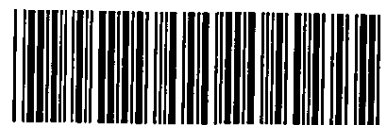


Company number 00095489

Manchester United Football Club Limited
Annual Report and financial statements
for the year ended 30 June 2011

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Manchester United Football Club Limited

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Manchester United Football Club Limited

Directors' report for the financial year ended 30 June 2011

The directors present their report and audited financial statements of Manchester United Football Club Limited ('the Company') for the year ended 30 June 2011

Principal activities

The principal activity of the Company continues to be the operation of a professional football club together with related and ancillary activities

Business review

The Manchester United team maintained a high level of performance on the pitch, winning the FA Premier League title, reaching the FA Cup semi-final, and reaching the final of the UEFA Champions League

During the year Old Trafford staged 32 match day events comprising 29 Manchester United home games (comprising 19 FA Premier League, 6 UEFA Champions League and 4 domestic cup), 2 Football League Play Off Finals and 1 Rugby League Grand Final

Turnover increased by £20.7 million to £213.1 million (2010 £192.4 million), representing an increase of 10.8%

Operating profit before depreciation, amortisation of, and profit on disposal of players' registrations amounted to £52.5 million (2010 £53.2 million)

The Company made a profit on ordinary activities before taxation of £13.0 million (2010 £19.5 million) Profit on ordinary activities before taxation includes profit on disposal of players registrations amounting to £4.5m (2010 £12.7m)

Strategy

The three key elements for the Company's strategy for growth are

- Maintaining playing success
- Treating fans as customers
- Developing club media rights

Manchester United Football Club Limited

Directors' report for the financial year ended 30 June 2011 (continued)

Summary of key performance indicators for 2010/11

Description	Target	Achieved	Detail
Team performance	Minimum third place finish in the FA Premier League	Yes	FAPL champions
	Last 16 of the UEFA Champions League	Yes	UEFA Champions league finalists
	Last 8 of domestic cup competitions - FA Cup - Carling Cup	Yes Yes	FA Cup semi-finalists Eliminated fifth round
Matchday income	Maximum achievable attendance at home FA Premier League and UEFA Champions League matches	Yes	FA Premier League and UEFA Champions league home games largely sold out
Media income	Club owned media rights growth	No ⁽¹⁾	6% decrease
Customer relationship management fan records	Customer base growth	Yes	54% increase

⁽¹⁾ the decline in Club owned media rights revenue is expected to be temporary and was principally caused by a change with respect to how MUTV international rights are sold

Future developments and outlook for 2011/12

- Over 59,000 season tickets comprising both general admission and executive facility seats were sold before the start of the 2011/12 season
- The team qualified for the UEFA Champions League for the 16th consecutive season by finishing FA Premier League Champions in 2010/11

Principal risks and uncertainties

The Company is exposed to a range of risks and uncertainties which have the potential to affect its long term performance. The executive directors of the Company's parent company (Manchester United Limited) meet by telephone on a weekly basis and face to face several times a year with the directors of the Company's indirect parent company, Red Football Shareholder Limited. At these meetings the key risks faced by the Company are monitored and mitigating actions discussed. In addition to these discussions, the management of day to day operational risks within the business is delegated to the Group Executive (the senior management team including all the executive directors of Manchester United Limited).

The key business risks and uncertainties affecting the Company are considered to relate to the performance and popularity of the first team, negotiation and pricing of key broadcasting contracts, recruitment and retention of key employees (including playing and coaching staff) and the safety and security of supporters at the Old Trafford stadium.

The turnover is dependent on the performance and popularity of the first team. Significant sources of our turnover are the result of strong performances in the English domestic and European competitions. Turnover varies significantly depending on the first team's participation and performance in these competitions. The first team's performance affects match day turnover through ticket sales and media turnover through frequency of appearance and performance. Participation in the UEFA Champions League, which is

Manchester United Football Club Limited

Directors' report for the financial year ended 30 June 2011 (continued)

Principal risks and uncertainties (continued)

dependent upon the first team's performance in the FA Premier League, is particularly important. During the year our participation in the UEFA Champions League generated match day turnover of £12.8 million (2010 £10.7 million) and media turnover of £46.9 million (2010 £40.8 million). The business seeks to maintain playing success by continually investing in the squad either via the youth academy or by acquiring new talent via our extensive team of scouts who operate both domestically and internationally.

