

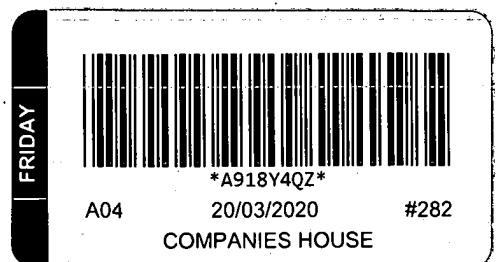
COMPANIES HOUSE

Registered number: 00061564

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019



THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

COMPANY INFORMATION

Directors

HH Prince Musaad Bin Khalid Bin Musaad Bin Abdulrahman Al Saud
(appointed 30 July 2019)
HRH Princess Reem Bint Abdullah Al Saud (appointed 19 November
2019)
J Giansiracusa
J Van Winckel
A Y Alghamdi (appointed 19 November 2019)

Company registration number

00061564

Registered office

Bramall Lane
Cherry Street
SHEFFIELD
South Yorkshire
S2 4SU

Independent auditor

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
1 Holly Street
SHEFFIELD
South Yorkshire
S1 2GT

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

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

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THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2019

In the year under review the Club competed in the English Football League Championship, achieving our second promotion in three seasons. A strategic leap towards our long term goal of sustainable, yet competitive football, in the English Premier League. Our second season in tier two of English Football saw an incredible achievement of 89 points and 26 wins, testament to the fantastic talent of Chris Wilder and his team. The excellent on field performance enabled the Club to reach an average league attendance of 26,177; the 5th highest in the Championship and higher than 6 Clubs in the Premier League.

Strategy and Future Developments

The Club's long term strategy is to be a self-sustaining, globally recognised Club competing in the top tier of English football. This will be achieved by embracing a business model that focuses on investment in our players, through first team acquisitions and our elite academy programme, by cultivating our global brand, by driving and diversifying revenue streams and by identifying and nurturing talent across all areas of the business.

As a Club, the strategic goal has been a return to the top tier of English Football since our fall to the second tier in 2007. Given the team's success this season, we must ask ourselves, what is next? Firstly, we must cement our place in the division and adapt, as a Club, to operating and playing in the Premier League. The Club has a tremendous opportunity this season to make its mark on a global stage and it is critical that we optimise this. The Premier League has a worldwide audience of over 3 billion people with viewers in every continent. This gives us an enormous commercial revenue opportunity. We will invest in globalising the Sheffield United brand to capitalise on partners who want to market to this audience. Bramall Lane will always be the heart of the Club. We will invest significantly in the ground and its facilities to ensure that we have a legacy from our time in the Premier League, updating supporter facilities, corporate areas and the overall fan experience.

The team has had an incredible start to the 2019/20 season. Acquisitions in the summer transfer window demonstrate the commitment the owners have to the Club. The board have supported the Manager in his recruitment decisions and have pushed all available cash in to those acquisitions. Improvement to Academy programmes and elite professional facilities will facilitate home grown development and form part of the overall football strategy along with considered recruitment and development of professional players.

The Club has always taken a prudent approach to any activities that it engages with to ensure that we are financially sustainable. The Board is trusted with the direction of the Club, the achievement of the Club and also the sustainment of the Club. Whilst we aim to invest and achieve, we are always mindful of long-term sustainability and the league regulations and this will remain key to any decision-making process.

On 29th June 2019 options referenced in the Investment and Shareholder Agreement between Blades Leisure Limited, Sheffield United Football Club Limited, UTB LLC and Sheffield United Limited were exercised by Sheffield United Football Limited that committed the Club to purchase property held by Sheffield United Limited at, in the majority of cases, market value. The acquisition included the stadium and training facility. The cost of the acquisition of these option properties, together with certain other developments is estimated to be £43.5m and will complete by 1st July 2020.

Business Review

Football

The 2018/19 season shall be recorded as a landmark achievement in the history of Sheffield United, Premier League status was regained after 12 seasons outside of the top-flight. Finishing with 89 points in second place, the Blades gained automatic promotion to mark a remarkable rise from League One to the Premier League in 3 seasons, under the stewardship of Chris Wilder.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

In the summer of 2018 the board supported further investments in the first team squad. Focusing on areas of the team to support a challenge for promotion, where focused and measured improvement was the strategic direction chosen rather than radical overhaul. Centre back John Egan joined from Brentford FC on a club-record fee, along with Oliver Norwood from Brighton & Hove Albion, whilst astute business was done with the free transfer of David McGoldrick. The transfer strategy of the Club would also see the utilisation of one of the best young players from the Premier League joining on loan; Dean Henderson.

David Brooks departed the Blades to AFC Bournemouth for a substantial club record fee, far in excess of our own valuation of the player. Ryan Leonard would also depart on loan to Millwall, and Lee Evans would join Wigan on loan, both of which were converted to permanent transfers in the January window.

Preparations for the season were commensurate with the success that the Club would eventually achieve. The Blades undertook a pre-season training camp in Portugal and would remain undefeated in pre-season games, including achieving a highly respectable 1-1 draw against Italian giants Inter Milan in front of 19,000 fans at Bramall Lane.

In spite of 2 defeats in the opening 2 fixtures, the Blades would then go on a run of 8 victories, 1 draw and 1 loss in the following 10 games to find themselves at the top of the table by match day 12, including a memorable 4-1 victory against Aston Villa at Bramall Lane. The Blades would thereafter remain in the top 6 throughout the remainder of the league campaign, and eventually form part of a breakaway with Leeds and Norwich in the race for automatic promotion.

