

THE MANCHESTER UNITED FOOTBALL CLUB plc
REPORT AND ACCOUNTS
1992

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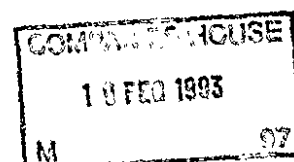
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COMPANY NUMBER: 0009.489



THE MANCHESTER UNITED FOOTBALL CLUB plc DIRECTORS' REPORT

The directors present their report together with the accounts for the year ended 31 July 1992.

Principal activity

The principal activity of the Company is the operation of a professional football club together with related and ancillary activities.

Business review, results and dividends

Turnover and profits of the Company have fallen due to the transfer of some activities to the parent undertaking at the beginning of the year. However, of the remaining activities, gate receipts have shown a rise of 4% over the prior year. The Club won the Rumbelows Cup and were runners up in the First Division of the Football League. Transfer fees were at a higher level compared with the previous year, resulting in a profit before taxation of £80,000 (compared with £5,306,000 in 1991). The directors do not recommend the payment of a dividend.

The directors have appropriated a further £250,000 to the transfer fee reserve leaving a retained loss of £245,000 to be transferred to reserves.

Events since the year end and future developments

Since the year end the Club has spent £1,020,000 on new players, mainly the acquisition of Dion Dublin for £1,000,000. In addition, players have been transferred to other clubs for a total of £925,000.

The rebuilding of the Stretford End is on schedule.

Aggregate value attributable to players

The Company's accounting policy for expenditure and receipts in respect of player transfers is to deal with these through the profit and loss account. This means that no value is attributed to players in the balance sheet. The directors will continue this policy unchanged. An independent report has been commissioned on the aggregate value to be attributed to the first team squad of players.

In the opinion of Touche Ross & Co., Chartered Accountants, the aggregate of the individual amounts attributed to the players comprising the first team playing squad (together with first and second year professional players), as at 31 July 1992, was £24 million. This assumes willing buyers for the relevant player's services on normal contractual terms and an orderly disposal over a period of time. Touche Ross & Co. have drawn to our attention that the amounts attributable to individual players can fluctuate rapidly as a result of selection policy, personal form, injury, international representation and other matters.

Fixed assets

Movements in fixed assets are set out in Note 9 to the accounts. Short leasehold additions represent work to date on the Stretford End. The Club has also made close season improvements at Old Trafford.

Directors and their interests

The directors serving during the year were as follows:

C M Edwards (Chairman)

J M Edelson

R Charlton, CBE

E M Watkins

A M Al Midani

N Burrows (resigned as a director on 7 April 1992)

R L Olive

M Knighton (resigned as a director on 5 May 1992)

R P Launders was appointed a director on 13 August 1992.

THE MANCHESTER UNITED FOOTBALL CLUB plc
DIRECTORS' REPORT CONTINUED

The interests of C M Edwards, E M Watkins and A M Al Midani, who are directors of the parent undertaking, in the shares of Manchester United plc are disclosed in that Company's accounts. The interests of the other directors in the shares of Manchester United plc are shown below:

	1 August 1991	31 July 1992
J M Edelson	170,281	170,281
R Charlton	14,000	14,000
R L Olive	13,110	13,110

M Knighton and N Burrows who resigned as directors during the year, had shareholdings at 31 July 1991 of 10,000 and 481,193 shares respectively.

The Company maintains directors' liability insurance.

Election of Directors

E M Watkins and A M Al Midani retire by rotation. In addition, R P Launders retires having been appointed after the last Annual General Meeting.

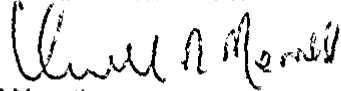
Charitable and political contributions

The Company contributed £4,852 to charities (1991 £3,469) and made no political contributions in either year.