During the year 97.7% (2010 98.5%) of our media turnover was generated from broadcasting rights for FA Premier League and UEFA Champions League matches. Contracts for these broadcasting rights are negotiated collectively by the FA Premier League and UEFA respectively. We do not participate and therefore do not have direct influence on the outcome of contract negotiations. Furthermore, the limited number of bidders for these rights may result in reduced prices paid for those rights in the future.

We face strong competition from other football clubs in England and Europe in attracting and retaining talent. We aim to recruit and retain the best playing, coaching and general staff by offering attractive remuneration packages, by ensuring regular communication with our employees and offering regular reviews of performance and training.

We place the security of our supporters at Old Trafford at the top of the agenda and the board continually reviews the safety and security arrangements both with our own security staff, the local authorities and external consultants to ensure that best practice is followed at all times.

Financial risk management

The Company's operations are exposed to a variety of financial risks that include credit risk, currency risk, liquidity risk and interest rate risk. The Board reviews and agrees policies for managing these risks which are then implemented by the finance department. The policies have remained unchanged throughout the year and are summarised below.

- **Credit risk**
Where considered appropriate, the Company performs credit checks using an external credit rating agency to evaluate the credit risk of potential customers. In relation to significant one-off transactions such as transfer agreements or sponsorship contracts, the Company reviews the credit risk based on information available and obtains bank guarantees where necessary. The Company also assesses the stability of financial institutions in which cash deposits are held to minimise any potential credit risk.
- **Currency risk**
The Company enters into forward contracts to purchase and sell foreign currency on sale and purchase transactions (including player transfers) where considered appropriate in order to minimise the impact of currency movements on the Company's financial performance.
- **Liquidity risk**
The Company's liquidity position and short-term debt finance ensures that it has sufficient funds available for short term working capital requirements and for investment in the playing squad and other capital projects.
- **Interest rate risk**
The Company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, which earn interest at a variable rate. Interest bearing liabilities include a revolving credit facility and any bank overdraft which bear interest at a variable rate.

Manchester United Football Club Limited

Directors' report for the financial year ended 30 June 2011 (continued)

Post balance sheet events

The playing registrations of certain footballers have been disposed of, subsequent to the balance sheet date, for a total proceeds, net of associated costs of £6,678,000. The associated net book value was £1,051,000.

Dividends

An interim dividend of £nil was paid during the year (2010: £100.0m). The directors do not recommend the payment of a final dividend (2010: £nil).

The profit for the financial year of £9.5 million (2010: £13.5 million) has been retained and transferred to reserves.

Directors

The directors who held office throughout the year and up to the date of signing the financial statements were as follows:

Sir R Charlton CBE
J M Edelson
D A Gill
E M Watkins CBE

Qualifying third party indemnity provisions

At the time the report was approved a qualifying third party indemnity provision, made by the Red Football Shareholder Group, was in place for the directors of Red Football Shareholder Limited and its subsidiary companies. This has been in force throughout the financial year.

Differences between market and balance sheet value of land and buildings

The directors consider that the market value of interests in leasehold property is at least that shown as the net book value of the assets.

Charitable and political donations

During the year the Company made no charitable or political donations (2010: £nil).

Employment policies

The Company is committed to its 'people philosophy' and, as a result, to promoting policies to ensure that employees and applicants for employment are treated fairly and consistently. The Company has an equal opportunities policy, the aim of which is not to discriminate against employees or applicants for employment on the grounds of age, disability, ethnic origin, nationality or national origin, religion, race, gender, sexual orientation, marital status or family circumstances. Entry into and progression within the Company is determined solely by the job criteria and personal ability/competence.