In the January Transfer Window, the Club made a strategic decision to recruit loan players; taking the view that quality players were required to make an immediate impact in the promotion push. The priority was to focus on recruiting forward players, with strikers Gary Madine and Scott Hogan joining from Cardiff and Aston Villa, and England U21 attacking midfielder, Kieron Dowell joining from Everton.

The transfer strategy was successful and after the closure of the January transfer window, the Blades would only lose once for the remainder of the season. More importantly, the Blades would record some important and memorable victories in the second half of the season against key rivals; including victories against Middlesbrough, West Bromwich Albion and notably against Leeds United in a popularly viewed season defining match at Elland Road. As the fixtures counted down and results worked in favour of the Blades, promotion was effectively confirmed over the Easter weekend and the Blades beat Ipswich Town 2-0 in front of a 30,000 strong crowd in their final home fixture to seal promotion back to the Premier League.

The final table showed that over the season the Blades would win 26 fixtures with a further 11 draws, culminating in 89 points and the best goal difference in the Championship. Celebrations extended for several weeks, noting the importance for Sheffield as a City to have a Premier League team. An open top bus parade and civic reception at the Town Hall was watched by thousands of fans, and the season was eventually capped off by Chris Wilder winning Championship and overall Manager of the Year at the LMA awards.

Sheffield United Women

The Women's team has flourished in their first season playing in the second flight of the women's game, seeing them finish with a club record high of 5th spot in the FA Women's Championship. The 2018/19 season saw us recruit 22 new players to compete in the second tier of the women's game whilst also bringing through Izzy Ford from the clubs Regional Talent Centre. The Club's new status allowed us to also attract returning graduates of our women's development programme such as Sam Tierney and Fran Kitchin to strengthen the squad.

During the season we had 8 players called up for international duty with Naomi Hartley also captaining England under 19s for the European Qualifiers.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

Academy

The Academy remains a fundamental element in the development of The Sheffield United Football Club, with the primary ambition to develop players for the first team. The 2018/19 season was a development year for many promising young players, to gain experience away on loan; Regan Slater benefited greatly from a season on loan at Carlisle United, and Tyler Smith had an exceptional loan at Barrow scoring 10 goals in the first half of the season and briefly returning to Bramall Lane before continuing his development at Doncaster for the remainder of the season. Northern Irishman David Parkhouse joined Derry City on loan, scoring 6 goals before Derry requested to extend the loan further until November 2019. Rhys Norrington-Davies would also join Barrow on loan and also continues to gain international recognition with the Wales national U21 team.

The future remains bright for the young players coming through the Academy, with numerous players throughout all the age groups identified as possessing the potential to become professional players. The challenge for our youth players is now to achieve Premier League standard, as development opportunities and pathways to the first team remain a priority for both the Academy and first team management.

There is also a real focus from the Academy on developing a robust business model that can demonstrate return on investment through player appearances and any future sales. The Academy are looking to implement a long term vision and strategy to ensure club set targets are measurable and all staff and departments within the Academy are held accountable to these targets.

Commercial and Merchandising

The 2018/19 commercial campaign was as successful as ever off the pitch and the department continued to develop. Our second season in the Championship allowed us to broaden our inventory and seek out new commercial opportunities. The Club invested in a three-sided LED perimeter advertising system which was an exciting new platform for the Club and its partners, facilitating an increase in advertising revenue but also modernising the feel of the stadium. Hospitality continued to flourish with the suites full to capacity as the appetite for promotion gained momentum in the second half of the season.

Looking ahead to the 19/20 season, the commercial team worked hard on developing new global partnerships on the back of the promotion.

Our partnership with Ramsdens Currency as our shirt sponsor gave benefit of a successful promotion campaign which saw the Blades secure their place automatically back to the Premier League for the first time since 2007. The shirt was successfully received. In what was the fifth year of our contract with Adidas. The kit was launched at Bramall Lane with hundreds of supporters queuing through the night in order to get their hands on what would be an iconic shirt.

We recognise retail as a high opportunity area and plan to invest in this area to maximise returns. Since our promotion to the Premier League we have opened a new retail outlet in Meadowhall shopping centre. We hope to achieve significant growth here and diversify our customer base through the huge footfall Meadowhall experiences each day as well as improved accessibility for our existing fans.

Sheffield United Marketing and Digital Landscape

The Club has invested highly in enhancing the marketing and digital landscape over the past 18 months, with the vision of engaging new and existing supporters through high quality content as well as being a desirable brand for sponsors and partners to be associated with.

The Sheffield United social media channels have seen unprecedented growth over the past 18 months. Success on the pitch has led to organic growth in followers across all channels, which has then continued to be nurtured through the production of highly engaging content.

Football and insight focused content produced in-line with specific platform requirements has resulted in four figure percentage growth in our engagement figures.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

Feature based content such as Behind the Blades and Inside Shirecliffe are following fan consumption trends by providing a regular instalment in which fans return and tune in for. Socially the club is also growing globally, with the introduction of our Arabic and Turkish twitter accounts.

The Club has also invested heavily in its CRM and email marketing system to facilitate engaging email communications for supporters. With a wealth of activity running throughout the club from the men's and women's first team news to retail offers and new store openings. The new CRM system allows the club to communicate with fans about the news they want to hear.

