000
	31,430,834	30,916,354

If certain fixed assets had not been revalued they would have been included on the historical cost basis at the following amounts

	Freehold land and buildings
	£
Cost	22,885,460
Accumulated Depreciation	(2,910,224)
Net book amount at 30 June 2010	**19,975,236**
Net book amount at 1 July 2009	19,866,950

Included within the net book value of £28,244,933 is £265,791 (2009 - £290,758) relating to assets held under hire purchase agreements The depreciation charged to the financial statements in the year in respect of such assets amounted to £111,310 (2009 - £111,310)

14 Investments

	£
Cost	
At 1 July 2009 and 30 June 2010	**1**
Net book value	
At 30 June 2010 and 30 June 2009	**1**

At 30 June 2010 the company held 100% of the ordinary share capital of Blades Club Limited, a company incorporated in England and Wales Under the provisions of section 400 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity

15 Stocks

	2010 £	2009 £
Goods available for resale	**212,125**	183,079

16 Debtors

	2010 £	2009 £
Trade debtors	**9,308,633**	3,714,721
Amounts owed by group undertakings	**8,355,477**	9,301,725
Other debtors	**16,768,491**	19,859,555
Prepayments and accrued income	**348,266**	182,476
	34,780,867	33,058,477

The debtors above include the following amounts falling due after more than one year

	2010 £	2009 £
Other debtors	**13,000,000**	16,500,000

17 Creditors: amounts falling due within one year

	2010 £	2009 £
Bank loans and overdrafts	**14,734,095**	8,410,918
Trade creditors	**2,811,265**	1,309,512
Amounts owed to group undertakings	**16,775,229**	18,180,674
Other taxation and social security	**1,132,240**	808,711
Amounts due under hire purchase agreements	**75,986**	158,576
Other creditors	**130,850**	92,881
Accruals and deferred income	**1,710,351**	1,710,454
	37,370,016	30,671,726

The bank loan and overdraft was secured by a fixed and floating charge over all the assets of the company

The bank loan facility was secured by a fixed charge over the Blades Enterprise Centre and the Kop Corner

18 Creditors: amounts falling due after more than one year

	2010	2009
	£	£
Bank loans	**5,926,084**	5,755,744
Amounts owed to group undertakings	**33,083,501**	32,564,964
Amounts due under hire purchase agreements	**67,526**	80,208
Preference Shares of £10 each	**9,130**	9,130
Other creditors	**192,998**	232,948
	39,279,239	38,642,994
Preference Shares of £10 each		
Share capital	**9,130**	9,130

The bank loan and overdraft was secured by a fixed and floating charge over all the assets of the company

The bank loan facility was secured by a fixed charge over the Blades Enterprise Centre and the Kop Corner

19 Borrowings

Creditors include finance capital which is due for repayment as follows

	2010	2009
	£	£
Amounts repayable		
In one year or less or on demand	**12,280,149**	6,398,436
In more than one year but not more than two years	**5,926,084**	5,755,744
	18,206,233	12,154,180

The bank loan and overdraft was secured by a fixed and floating charge over all the assets of the company

The bank loan facility was secured by a fixed charge over the Blades Enterprise Centre and the Kop Corner

On 9 November Sheffield United Football Club Limited raised a £15 5m loan from Santander, secured on the future receipts from West Ham United in respect of the Tevez case This debt will be repaid as the Tevez money is received over the next 3 years

£4m of this debt has been used to repay part of the debt in Sheffield United (Hotel) Limited, reducing the net liabilities in that company

The rest of the proceeds from Santander have been used to repay all of the necessary debt from HBOS and for working capital purposes As part of the refinancing all of the securities held by HBOS have been released

All of the assets of the Company, other than the West Ham United debtor in respect of Tevez, are therefore unencumbered

19 Borrowings (continued)

The new Santander facility is repayable as follows

	2010
	£
In one year or less	2,500,000
In more than one year but not more than two years	4,500,000
In more than two years but not more than five years	8,500,000
	15,500,000

20 Commitments under hire purchase agreements

Future commitments under hire purchase agreements net of future finance lease charges are as follows

	2010	2009
	£	£
Amounts payable within 1 year	75,986	158,576
Amounts payable between 1 and 2 years	54,583	48,890
Amounts payable between 3 and 5 years	12,943	31,318
	143,512	238,784

21 Pensions

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 2008 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 £275,548 The actuary has taken into account that, with people generally living longer, pensions will be payable over a longer term, and as a result, whilst there is no increase in the annual payment, these payments are over a longer term The contribution level for the Group is therefore £42,000 per annum for the period from September 2009 to August 2019 As the scheme is no longer accruing benefits in respect of employees, the directors have decided to make a provision for the fair value of future contributions to be paid