The Company also seeks to apply best practice in the employment, training, development and promotion of disabled persons. The Company takes seriously its statutory obligations relating to disabled persons and seeks not to discriminate against current or prospective employees because of a reason relating to their disability. If an existing employee becomes disabled, such steps that are practical and reasonable are taken,

Manchester United Football Club Limited

Directors' report for the financial year ended 30 June 2011 (continued)

Employment policies (continued)

in respect of adjustments to premises or employment arrangements, to retain him/her in employment Where appropriate, rehabilitation and suitable training are given

Employees are regularly updated on the performance of the Company This is achieved through a broad base of communications including staff briefings, announcements and the staff newsletter 'RedLines' Employees' views are sought through staff surveys and action plans are then developed to target priority for improvement areas The Company is continuing with its focus on reward and recognition of performance as one of these priorities for improvement and its focus on a total reward strategy which has three principal components compensation (pay package), benefits and the work experience Schemes are continually introduced focusing on rewarding individual performance

The Company has established its Vision and Values and these are communicated to all employees Our Vision and Values are directly linked to performance and development review procedures, training and organisational change programmes and reward and recognition initiatives, which apply to all our employees

Environmental policies

Manchester United Football Club Limited recognises its responsibility to ensure a safe and healthy environment and will endeavour to maintain sound environmental performance through the continued maintenance of our proactive environmental management system, which is integrated into our overall business activities

Policy on payment of creditors

The Company's policy on payment of creditors is to negotiate payment terms when agreeing the terms of each transaction In the majority of cases this involves payment within 30 days of the invoice date, however, where discounts are available it is generally the policy to pay earlier and benefit accordingly Creditors in respect of player acquisitions are paid on their contractual due dates

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 prepared the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

Manchester United Football Club Limited

Directors' report for the financial year ended 30 June 2011 (continued)

Statement of directors' responsibilities (continued)

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

Statement of disclosure of information to auditors

Each director in office at the date of approval confirms

- a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by



D A Gill
Director

Registered office
Old Trafford
Manchester
M16 0RA

Company registered in England and Wales number 00095489
27 September 2011

Manchester United Football Club Limited

Independent auditors' report to the members of Manchester United Football Club Limited

We have audited the financial statements of Manchester United Football Club Limited for the year ended 30 June 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on pages 5 and 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 30 June 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

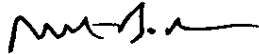
Manchester United Football Club Limited

Independent auditors' report to the members of Manchester United Football Club Limited (continued)

Matters on which we are required to report by exception

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

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



Nicholas Boden (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
27 September 2011

Manchester United Football Club Limited

Profit and loss account

	Note	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Turnover	2	213,091	192,422
Operating expenses	3	(204,581)	(185,579)
Operating profit before profit on disposal of players' registrations		8,510	6,843
Analysed as			
Operating profit before depreciation, amortisation of, and profit on disposal of players' registrations		52,461	53,199
Depreciation		(4,706)	(6,269)
Amortisation of players' registrations		(39,245)	(40,087)
Profit on disposal of players' registrations		4,538	12,689
Operating profit		13,048	19,532
Net interest (payable)/receivable	4	(20)	1
Profit on ordinary activities before taxation		13,028	19,533
Tax on profit on ordinary activities	6	(3,571)	(5,989)
Profit for the financial year	16,17	9,457	13,544

The results for both the current and prior year derive from continuing activities

There were no recognised gains or losses in the current or prior year other than stated above and therefore no statement of recognised gains and losses has been presented

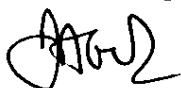
There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

Manchester United Football Club Limited

Balance sheet

	Note	At 30 June 2011 £'000	At 30 June 2010 £'000
Fixed assets			
Intangible assets – players' registrations	8	130,194	94,270
Tangible assets	9	129,773	128,222
		259,967	222,492
Current assets			
Debtors – amounts falling due within one year	10	53,463	19,881
Debtors – amounts falling due after more than one year	10	-	2,957
Cash at bank and in hand		126,867	4,205
		180,330	27,043
Creditors – amounts falling due within one year	11	(302,789)	(127,282)
Net current liabilities		(122,459)	(100,239)
Total assets less current liabilities		137,508	122,253
Creditors – amounts falling due after more than one year	12	(10,424)	(3,996)
Provision for liabilities	13	(11,995)	(14,569)
Accruals and deferred income			
Deferred income	14	(49,111)	(47,167)
Net assets		65,978	56,521
Capital and reserves			
Called up share capital	15	1,009	1,009
Profit and loss account	16	64,969	55,512
Total shareholders' funds	17	65,978	56,521