Operations and Match Day

During the season, the Club delivered a total of 73 games on the Bramall Lane pitch, along with 13 first team training sessions. Almost 640,000 fans watched the first team in action during the season which kicked off with an attractive pre-season fixture at Bramall Lane against Italian giants Inter Milan in July.

In addition, 2018/19 saw the Club continue to stage large events and utilise the pitch and stadium to create income. A Rod Stewart concert was staged in June at Bramall Lane, with a huge stage being erected and spectators sat on the pitch or South Stand.

The Club's Play on the Pitch programme created income from almost a month of usage in May & June, with large scale Football Festivals staged for Sky and BT, included in the schedule.

In March, the Club tendered for and was successful in winning the bid to stage the televised high profile FA Women's Continental League Cup Final between Arsenal and Manchester City.

During 18/19, the Club's bid to stage fixtures during the Rugby World Cup 2021 was successful and an England game will be played during the tournament at Bramall Lane in Nov 2021, whilst the UEFA Women's 2021 Tournament will also see up to 4 games played at Bramall Lane in July 2021, after a series of visits from UEFA and the FA approved the use of Bramall Lane for this major event.

Following our promotion to the Premier League we had numerous criteria to fulfil in order to play in the League. Much of the work centred around media improvements the club would need to meet. A bespoke media room has been created, along with a Mixed Zone, five new interview rooms and a new press box in the Main Stand. We have also installed new state of the art floodlights to meet the light levels required of the Premier League and installed the broadcasting structure throughout the stadium.

The Bramall Lane stand underwent reconfiguration to provide a segregated area for the entrance and exits for away spectators. Corporate areas of the club received refurbishment, including the facilities on the John Street side of the ground and the Blades 31 Hospitality Boxes received a refresh. The Club's family stand was enhanced with graphics and the Blades Family Hub, a meeting place and games room for families on match days to encourage and enable more families to attend.

Should our Premier League status be retained we will further enhance the stadium to ensure that we have a legacy from this time.

Human Resources

People are at the heart of Sheffield United. During the season the Board has supported the Head of HR's decision to undertake a full restructure of the Human Resources Department, investing in professionals who are able to support and guide the club in our people strategy. The primary focus of the people strategy, in the first year, was to ensure that adequate foundations were in place. Contracts were reviewed and the staff handbook was rebranded and relaunched giving the team a solid understanding of how we work. In recognition of the growth that the business has encountered over the last two seasons, and in anticipation of the continuing growth we will see in the forthcoming period, learning and development was also high on the agenda resulting in increased uptake of work-related learning programmes and apprenticeships.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

A full employee engagement programme is planned to ensure we are getting the best from our team. We will first start the new year by forming a working group to create our staff core values. We will also be launching regular staff forums to discuss the Club Business strategy and how every person contributes to its overall success. We will also be introducing a bespoke management development programme along with a new performance review process where objectives are aligned with organisational goals.

As an employer we also wish to pursue the 'be well at work' award to promote well-being in the workplace and to ensure that Sheffield United is a place people want to work. We also plan to become a living wage employer to ensure that all of our team is paid fairly for the contribution they make.

Charitable Activities

Our nominated charities for season were The Sheffield Children's Hospital, Weston Park Cancer Charity, Bluebell Wood Children's Hospice, St Luke's Hospice and the local group of the mental health charity MIND.

The Club also raised funds on Remembrance Weekend for the Royal British Legion Charity, and throughout the year supported local charity St Wilfrid's Centre. The Club provided fundraising support to numerous local charities and fundraising events during 18/19.

The nominated charity of the Sheffield United Steelphalt Academy was Paces High Green, a local school that supports families, children and adults who are living with neurological conditions.

The Club continues to support the Sheffield United Community Foundation in delivering inspiring and engaging initiatives. The Foundation engaged with individuals throughout the city, across the key themes of Education, Sports Participation, Health & Wellbeing and Community Cohesion.

As a club we are committed to creating a positive impact in the region and ensure that we partner with Charities who share this vision.

Principal risks and uncertainties

The Company uses financial instruments, comprising cash and other liquid resources and various other items such as trade debtors, creditors and finance lease arrangements that arise directly from its operations. The main purpose of these instruments is to raise finance for the Company's operations.

The directors review and agree policies for managing each of these risks, as summarised below. The policies have remained unchanged since the previous period.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by renegotiating adequate facilities from the Company's bankers and other lenders.

Interest rate risk

The Company finances its operations through a mixture of shareholders' equity and retained profits.

Sporting Performance Risk

The Company mitigates risk of poor sporting performance by investment and support of football management strategies through recruitment, retention and development of players and support staff. The Company seeks to protect the impact of sporting performance through the implementation of contractual clauses that protect our financial position.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

Regulatory Compliance Risk

The Company must adhere to the rules and regulations of all competitions and in leagues in which it participates. A significant proportion of the Company's revenue is generated from such leagues and competitions and continued membership is essential to our ongoing sustainability. The Company monitors its compliance with such rules and regulations along with the impact any change in these may have.

Financial Review

Financial losses for the year ended 30th June 2019 were £21.3m (2018: £1.9m) demonstrating the exceptional cost of promotion to the Premier League.