Auditors

Grant Thornton have indicated their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed to the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD


K R Merrett
Secretary
10 February 1993

Old Trafford
Manchester
M16 0RA

THE MANCHESTER UNITED FOOTBALL CLUB plc
PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JULY 1992

	Note	1992 £'000	1991 £'000
Turnover	2	12,193	17,618
Operating expenses	3	<u>(10,608)</u>	<u>(11,986)</u>
Operating Profit		1,585	5,630
Interest receivable	4	<u>1,120</u>	<u>277</u>
Profit before transfer fees		2,705	6,107
Net transfer fees	5	<u>(2,625)</u>	<u>(801)</u>
Profit on ordinary activities before taxation		80	5,306
Taxation	7	<u>(75)</u>	<u>(1,487)</u>
Profit for the financial year		5	3,819
Dividends	8	—	(450)
Appropriation to transfer fee reserve	17	<u>(250)</u>	<u>(2,000)</u>
Retained (loss)/profit for the year	17	<u>(245)</u>	<u>1,369</u>

The accompanying notes on pages 7 to 12 are an integral part of these accounts.

THE MANCHESTER UNITED FOOTBALL CLUB plc
BALANCE SHEET

AT 31 JULY 1992

	Note	1992 £'000	1991 £'000
Fixed Assets			
Tangible assets	9	<u>3,823</u>	<u>1,910</u>
Current assets			
Debtors	10	2,705	7,621
Marketable securities	11	4,089	4,000
Cash at bank and in hand		<u>4,796</u>	<u>1,405</u>
		11,589	13,026
Creditors			
Amounts falling due within one year	12	2,685	4,099
Income deferred less than one year	13	<u>5,561</u>	<u>3,883</u>
Net current assets		<u>3,343</u>	<u>5,044</u>
Total assets less current liabilities		<u>7,166</u>	<u>6,954</u>
Accruals and deferred income			
Income deferred more than one year			
Deferred grant income	14	566	508
Provision for liabilities and charges	15	<u>324</u>	<u>175</u>
Net Assets		<u>6,276</u>	<u>6,271</u>
Capital and Reserves			
Share capital	16	1,009	1,009
Profit and loss account	17	3,017	3,262
Transfer fee reserve	17	<u>2,250</u>	<u>2,000</u>
Total capital employed		<u>6,276</u>	<u>6,271</u>



R P Launders
Director
10 February 1993

The accompanying notes on pages 7 to 12 are an integral part of these accounts.

THE MANCHESTER UNITED FOOTBALL CLUB plc
STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 JULY 1992

	1992 £'000	1991 £'000
Source of funds		
Profit before transfer fees	2,705	8,107
Net Transfer fees	(2,625)	(801)
	<u>80</u>	<u>5,306</u>
Items not involving the movement of funds:		
— depreciation	373	468
— loss (profit) on disposal of tangible fixed assets	2	(10)
— grants released	(79)	(58)
	<u>376</u>	<u>5,706</u>
Funds generated from / (absorbed by) operations		
	376	5,706
Funds from other sources		
— proceeds from disposal of tangible fixed assets	28	415
— transfer of fixed assets to parent undertaking	9	5,964
— grants received	137	142
	<u>550</u>	<u>12,227</u>
Application of funds		
Purchase of tangible fixed assets	(2,325)	(1,049)
Tax paid	(606)	—
Dividends paid	(301)	(150)
	<u>(2,682)</u>	<u>11,028</u>
Net (outflow) / inflow of funds		
	(2,682)	11,028
Increase / (decrease) in working capital		
— Stocks	—	(371)
— Debtors	(4,916)	5,994
— Creditors	(1,245)	296
	<u>(6,161)</u>	<u>5,919</u>
Movement in net liquid funds	3,479	5,109
Net increase / (decrease) in working capital	<u>(2,682)</u>	<u>11,028</u>