The financial statements on pages 9 to 27 were approved by the board of directors on 27 September 2011 and signed on its behalf by



D A Gill
Director

Company number 00095489

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2011

1 Accounting policies

The financial statements have been prepared using the accounting policies described below which have been applied consistently throughout the year

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and have been drawn up to comply with applicable accounting standards in the United Kingdom and the Companies Act 2006

Going concern

The directors have received confirmation that Manchester United Limited, the parent company intends to support the Company for at least one year after the financial statements are signed. On the basis of this undertaking the directors consider it appropriate to produce the accounts on a going concern basis

Turnover

Turnover represents income receivable from the Company's principal activities excluding transfer fees and value added tax. Turnover is analysed between Match day, Media and Commercial

a) Match day

Match day turnover is recognised based on matches played throughout the year with income from each match being recognised only after the match to which the income relates has been played

Match day turnover comprises income receivable from all domestic and European match day activities from Manchester United games at Old Trafford, together with the Company's share of gate receipts from domestic cup matches not played at Old Trafford and fees receivable for the Manchester United First Team undertaking pre-season tours and for arranging other events at the Old Trafford stadium. The share of gate receipts payable to the other participating club and competition organiser for domestic cup matches played at Old Trafford is treated as an operating expense

Match day turnover which is received in advance of the year end but relating to the following year (mainly the sale of seasonal facilities for first team matches at Old Trafford) is treated as deferred income. The deferred income is then released to turnover as the games are played

b) Media

Media turnover represents income receivable from all UK and overseas media contracts, including contracts negotiated centrally by the FA Premier League and UEFA. In addition, media turnover includes income received by the exploitation of Manchester United media rights through the internet or wireless applications

Income received from the FA Premier League in respect of broadcasting contracts for each football season is recognised in the corresponding financial year. The fixed element of income received from the FA Premier League is recognised as the home games are played. Facility fees for live coverage and highlights are earned for both home and away games and are recognised as each match is played

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

Turnover (continued)

b) Media (continued)

Distributions from UEFA relating to participation in the Champions League comprise market pool payments which are recognised over the matches played and fixed amounts for participation in individual matches which are recognised when played. Distributions relating to team performance are recognised when they become certain.

Media turnover which is received in advance of the year end but relating to the following year is treated as deferred income. The deferred income is then released to turnover on an accruals basis in accordance with the substance of the relevant agreements.

c) Commercial

Commercial turnover comprises income receivable from the exploitation of the Manchester United brand through sponsorship and other commercial agreements, including minimum guaranteed income. Turnover from related activities such as Conference and Events or the Museum is recognised as the event or service is provided or the facility is enjoyed.

For sponsorship contracts any additional income receivable over and above the minimum guaranteed income contained in the sponsorship and licensing agreements is taken to turnover when a reliable estimate of the future performance of the contract can be obtained and it is probable that the amounts will not be recouped by the sponsor in future years. Turnover is recognised over the term of the sponsorship agreement in line with the performance obligations included within the contract and based on the sponsorship benefits enjoyed by the individual sponsor.

Commercial turnover which is received in advance of the year end but relating to the following year is treated as deferred income. The deferred income is then released to turnover on an accruals basis in accordance with the substance of the relevant agreements.

Accrued income

Income from match day activities, media and commercial contracts, which is received after the period to which it relates, is treated as accrued income.

Deferred income

Income from match day activities, media and commercial contracts, which has been received prior to the period end in respect of future football seasons, is treated as deferred income.

Tangible assets

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. Costs include only those costs directly attributable to bring the asset into working condition for its intended use.

Depreciation is provided on tangible fixed assets at annual rates appropriate to the estimated useful economic lives of the assets, as follows:

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

Tangible assets (continued)

	Reducing balance	Straight line
Leasehold property	1 33%	75 years
Plant and machinery	20-25%	4-5 years
Fixtures and fittings	15%	7 years

The leasehold buildings are depreciated over the shorter of the expected period of the lease and the expected useful economic life

Tangible fixed assets acquired prior to and including 31 July 1999 are depreciated on a reducing balance basis at the rates stated above. Tangible fixed assets acquired on or after 1 August 1999 are depreciated on a straight line basis at the rates stated above