The key factors impacting the results are as follows:

- Increased turnover of £20.9m (2018: £20.0m)
- Increased cost of sales £45m (2018: £22m)
- Increased administration expenses of £7.7m (2018: £6.3m)
- Increase in player amortisation charges of £3.5m (2018: £2.2m)

Net losses after interest and disposal of player registrations were £21.3m (2018: £2m) predominantly due to increased investment in football contracts and bonuses payable due to the success of this investment.

Revenue has increased by £0.9m in the period to a total of £20.9m. Broadcasting income received throughout the English Football Leagues continue to show steady growth. As we end the final year of the 2016/17 Premier League broadcast contract we take receipt of media income of £8.6m which represents 40% of our total revenue (2018: 40%).

The enviable league performance in the 2018/19 season resulted in our selection for 8 home televised fixtures and 9 away televised fixtures contributing to a further increase in net income of £1m in 2018 (2018: £0.8m).

Match day revenues has seen a steady increase in our second year in the Championship. Greater uptake of hospitality packages and the implementation of new LED perimeter boards by our Commercial team have protected against a slight decrease in ticket revenues we attribute to the diversification of broadcasting options for fans - a trend we expect to continue. The season saw the introduction of the 'Sky red button' which enabled Sky customers to gain live access to all midweek fixtures which has made the sale of evening fixtures much more challenging.

Increased cost of sales of £45m (2018: £22m) reflects continued investment in infrastructure throughout the business and academy along with costs related to sales growth in hospitality and retail. The identification, recruitment and retention of quality players whilst managing a disciplined budget has been key to the success the Club has had in the season and is a skill that will place us well for the challenges we face in the forthcoming season. Our approach has always been to put the sustainability of the Club first ensuring we operate within financial fair play rules, delivering the best we can but operating within our financial means. The approach has seen success in the Championship and we feel we can replicate this in the Premier League.

Administration Expenses have increased by £1.1m to £7.7m (2018: £6.3m) due to the enhancement of business support across the company and the recruitment of key personnel to develop business maturity.

Profit on disposal of player registrations has increased by £5.8m to £14.2m (2018: £8.4m) in the period. Player trading has again underpinned our cash flow for the season and continues to represent a key element of our strategy to be a self-sustaining Club. Our Academy continues to be a key element of our financial strategy. It must continue to make significant returns. Investment will be needed if this trend is to continue.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

Football transfer receipts in the year of £14.2m provided the majority of financing in the period, a further soft loan of £1.5m from our owners covered our cash deficit requirement resulting from operating losses. At the balance sheet date the cash balance was £0.9m. Overall net debtors stood at £3m including £1.8m (2018: £0.2m) of football debt. Creditors stand at £38.5m (2018: £7m) at the balance sheet date, including football creditors payable of £6.4m (2018: £1m), a soft loan from our owners of £3.5m (2018: £2m) and £11m (2018: £6.8m) of deferred revenues relating to the forthcoming financial year.

Going Concern

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic report.

Although the Company has a deficit of assets over liabilities of £25m at 30 June 2019, the promotion of Sheffield United to the Premier League has brought a significant increase in media and other income. The Directors have reviewed the forecasts for the period to 28 February 2021, which include investment in the playing squad and property acquisitions, which demonstrate the Company can operate within its planned facilities including, if required, support from its controlling parties, for the period.

The Directors therefore have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern assumption.

This report was approved by the board on 28 February 2020 and signed on its behalf.



A Y Alghamdi
Director

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

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

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Director

The Directors who served during the year were:

S C McCabe (resigned 7 October 2019)
S R McCabe (resigned 6 August 2018)
T Hawasli (resigned 30 August 2018)
J Giansiracusa
J J Tutton (resigned 7 October 2019)
HRH Prince Abdullah Bin Mosaad Bin Abdulaziz Al Saud (resigned 27 October 2019)
A W Currie (appointed 6 August 2018, resigned 7 October 2019)
K C McCabe (resigned 7 October 2019)
J Van Winkel
S Allazeez (appointed 30 August 2018, resigned 23 June 2019)

The Directors appointed after the end of the reporting period were:

HH Prince Musaad Bin Khalid Bin Musaad Bin Abdulrahman Al Saud (appointed 30 July 2019)
HRH Princess Reem Bint Abdullah Al Saud (appointed 19 November 2019)
A Y Alghamdi (appointed 19 November 2019)

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019**

Disclosure 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 the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

Subsequent to the year end, purchases of £60m in relation to the registration of player contracts have been made. Player sales and the fulfillment of certain contractual terms have contributed £4m of transfer fees receivable.

Following a verdict delivered by Mr Justice Fancourt in respect of a case between UTB LLC and Sheffield United Limited the shares previously held by Sheffield United Limited have been transferred to UTB LLC. This has resulted in HRH Prince Abdullah Bin Mosaad Bin Abdulaziz Al Saud becoming the ultimate controlling party, as his Company, UTB LLC gains full control of the group.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 28 February 2020 and signed on its behalf.