THE MANCHESTER UNITED FOOTBALL CLUB plc
CASH FLOW STATEMENT

FOR THE 12 MONTHS ENDED 31 JULY 1992

	1992		1991	
	£'000	£'000	£'000	£'000
Net cash generated from operations				
Profit from operations	1,565		5,830	
Net transfer fees	(2,625)		(801)	
Depreciation charges	373		468	
Loss/(profit) on disposal of tangible fixed assets	2		(10)	
Grants released	(79)		(58)	
Decrease in stocks	-		371	
Decrease/(increase) in debtors	4,916		(5,994)	
Increase/(decrease) in creditors	1,244		(296)	
Net cash inflow/(outflow) from operating activities		5,416		(490)
Return on investments and servicing of finance				
Interest receivable	1,120		277	
Dividends paid	(300)		(150)	
Net cash inflow from interest less dividends		820		127
Taxation				
Tax paid	(606)		-	
Tax paid		(606)		-
Investing activities				
Transfer of fixed assets to parent undertaking	9		5,964	
Sale of tangible fixed assets	28		415	
Purchase of tangible fixed assets	(2,325)		(1,049)	
Net cash (outflow)/inflow from investing activities		(2,288)		5,330
Net cash inflow before financing		3,342		4,967
Financing				
Grants received	137		142	
Net cash inflow from financing		137		142
Increase in cash and cash equivalents		3,479		5,109
Analysis of increase in cash and cash equivalents				
Cash at bank and in hand		3,391		1,109
Marketable securities		88		4,000
		3,479		5,109

THE MANCHESTER UNITED FOOTBALL CLUB plc
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 JULY 1992

1 Accounting policies

The principal accounting policies, which have been consistently applied, are set out below:

Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Turnover

Turnover represents gate receipts, lottery donations and sales invoiced, exclusive of value added tax.

Depreciation

Depreciation is provided on fixed assets on a reducing balance basis at annual rates appropriate to the estimated useful lives of the fixed asset, as follows:

Plant and machinery	20% - 25%
General fixtures and fittings	15%
Executive suite fixtures and fittings	100%

Depreciation is not provided on properties. It is the Company's and the parent undertaking's policy to maintain all properties in such a condition that the estimated aggregate residual disposal values are at least equal to their book values. Consequently, any element of depreciation would, in the opinion of the directors, be immaterial. Residual disposal values are appraised each year by reference to the estimated depreciated replacement cost of the properties in aggregate. Provision will be made against the cost of the properties in the event of any permanent diminution in their aggregate value.

The amounts shown under short leasehold property are additions to the property at Old Trafford where the parent undertaking is the freeholder and controls 100% of the share capital of the Company.

Transfer fees

Fees payable to and receivable from other football clubs on the transfer of players' registrations, together with associated costs, are dealt with through the profit and loss account in the accounting period in which the transfer fee is payable or receivable.

Grants

Grants receivable from the Football Trust and the former Football Grounds' Improvement Trust in respect of capital expenditure are treated as deferred income and released to the profit and loss account so as to match the depreciation charged on the fixed assets purchased with the grant. Deferred grant income in the balance sheet represents total grants received less amounts credited to the profit and loss account.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

Pension costs

Defined contribution pension arrangements are made for certain employees of the Company. The Company's contributions are charged against the profit and loss account in the year in which they become payable. The assets of the pension schemes are held separately from those of the Company in independently administered funds.

THE MANCHESTER UNITED FOOTBALL CLUB PLC

2 Turnover

Turnover can be analysed into its principal components as follows:

	1992 £'000	1991 £'000
Gate receipts and programme sales	9,632	9,237
Television	1,843	2,343
Sponsorship, royalties and advertising	157	2,462
Conference and catering	—	1,598
Other	561	2,176
	<u>12,193</u>	<u>17,816</u>

3 Operating expenses

	1992 £'000	1991 £'000
Auditors' remuneration	12	25
Directors' remuneration (Note 6)	179	133
Staff costs (Note 6)	5,291	5,214
Depreciation	373	468
Operating leases	151	247
Plant and vehicle hire	20	22
Other operating charges	4,753	5,945
Profit on disposal of marketable securities	(94)	—
Grants released (Note 14)	(79)	(58)
Loss/(profit) on disposal of tangible fixed assets	2	(10)
	<u>10,608</u>	<u>11,986</u>