Intangible assets – players' registrations and football staff remuneration

a) Remuneration

Remuneration is charged to operating expenses in accordance with the terms of the applicable contractual agreements and any performance bonus when there is a legal or contractual obligation. Signing-on fees paid to players are charged evenly, as part of operating expenses, to the profit and loss account over the period of the player's contract. Loyalty fees payable are accrued, as part of operating expenses, to the profit and loss account for the period to which they relate

b) Initial recognition

The costs associated with the acquisition of players' registrations are capitalised at the fair value of the consideration payable, including an estimate of the fair value of any contingent consideration. Subsequent reassessments of the amount of contingent consideration payable are also included in the cost of the player's registration. The estimate of the fair value of the contingent consideration payable requires management to assess the likelihood of specific performance conditions being met which would trigger the payment of the contingent consideration. This assessment is carried out on an individual player basis. The additional amount of contingent consideration potentially payable, in excess of the amounts included in the cost of players' registrations, is disclosed in note 18c. Costs include transfer fees, FAPL levy fees, agents' fees incurred by the club and other directly attributable costs. These costs are fully amortised over the period covered by the player's contract

c) Renegotiation

Where a playing contract is extended, any costs associated with securing the extension are added to the unamortised balance (at the date of the amendment) and the revised book value is amortised over the remaining revised contract life

d) Disposals

Gains and losses on disposal of players' registrations are determined by comparing the fair value of the consideration receivable, net of any transaction costs, with the carrying amount and are recognised

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

Intangible fixed assets – players' registrations and football staff remuneration (continued)

d) Disposals (continued)

separately in the profit and loss account within profit on disposal of players' registrations. Where a part of the consideration receivable is contingent on specified performance conditions, this amount is recognised in the profit and loss account from the date the conditions are met.

e) Impairment

Management does not consider that it is possible to determine the value in use of an individual football player in isolation as that player (unless via a sale or insurance recovery) cannot generate cash flows on his own. Whilst management does not consider any individual player can be separated from the single cash generating unit ("CGU"), being the operations of the Company as a whole, there may be certain circumstances where a player is taken out of the CGU, for example a player sustaining career threatening injury. If such circumstances were to arise, the carrying value of the player would be assessed against the Group's best estimate of the player's fair value less any costs to sell and an impairment charge made in operating expenses reflecting any loss arising.

Taxation

Corporation tax payable is provided on taxable profit at the current tax rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities held at the year end are translated at year-end exchange rates, or the exchange rate of a related forward exchange contract where appropriate. The resulting exchange gain or loss is taken to the profit and loss account.

Financial instruments

The Company uses derivative financial instruments to manage its exposure to fluctuations in foreign currency exchange rates. Derivative instruments utilised by the Company are typically forward currency contracts. The impact on profit is deferred until the underlying transaction is recognised in the profit and loss account.

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Any premiums received at the inception of the lease are recognised on a straight-line basis over the life of the lease.

Pension costs

The Company is one of a number of participating employers in The Football League Limited Pension and Life Assurance Scheme ('the scheme'). The Company is unable to identify its share of the assets and liabilities of the scheme. As such the Company's contributions into the scheme are reflected within the profit and loss account when the contributions fall due.

The Company also operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The Company's contributions into this scheme are reflected within the profit and loss account when they fall due.

Cash flow statement

The Company is a wholly owned subsidiary of Manchester United Limited and is included in the consolidated financial statements of Manchester United Limited, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 'Cash Flow Statements'.

2 Turnover

Turnover, all of which arises from the Company's principal activity and originated in the United Kingdom, can be analysed into its main components as follows:

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Match day	100,172	94,005
Media	110,032	95,871
Commercial	2,887	2,546
	213,091	192,422

Media income from European Cup competitions is distributed by the Football Association and is therefore classified as being of United Kingdom origin and destination.

The Company's activities are managed as one business and, as such, the operating expenses are not separately identifiable to any particular segment. As a result, no segmental analysis of operating performance or net assets is provided.