A Y Alghamdi
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

Opinion

We have audited the financial statements of The Sheffield United Football Club Limited (the 'Company') for the year ended 30 June 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

The impact of uncertainties arising from the UK exiting the European Union on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of Brexit. All audits assess and challenge the reasonableness of estimates made by the Directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with a course of action such as Brexit.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED (CONTINUED)

Conclusions relating to going concern

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

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

In our evaluation of the Directors' conclusions, we considered the risks associated with the Company's business model, including effects arising from Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Other information

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

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

We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement on page 8, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



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

28 February 2020

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 £	2018 £
Turnover	4	20,872,100	20,029,031
Cost of sales		<u>(44,547,767)</u>	<u>(21,757,956)</u>
Gross loss		(23,675,667)	(1,728,925)
Administrative expenses (excluding amortisation and impairment of player registrations)		(7,680,212)	(6,298,557)
Amortisation and impairment of player registrations	12	(3,490,102)	(2,176,661)
Total administrative expenses		<u>(11,170,314)</u>	<u>(8,475,218)</u>
Other operating income	5	75,763	75,763
Profit on disposal of player registrations		<u>14,170,293</u>	<u>8,382,082</u>
Total operating loss		(20,599,925)	(1,746,298)
Interest payable and similar expenses	10	<u>(698,920)</u>	<u>(148,109)</u>
Loss before tax		(21,298,845)	(1,894,407)
Tax on loss	11	-	-
Loss for the financial year		<u>(21,298,845)</u>	<u>(1,894,407)</u>

The notes on pages 17 to 36 form part of these financial statements.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED
REGISTERED NUMBER:00061564

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	13	5,676,754	4,114,955
Tangible assets	14	3,294,407	2,263,961
		<u>8,971,161</u>	<u>6,378,916</u>
Current assets			
Stocks	15	746,266	561,368
Debtors: amounts falling due within one year	16	46,490,541	2,377,276
Cash at bank and in hand		885,207	1,295,779
		<u>48,122,014</u>	<u>4,234,423</u>
Creditors: amounts falling due within one year	17	(69,019,097)	(6,978,181)
Net current liabilities		<u>(20,897,083)</u>	<u>(2,743,758)</u>
Total assets less current liabilities		<u>(11,925,922)</u>	<u>3,635,158</u>
Creditors: amounts falling due after more than one year	18	(2,123,563)	(714,390)
Deferred income	21	(11,089,553)	(6,760,961)
Net liabilities		<u>(25,139,038)</u>	<u>(3,840,193)</u>
Capital and reserves			
Called up share capital	22	28,843,702	28,843,702
Profit and loss account	23	(53,982,740)	(32,683,895)
		<u>(25,139,038)</u>	<u>(3,840,193)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 February 2020.



A Y Alghamdi
Director

The notes on pages 17 to 36 form part of these financial statements:

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

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

	Share capital £	Retained earnings £	Total equity £
At 1 July 2018	28,843,702	(32,683,895)	(3,840,193)
Comprehensive income for the year			
Loss for the year	-	(21,298,845)	(21,298,845)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(21,298,845)	(21,298,845)
Total transactions with owners	-	-	-
At 30 June 2019	28,843,702	(53,982,740)	(25,139,038)

The notes on pages 17 to 36 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Share capital £	Retained earnings £	Total equity £
At 1 July 2017	28,843,702	(30,789,488)	(1,945,786)
Comprehensive income for the year			
Loss for the year	-	(1,894,407)	(1,894,407)
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	(1,894,407)	(1,894,407)
Total transactions with owners	-	-	-
At 30 June 2018	28,843,702	(32,683,895)	(3,840,193)

The notes on pages 17 to 36 form part of these financial statements.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

1. General information

The Sheffield United Football Club Limited is a company limited by shares, incorporated in England. The Company's registered office is Bramall Lane Ground, Cherry Street, Sheffield, S2 4SU.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company's functional and presentation currency is pound sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Blades Leisure Limited as at 30 June 2018 and these financial statements may be obtained from Companies House.

2.3 Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic report.

Although the Company has a deficit of assets over liabilities of £25m at 30 June 2019, the promotion of Sheffield United to the Premier League has brought a significant increase in media and other income. The Directors have reviewed the forecasts for the period to 28 February 2021, which include investment in the playing squad and property acquisitions, which demonstrate the Company can operate within its planned facilities including, if required, support from its controlling parties, for the period.

The Directors therefore have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern assumption.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.4 Revenue

Revenue represents income generated by the Company's principal activities excluding transfer fees, donations and value added tax. Revenue streams include Match day, Media, Academy and Facility.

Match day

Match day revenue consists of all income receivable in respect of match day fixtures held both at home and away. It is inclusive of ticket revenues for home fixtures, a share of gate receipts from cup fixtures held both at home and away from Bramall Lane. The share of gate receipts payable in respect of cup fixtures is deducted from revenue.

Match day revenue which is received in advance of a period end but relating to a future period (mainly in relation to seasonal facilities for the future seasons) is treated as deferred income. The deferred income is then released to revenue as the matches are played.

Media

Media revenues represent income receivable from all broadcasting and publishing contracts including the Football League central deals, broadcasting revenue from cup fixtures, internet revenues and programme income. Football League distributions comprise of a fixed element, which is recognised equally over home fixtures played, along with a facility fee that is receivable for live coverage of home and away games, which is recognised in the month in which the fixtures takes place.

Academy

Other revenues include receipts in respect of Academy activities including Premier League funding for the Elite Player Performance Plan, and Football League Education revenues which fund the learning programme for young players. Such revenue is recognised on an accruals basis across the periods the funding relates to.