4 Interest receivable

	1992 £'000	1991 £'000
Bank interest receivable	1,123	300
Bank overdraft interest payable	(3)	(7)
Finance lease interest payable	—	(16)
	<u>1,120</u>	<u>277</u>

5 Net transfer fees

	1992 £'000	1991 £'000
Transfer fees receivable	385	170
Transfer fees payable	(3,010)	(971)
	<u>(2,625)</u>	<u>(801)</u>

THE MANCHESTER UNITED FOOTBALL CLUB PLC

6 Staff costs

Particulars of employee costs (excluding directors) are as shown below:

	1992 £'000	1991 £'000
Wages and salaries	4,694	4,708
Social security costs	462	414
Other pension costs	135	92
	<u>5,291</u>	<u>5,214</u>

The average number of employees was as follows:

	1992 Number	1991 Number
Players	37	42
Ground staff	27	24
Restaurant and conference centre staff	41	38
Administration and other	69	60
Average number of employees	<u>174</u>	<u>164</u>

The Company also employs approximately 200 temporary staff on match days.

The directors of the Company received the following remuneration:

	1992 £'000	1991 £'000
Remuneration for management services	165	120
Pension contributions	14	13
	<u>179</u>	<u>133</u>

The Chairman and Chief Executive of the Company received a remuneration of £165,000 excluding pension contributions (1991 £120,000). Remuneration for 1992 included a profit related bonus of £20,000. No other director received any remuneration.

Sums paid to third parties in respect of directors' services are excluded from the figures shown above and comprised legal fees paid during the year to James Chapman & Co, of which E M Watkins is a partner, totalling £20,000 being services in the ordinary course of business as the Company's solicitors.

J M Edelson and R Charlton are directors of and shareholders in Conrad Continental plc; in addition A M Al Midani is a shareholder in that company. Conrad supplies goods and services to the Company on normal commercial terms with an approximate annual value of £30,000. The Company supplies hospitality, goods and services to Conrad on normal commercial terms with an approximate annual value of £35,000.

R Charlton is a director of and shareholder in Halba Travel Limited, which supplies the Company with rail and air tickets with an approximate annual value of £23,000.

7 Taxation

	1992 £'000	1991 £'000
UK Corporation tax	74	(1,282)
Deferred taxation	(149)	(205)
	<u>(75)</u>	<u>(1,487)</u>
Statutory rate of corporation tax	<u>33.00%</u>	<u>33.66%</u>

The tax charge for the year to 31 July 1991 was reduced by the utilisation of tax losses brought forward and other timing differences.

THE MANCHESTER UNITED FOOTBALL CLUB plc

8 Dividends

	1992 £'000	1991 £'000
Ordinary paid	—	150
Ordinary proposed	—	300
	<u>—</u>	<u>450</u>

9 Tangible fixed assets

	Short Leasehold Property £'000	Plant and Machinery £'000	Fixtures and Fittings £'000	Total £'000
Cost				
At 1 August 1991	—	974	3,959	4,933
Additions	1,394	728	203	2,325
Disposals	—	(99)	(296)	(395)
Transfers to parent undertaking	—	(76)	—	(76)
At 31 July 1992	<u>1,394</u>	<u>1,527</u>	<u>3,866</u>	<u>6,787</u>
Depreciation				
At 1 August 1991	—	703	2,320	3,023
Charge	—	130	243	373
Disposals	—	(69)	(296)	(365)
Transfers to parent undertaking	—	(67)	—	(67)
At 31 July 1992	<u>—</u>	<u>697</u>	<u>2,267</u>	<u>2,964</u>
Net Book Value				
At 1 August 1991	<u>—</u>	<u>271</u>	<u>1,639</u>	<u>1,910</u>
At 31 July 1992	<u>1,394</u>	<u>830</u>	<u>1,599</u>	<u>3,823</u>

Leasehold property represents improvements to the Old Trafford stadium for which the Club has a lease, with the ultimate parent undertaking, which expires in 2026.