22 Derivatives

There were no derivatives held by the company at 30 June 2010 or 30 June 2009

23 Deferred Income

	2010	2009
	£	£
Advance Ticket Sales	**2,677,417**	3,452,347
Sponsorship	**405,025**	1,082,533
Deferred Grant Income	**4,182,804**	4,288,968
	7,265,246	8,823,848

24 Contingent liabilities

The company has entered into cross guarantee arrangements regarding the bank facilities of certain other group subsidiaries The amount guaranteed at 30 June 2010 amounted to £21,608,866 (2009 £22,736,429)

25 Related party transactions

During the year the company was engaged in loan transactions with members of the Scarborough Group Plc group of companies Included within borrowings are four loans totalling £10,305,697 due to Scarborough Ventures Limited Interest charged to the profit and loss account in relation to these loans amounted to £807,100

Also included within borrowings is a loan for £743,731 due to Kevin McCabe, a director of the company Interest charged to the profit and loss account in respect of this loan was £111,099, with interest accrued at the year end of £77,286

As a wholly owned subsidiary of Sheffield United plc, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Sheffield United plc

26 Share capital

Authorised share capital

	2010	2009
	£	£
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
1,046 Preference shares of £10 each	**10,460**	10,460
	1,499,662	1,499,662

Allotted, called up and fully paid

	2010		2009	
	No	£	No	£
477 Deferred shares of £100 each	**477**	**47,700**	477	47,700
2,883 Ordinary shares of £500 each	**2,883**	**1,441,500**	2,883	1,441,500
204 Deferred shares of £0 01 each	**204**	**2**	204	2
913 Preference shares of £10 each	**913**	**9,130**	913	9,130
	4,477	**1,498,332**	4,477	1,498,332

	2010	2009
Amounts presented in equity	£	£
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
Amounts presented in liabilities		
913 Preference shares of £10 each	**9,130**	9,130

Deferred shares

On 11 October 1999 the 477 Original Shares of £100 each and the 204 Deferred Shares of £0 01 each were re-designated as Deferred Shares 2022 and 2019 respectively The rights attaching to those shares were amended so that they no longer carry any right to participate in dividends, or to receive notice of, or to vote at general meetings

Holders of Deferred Shares 2022 and 2019 have the right on winding up to receive a nominal value of their shares after the holders of Preference Shares and Ordinary Shares have received the nominal value of their shares

27 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 July 2009	4,560,524	(16,742,444)
Loss for the year	-	(5,327,600)
Other movements		
- transfer to/from revaluation reserve	(151,672)	151,672
At 30 June 2010	4,408,852	(21,918,372)

28 Reconciliation of movements in shareholders' funds

	2010 £	2009 £
(Loss)/Profit for the financial year	(5,327,600)	9,790,092
Net (reduction)/addition to shareholders' deficit	(5,327,600)	9,790,092
Opening shareholders' deficit	(10,692,718)	(20,482,810)
Closing shareholders' deficit	(16,020,318)	(10,692,718)

29 Capital commitments

There were no amounts contracted for but not provided in the financial statements 30 June 2010 (2009 £nil)

30 Post balance sheet events

Since 30 June 2010 the club has purchased no players and sold players for a total consideration of £1 15m Compensation relating to 6 months salary has been awarded to the Football Club's ex-manager, Kevin Blackwell, whose contract ended by mutual agreement

On 9 November Sheffield United Football Club Limited raised a £15 5m loan from Santander, secured on the future receipts from West Ham United in respect of the Tevez case This debt will be repaid as the Tevez money is received over the next 3 years

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The rest of the proceeds from Santander have been used to repay all of the necessary debt from HBOS and for working capital purposes As part of the refinancing all of the securities held by HBOS have been released

All of the assets of the Company, other than the West Ham United debtor in respect of Tevez, are therefore unencumbered

31 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 £650,000 (2009 £397,000) Such fees are charged to the profit and loss account in the period in which they are paid

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 £2,100,000 (2009 £631,000) This amount is not provided in the financial statements as it is not expected to be payable Under the terms of certain player contracts, certain additional amounts would be payable if the club reaches the play-offs or wins promotion to the FA Barclaycard Premiership No amounts relating to this have been provided

32 Ultimate parent company

The immediate parent undertaking of the company is Sheffield United Plc

The ultimate parent undertaking of this company is Scarborough Group Plc incorporated in England and Wales Group accounts for Scarborough Group Plc are available from Companies House By virtue of his shareholding in Scarborough Group Plc, Kevin McCabe 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