Facility

Facility revenues include rental and facility hire income, gym membership revenue from the Derek Dooley Sports & Community Centre. Facility revenue is recognised in the period in which the facility has been utilised. Where facility income is received or invoiced in a period it is treated as deferred income and released in the period to which the income relates.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Trademarks	-	10	years
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Transfer fees paid to player registrations

The costs of acquired player registrations, including agents fees, are capitalised as intangible assets and amortised over the period of the player's contract, with appropriate adjustments for any impairments assessed to have taken place.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold buildings	- The shorter of 2% straight line basis or the remaining lease term
Leasehold improvements	- The shorter of 25% straight line basis or the remaining lease term
Motor vehicles	- 25% straight line basis

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.7 Operating leases

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

2.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.12 Financial instruments

With the exemption of the option of the property, the Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The option the company holds to re-acquire the properties used for day-to-day activities is carried at fair value.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.14 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Multi-employer pension plan

The Company is a member of a multi-employer plan. Where it is not possible for the Company to obtain sufficient information to enable it to account for the plan as a defined benefit plan, it accounts for the plan as a defined contribution plan.

Where the plan is in deficit and where the company has agreed, with the plan, to participate in a deficit funding arrangement the Company recognises a liability for this obligation. The amount recognised is the net present value of the contributions payable under the agreement that relate to the deficit. This amount is expensed in profit or loss. The unwinding of the discount is recognised as a finance cost.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.17 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are disclosed separately in the financial statements to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2. Accounting policies (continued)

2.18 Contingencies

Under certain transfer agreements further transfer payments may fall due for payment by the club, to both the transfer Club and the Player's Agents should the player make a specified number of first team appearances (or other such criteria as specified in the contract). It is the Club's policy that any additional fees that may become payable under such agreements are accounted for in the period in which the achievement of the specified criteria becomes probable.

Contingent assets are not recognised until the inflow of economic benefits are virtually certain. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Directors made the following judgements and estimates in preparing the financial statements:

3.1 Impairment of player registrations

The valuation of intangible assets is given consideration by the directors. Under certain circumstances; such as permanent player injury or incompatibility with senior management, either of which would indicate that the player would be unlikely to play for the club again, the Directors may commence an impairment review. The following are examples of factors which would be taken into account:

- A career ending injury
- A player who has irreconcilable difference with senior management

The impairment will be based on the directors best estimate of disposal value taking in to account recent player disposals by the club and other clubs as well as any offers received for the player. When an impairment charge is considered necessary it is charged to the profit and loss account in the period in order to reduce the carrying value of the player to the player's fair value less any costs to sell.

3.2 Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing of the debtors and historical experience.

3.3 Multi-employer defined benefit pension scheme

The company is a member of a multi-employer plan. In the judgment of the Directors, the company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 25 for further details.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty
(continued)

3.4 Stock provisioning

The company supplies football kit, training wear, leisure wear and souvenirs. It is subject to changing demands and trends. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as assumptions around anticipated saleability of finished goods and future usage of raw materials.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Match Day	5,878,044	5,910,061
Broadcasting	8,335,500	7,819,001
Sponsorship & Advertising	2,957,864	2,823,984
Facility	3,700,692	3,475,985
	<u>20,872,100</u>	<u>20,029,031</u>
	2019 £	2018 £
United Kingdom	<u>20,872,100</u>	<u>20,029,031</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2019 £	2018 £
Grants released	<u>75,763</u>	<u>75,763</u>

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

6. Operating loss

The operating loss is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	668,114	652,234
Amortisation of intangible assets	3,500,102	2,006,910
Impairment of trade debtors	(58,375)	110,169
Other operating lease rentals	370,467	370,210

7. Auditor's remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	40,000	30,000
Fees payable to the Company's auditor and its associates in respect of:		
Tax compliance	8,500	8,500
Tax advisory	13,500	-
Other non-audit services	15,000	-
Interim review procedures	9,850	9,850

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	37,613,517	16,468,378
Social security costs	2,904,224	1,989,313
Cost of defined contribution scheme	136,443	508,161
	<u>40,654,184</u>	<u>18,965,852</u>

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

	2019 No.	2018 No.
Football	113	102
Non-football	79	76
	<u>192</u>	<u>178</u>

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	-	13,283

During the year no Directors (2018: Nil) were members of a defined contribution pension scheme.

10. Interest payable and similar expenses

	2019 £	2018 £
Other loan interest payable	599,671	120,388
Finance leases and hire purchase contracts	51,938	1,624
Other interest payable	47,311	26,097
	<u>698,920</u>	<u>148,109</u>

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

11. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(21,298,846)</u>	<u>(1,894,408)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	(4,046,781)	(359,938)
Effects of:		
Expenses not deductible for tax purposes	30,537	8,166
Other permanent differences	-	1,659
Non-taxable income	(14,395)	(14,395)
Unrelieved tax losses carried forward	4,030,639	364,508
Total tax charge for the year	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

Unrelieved tax losses of approximately £69,400,000 (2018: £47,800,000) 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 £11,800,000 (2018: £9,500,000). At present it is not envisaged that future taxable profits will be sufficient for these timing differences to be reversed.