10 Debtors

	1992 £'000	1991 £'000
Trade debtors	865	1,693
Parent undertaking	1,131	5,651
Other debtors	183	144
Prepayments and accrued income	526	133
	<u>2,705</u>	<u>7,621</u>

11 Marketable securities

	1992 £'000	1991 £'000
Government securities — at cost	4,088	4,000
Government securities — at market value	<u>4,098</u>	<u>4,006</u>

THE MANCHESTER UNITED FOOTBALL CLUB plc

12 Creditors — Amounts falling due within one year

	1992 £'000	1991 £'000
Trade creditors	631	331
Social security and other taxes	1,004	790
Corporation tax	601	1,282
Dividends	—	300
Other creditors	22	46
Accruals	427	1,350
	<u>2,685</u>	<u>4,099</u>

13 Income deferred less than one year

	1992 £'000	1991 £'000
Deferred revenue income	<u>5,561</u>	<u>3,883</u>

Deferred income consists of season ticket and other elements of income which were received prior to the year end in respect of the following football season.

14 Deferred grant income

The movements in deferred grant income during the year were as follows.

	1992 £'000
At 1 August 1991	508
Grants received	137
Grants released	<u>(79)</u>
At 31 July 1992	<u>566</u>

15 Provision for liabilities and charges

This comprises deferred taxation attributable to:

	1992 £'000	1991 £'000
Excess of tax allowances over book depreciation of fixed assets	278	334
Transfer to parent undertaking	—	(30)
Other timing differences	46	<u>(129)</u>
	<u>324</u>	<u>175</u>

There was no unprovided deferred taxation.

The movements in deferred taxation balances during the year were as follows:

	1992 £'000
At 1 August 1991	175
Charge for the year (Note 7)	<u>149</u>
At 31 July 1992	<u>324</u>

THE MANCHESTER UNITED FOOTBALL CLUB PLC

16 Share capital

	1992 £'000	1991 £'000
Authorised 1,015,000 ordinary shares of £1 each	1,015	1,015
Allotted, called up and fully paid 1,008,546 ordinary shares of £1 each	1,009	1,009

17 Reserves

	1992 £'000	1991 £'000
Profit and loss account	3,017	3,262
Transfer fee reserve	2,250	2,000
	5,267	5,262

Under the terms of certain lotteries, past donations of £1,618,232 (1991 £983,540) received by the Company, and included within the profit and loss account balance, are not available for distribution (and bank balances are restricted accordingly) until such monies have been expended within the terms of those lotteries. It is intended that these balances will be applied in 1992/93 to the major capital programme which is in progress and will thereby become distributable. The transfer fee reserve is distributable.

The movements during the year were as follows:

	Profit and loss account £'000	Transfer fee reserve £'000
At 1 August 1991	3,262	2,000
Profit for the year	5	-
Dividends	-	-
Appropriation to transfer fee reserve	(250)	250
At 31 July 1992	3,017	2,250

18 Capital and other financial commitments

a. Capital commitments

At the end of the year, capital commitments were:

	1992 £'000	1991 £'000
Contracted but not provided for	8,750	479
Authorised but not contracted for	-	12,000

b. Transfer fees payable

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 are met. The maximum that could be payable is £0.57 million (1991 £1.875 million) of which £0.28 million could arise in one year.

19 Ultimate parent undertaking

The ultimate parent undertaking is Manchester United plc, which is registered in England and Wales.

REPORT OF THE AUDITORS

To the Members of The Manchester United Football Club plc

We have audited the accounts on pages 4 to 12 in accordance with auditing standards.

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company at 31 July 1992, and of the profit and cash flows for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

GRANT THORNTON
Registered Auditors
Chartered Accountants

10 February 1993
Manchester