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

3 Operating expenses

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Operations excluding player amortisation and trading		
Staff costs (note 5)	129,063	111,913
Depreciation – owned assets (note 9)	2,982	4,562
Depreciation – leased assets (note 9)	1,724	1,707
Operating lease charges – land and buildings	2,000	2,000
Operating lease charges – other	168	139
Other operating charges	29,393	25,047
Auditors' remuneration audit services	20	20
(Profit)/loss on disposal of tangible fixed assets	(14)	104
	165,336	145,492
Player amortisation		
Amortisation of players' registrations (note 8)	39,245	40,087
	204,581	185,579

4 Net interest (payable)/receivable

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Bank interest receivable	476	3
Interest payable on bank overdrafts	(496)	(2)
	(20)	1

5 Staff costs

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

	Year ended 30 June 2011 Number	Year ended 30 June 2010 Number
By activity		
Football - players	71	68
Football - technical and coaching	70	68
Administration and other	222	216
Average monthly number of employees	363	352

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

5 Staff costs (continued)

The Company also employs approximately 928 temporary staff on match days (2010 823)

Particulars of employee costs are as shown below

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Wages and salaries	114,586	99,730
Social security costs	13,850	11,586
Other pension costs	627	597
	129,063	111,913

Directors emoluments amounting to £1,719,864 (2010 £1,490,730) for services provided to Manchester United Football Club were borne by Manchester United Limited

6 Tax on profit on ordinary activities

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Current tax		
UK corporation tax on the profit for the year	6,145	10,410
Total current tax	6,145	10,410
Deferred tax		
Origination and reversal of timing differences	(3,463)	(4,421)
Adjustment in respect of previous years	1,841	-
Change in tax rate	(952)	-
Total deferred tax (note 13)	(2,574)	(4,421)
Tax charged on profit on ordinary activities	3,571	5,989

The tax assessed for the year is higher (2010 higher) than that resulting from applying the blended /standard rate of corporation tax in the UK of 27.5% (2010 28%). A reconciliation of current tax is shown over leaf,

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

6 Tax on profit on ordinary activities (continued)

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Profit on ordinary activities before taxation	13,028	19,533
Profit on ordinary activities multiplied by the blended/standard rate of 27.5% (2010: 28%)	3,583	5,469
Effect of		
-Expenses not deductible for tax purposes	474	520
-Capital allowances, rolled over gain on player disposals and other timing differences	3,463	4,421
-UK/UK transfer pricing adjustments	(1,375)	-
Total current tax	6,145	10,410

Factors that may affect future tax charges

The main rate of UK corporation tax reduced from 28% to 26% from 1 April 2011. The reduction to 26% was substantively enacted on 29 March 2011 and consequently deferred tax balances have been re-measured to 26%.

Proposals have been announced to further reduce the rate to 25% from 1 April 2012, to 24% from 1 April 2013, and 23% by 1 April 2014. The further reduction to 25% was enacted in July 2011. As this change was not substantively enacted at the reporting date, it is not reflected in the financial statements. The further reductions to 24% and 23% have yet to be enacted.

The overall effect of the further reductions from 26% to 23%, if these applied to the deferred tax balance at 30 June 2011, would be to reduce the deferred tax liability by £1,384,000 (being £461,000 expected to be recognised in 2012, £461,000 expected to be recognised in 2013, and £462,000 expected to be recognised in 2014).

7 Dividends

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Equity - Ordinary		
Interim dividend £nil (2010: £99.15) per £1 share	-	100,000

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

8 Intangible assets – players' registrations

	Total £'000
Cost	
At 1 July 2010	238,385
Additions	75,245
Disposals	(19,775)
At 30 June 2011	293,855
Accumulated amortisation	
At 1 July 2010	144,115
Charge for the year	39,245
Disposals	(19,699)
At 30 June 2011	163,661
Net book amount	
At 30 June 2011	130,194
At 30 June 2010	94,270

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

9 Tangible assets

	Leasehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 July 2010	133,308	27,496	19,694	180,498
Additions	3,021	924	2,312	6,257
Disposals	-	(18)	(13)	(31)
At 30 June 2011	136,329	28,402	21,993	186,724
Accumulated depreciation				
At 1 July 2010	14,641	24,957	12,678	52,276
Charge for the year	1,724	1,215	1,767	4,706
Disposals	-	(18)	(13)	(31)
At 30 June 2011	16,365	26,154	14,432	56,951
Net book amount				
At 30 June 2011	119,964	2,248	7,561	129,773
At 30 June 2010	118,667	2,539	7,016	128,222

Leasehold property represents improvements to the Old Trafford stadium for which the Club has a lease for the land, with the parent undertaking, which expires in 2026 (note 18). The Company has the right to extend the lease indefinitely.