12. Exceptional items

	2019 £	2018 £
Amortisation and impairment of player registrations	(3,490,102)	(2,176,661)
	<u>(3,490,102)</u>	<u>(2,176,661)</u>

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

13. Intangible assets

	Player registrations £	Trademarks £	Total £
Cost			
At 1 July 2018	7,379,919	100,000	7,479,919
Additions	6,536,015	-	6,536,015
Disposals	(2,025,148)	-	(2,025,148)
At 30 June 2019	11,890,786	100,000	11,990,786
Amortisation			
At 1 July 2018	3,274,964	90,000	3,364,964
Charge for the year	3,490,102	10,000	3,500,102
On disposals	(551,034)	-	(551,034)
At 30 June 2019	6,214,032	100,000	6,314,032
Net book value			
At 30 June 2019	5,676,754	-	5,676,754
At 30 June 2018	4,104,955	10,000	4,114,955

The intangible asset that is material to the financial statements is the first team squad. The carrying value of the squad is £5,676,754 with a remaining amortisation period of 1-3 years. The amortisation charge for the current squad will be £2,585,586 in the 2019/20 financial year, £1,918,668 in the 2020/21 financial year and £1,172,500 in the 2021/22 financial year.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

14. Tangible fixed assets

	Leasehold buildings £	Leasehold improvements £	Motor vehicles £	Total £
Cost				
At 1 July 2018	606,658	3,869,470	23,265	4,499,393
Additions	981,039	717,521	-	1,698,560
At 30 June 2019	1,587,697	4,586,991	23,265	6,197,953
Depreciation				
At 1 July 2018	111,886	2,118,819	4,727	2,235,432
Charge for the year on owned assets	15,141	647,207	5,766	668,114
At 30 June 2019	127,027	2,766,026	10,493	2,903,546
Net book value				
At 30 June 2019	1,460,670	1,820,965	12,772	3,294,407
At 30 June 2018	494,772	1,750,651	18,538	2,263,961

The depreciation charged to the financial statements in year in respect of assets held under hire purchase agreements is £93,611 (2018: £24,544).

The net carrying amount of assets held under hire purchase agreements is £408,228 (2018: £27,208). These assets are all included within leasehold improvements.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

15. Stocks

	2019 £	2018 £
Goods for resale	<u>746,266</u>	<u>561,368</u>

Stock is stated after provisions for impairment of £28,927 (2018: £5,888).

Stock recognised as an expense during the year was £1,043,713 (2018: £770,378).

16. Debtors

	2019 £	2018 £
Trade debtors	1,956,992	944,402
Amounts owed by group undertakings	134,263	196,990
Other debtors	270,063	636,682
Prepayments and accrued income	44,129,223	599,202
	<u>46,490,541</u>	<u>2,377,276</u>

Included within Trade debtors are amounts totalling £1,844,136 (2018: £200,000) relating to the consideration receivable for the sale of player registrations.

Trade debtors are stated after provisions for impairment of £64,126 (2018: £95,413).

Amounts owed by group undertakings are repayable on demand.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	5,426,125	1,983,197
Football League Pension liability	107,575	102,452
Amounts owed to group undertakings	3,699,661	2,042,674
Other taxation and social security	2,359,298	1,368,983
Obligations under finance lease and hire purchase contracts	27,702	12,151
Other creditors	55,681	280,765
Accruals	57,343,055	1,187,959
	<u>69,019,097</u>	<u>6,978,181</u>

Included within the above amounts are £5,306,000 (2018: £1,000,000) relating to consideration payable for player registrations.

Amounts owed to group undertakings are repayable on demand.

On 29th June 2019 options referenced in the Investment and Shareholder Agreement between Blades Leisure Limited, Sheffield United Football Club Limited, UTB LLC and Sheffield United Limited were exercised by Sheffield United Football Limited that committed the Club to purchase property held by Sheffield United Limited at, in the majority of cases, market value. The acquisition included the stadium and training facility. The cost of the acquisition of these option properties, together with certain other developments is estimated to be £43.5m and will complete by 1st July 2020.

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

	2019 £	2018 £
Net obligations under finance leases and hire purchase contracts	385,384	7,422
Trade creditors	1,125,000	-
Football League Pension liability	604,049	664,313
Other creditors	-	33,525
Preference share capital treated as debt	9,130	9,130
	<u>2,123,563</u>	<u>714,390</u>

Included within the above amounts are £1,125,000 (2018: £Nil) relating to consideration payable for player registrations.

Disclosure of the terms and conditions attached to the non-equity shares is made in note 22.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2019 £	2018 £
Within one year	87,892	13,827
Between 1-5 years	343,312	7,760
	<u>431,204</u>	<u>21,587</u>
Less interest	(18,118)	(2,014)
	<u><u>413,086</u></u>	<u><u>19,573</u></u>

20. Financial instruments

	2019 £	2018 £
Financial assets		
Trade debtors	1,956,992	944,402
Amounts owed by group undertakings	134,263	196,990
Other debtors	270,063	636,682
	<u>2,361,318</u>	<u>1,778,074</u>
Financial liabilities		
Trade creditors	(5,426,125)	(1,983,197)
Amounts owed to group undertakings	(3,699,661)	(2,042,674)
Other creditors	(55,681)	(314,290)
Accruals	(57,343,055)	(1,187,959)
Football league pension liability	(711,624)	(766,765)
Net obligations under finance leases and hire purchase contracts	(413,086)	(19,573)
Preference share capital treated as debt	(9,130)	(9,130)
	<u><u>(67,658,362)</u></u>	<u><u>(6,323,588)</u></u>

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

21. Deferred income

	2019 £	2018 £
Sponsorship	4,253,305	1,128,224
Advance ticket sales	4,663,645	3,384,370
Deferred capital grant	2,172,603	2,248,367
	<u>11,089,553</u>	<u>6,760,961</u>

22. Share capital

	2019 £	2018 £
Shares classified as equity		
Allotted, called up and fully paid		
477 (2018 - 477) Deferred shares of £100.00 each	47,700	47,700
57,592 (2018 - 57,592) Ordinary shares of £500.00 each	28,796,000	28,796,000
204 (2018 -) Deferred shares of £0.01 each	2	2
	<u>28,843,702</u>	<u>28,843,702</u>
	2019 £	2018 £
Shares classified as debt		
913 (2018 - 913) Preference shares of £10.00 each	<u>9,130</u>	<u>9,130</u>

23. Reserves

Profit & loss account

Includes all current and prior period retained profits and losses.

24. 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.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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Includes all current and prior period retained profits and losses.

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THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

25. Pension commitments

Sheffield United Football Club Limited ('the Club') participates in the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a funded multi-employer defined benefit scheme, with 92 participating employers, and where members may have periods of service attributable to several participating employers. The Club is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme.

The last actuarial valuation was carried out at 31 August 2017 where the total deficit on the on-going valuation basis was £30.4 million. The key assumptions used to calculate the deficit at the 31 August 2017 actuarial valuation are:

Discount Rate:	3.5% per annum for the 1st 3 years, 2.5% per annum for the following 10 years and 1.5% per annum thereafter.
RPI inflation:	3.4% per annum
Pension Increases:	3.7% per annum
Mortality (pre-retirement):	None
Mortality (post-retirement):	SAPS CMI_2016 1.5%

The accrual of benefits ceased within the Scheme on 31 August 1999, therefore there are no contributions relating to the current accrual. The Club pays monthly contributions based on a notional split of the total expenses and deficit contributions of the Scheme.

The Club currently pays total contributions of £103,272 per annum which increases at 5.0% per annum and based on the actuarial valuation assumptions detailed above, will be sufficient to pay off the deficit by 31 August 2026.

As at 30 June 2019, based on an appropriate discount rate of 6.375% per annum, the present value of the Club's outstanding contributions (i.e. their future liability) is £711,624 (2018: £766,675). The discount rate has been based on the HSBC Holdings 2022 floating rate corporate bond. This amounts to £107,575 (2018: £102,452) due within one year and £604,049 (2018: £664,313) due after more than one year and is included within other payables.

A financial cost of £47,311 (2018: £26,097) is made to the Statement of Comprehensive Income during the year, representing the interest cost on the outstanding deficit of the Scheme.

In addition, the Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £101,311 (2018: £115,889). Contributions totalling £24,502 (2018: £26,451) were payable to the fund at the reporting date.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

26. Commitments under operating leases

At 30 June 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	350,000	370,000
Later than 1 year and not later than 5 years	1,240,000	1,295,000
Later than 5 years	4,390,000	4,430,000

27. Related party transactions

The company is exempt from disclosing transactions and balances with other entities which are wholly owned members of Blades Leisure Limited in accordance with section 33 of FRS 102.

Purchases were made of £341,000 (2018: £310,000) from Sheffield United Limited with a creditor balance of £Nil (2018: £Nil) at the year end.

Purchases were made of £29,162 (2018: £Nil) from AMAS Al Riyadh Holding Company with a creditor balance of £Nil (2018: £Nil) at the year end.

Purchases were made of £nil (2018: £60,000) from The Scarborough Group Foundation with a creditor balance of £Nil (2018: £Nil) at the year end.

Sales were made to Redtooth Limited of £16,014 (2018: £52,130) with a year end debtor balance of £Nil (2018: £10,576) Purchases were made of £20,756 (2018: £26,866) with a creditor balance at the year end of £4,974 (2018: £14,808).

Sales were made to Scarborough Management Limited of £65,884 (2018: £3,150) with a year end debtor balance of £1,644 (2018: £Nil). Purchases were made of £Nil (2018: £Nil) with a creditor balance at the year end of £Nil (2018: £Nil).

Sales were made to Scarborough Group International Limited of £Nil (2018: £5,328) with a year end debtor of £Nil (2018: £Nil).

Scarborough Development Group Limited held a year end debtor balance of £Nil (2018: £Nil).

Scarborough Realty Limited held a year end balance of £Nil (2018: £Nil).

Consortium relief has been claimed by Scarborough Group Limited for their share of tax losses.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

28. Signing on, compensation and loan fees payable and receivable

Commitments in respect of deferred contingent signing-on fees due to players under contract at the year end and not provided in the financial statements amounted to £1,292,279 (2018: £759,029). 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 payable is £2,353,610 (2018: £6,172,184). This amount is not provided in the financial statements as it is not expected to be payable.

29. Post balance sheet events

Subsequent to the year end, purchases of £60m in relation to the registration of player contracts have been made. Player sales and the fulfillment of certain contractual terms have contributed £4m of transfer fees receivable.

Following a verdict delivered by Mr Justice Fancourt in respect of UTB LLC and Sheffield United Limited the shares previously held by Sheffield United Limited have been transferred to UTB LLC resulting in HRH Prince Abdullah Bin Mosaad Bin Abdullah Bin Abdulaziz Al Saud becoming the sole shareholder of the group and its ultimate controlling party.

30. Ultimate parent undertaking and controlling party

The Group is headed up by Blades Leisure Limited which, at the balance sheet date, is considered to be a joint venture between Sheffield United Limited and HRH Prince Abdullah Bin Mosaad Bin Abdulaziz Al Saud. Since the year end HRH Prince Abdullah Bin Mosaad Bin Abdulaziz Al Saud has become the controlling related party.