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

10 Debtors

	30 June 2011 £'000	30 June 2010 £'000
Amounts falling due within one year		
Trade debtors	7,766	12,696
Other debtors	-	22
Prepayments and accrued income	9,744	5,547
Amounts due from parent and fellow subsidiary undertakings	35,953	1,616
	53,463	19,881
Amounts falling due after more than one year		
Trade debtors	-	2,957
Total debtors	53,463	22,838

Trade debtors include transfer fees receivable from other football clubs of £4,167,000 (2010 £13,358,000), of which £nil (2010 £2,957,000) is receivable after more than one year

Amounts due from parent and fellow subsidiary undertakings are unsecured, interest free, repayable on demand, and have no fixed dates of repayment

11 Creditors – amounts falling due within one year

	30 June 2011 £'000	30 June 2010 £'000
Trade creditors	59,656	13,682
Amounts due to parent and fellow subsidiary undertakings	213,696	98,345
Social security and other taxes	9,277	6,596
Other creditors	6,000	1,399
Accruals	14,160	7,260
	302,789	127,282

Trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £55,127,000 (2010 £11,230,000)

Amounts due to parent and subsidiary undertakings are unsecured, interest free, repayable on demand, and have no fixed dates of repayment

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

12 Creditors – amounts falling due after more than one year

	30 June 2011 £'000	30 June 2010 £'000
Trade creditors	9,591	2,995
Other creditors - pensions	833	1,001
	10,424	3,996

Trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £9,591,000 (2010 £2,995,000)

13 Provision for liabilities

Deferred taxation

This provision for deferred taxation comprises

	30 June 2011 £'000	30 June 2010 £'000
Accelerated capital allowances	2,045	(547)
Short term timing differences	(654)	(581)
Rolled over gain on player disposal	10,604	15,697
	11,995	14,569

The movements in deferred tax balances during the year were as follows

	£'000
At 1 July 2010	14,569
Amount credited to profit and loss account (note 6)	(2,574)
At 30 June 2011	11,995

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

14 Deferred income

	30 June 2011 £'000	30 June 2010 £'000
Match day activities	48,991	47,035
Commercial contracts	120	132
	49,111	47,167

15 Called up share capital

	30 June 2011 £'000	30 June 2010 £'000
Authorised		
1,015,000 ordinary shares of £1 each	1,015	1,015
Allotted, and fully paid		
1,008,546 ordinary shares of £1 each	1,009	1,009

16 Profit and loss account

	£'000
At 1 July 2010	55,512
Profit for the financial year	9,457
At 30 June 2011	64,969

17 Reconciliation of movements in shareholders' funds

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Profit for the financial year	9,457	13,544
Dividends paid	-	(100,000)
Net increase/(decrease) to shareholders funds	9,457	(86,456)
Opening shareholders' funds	56,521	142,977
Closing shareholders' funds	65,978	56,521

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

18 Commitments and contingent liabilities

(a) Lease commitments

At 30 June 2011 the Company had annual commitments under non-cancellable operating leases, as follows

	30 June 2011		30 June 2010	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date				
-within one year	-	30	-	33
-between two and five years	-	78	-	110
-after five years (note 9)	2,000	-	2,000	-
	2,000	108	2,000	143

(b) Capital commitments

At 30 June 2011 the Company had capital commitments amounting to £1 3 million (2010 £2 8 million)

(c) Transfer fees payable

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be payable by the Company if certain conditions are met. The maximum that could be payable is £19,822,000 (2010 £12,769,000)

At 30 June 2011, the potential amount payable by type of condition and category of player was

	First team squad £'000	Other £'000	Total £'000
Type of condition			
MUFC appearances/new contract	11,526	5,901	17,427
International appearances	2,050	345	2,395
	13,576	6,246	19,822

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

18 Commitments and contingent liabilities (continued)

(d) Derivative contracts

At 30 June 2011, the Company had entered into derivative contracts for foreign currency. The amounts committed to as at 30 June 2011 are as follows,

GBP foreign currency derivative contracts:

Currency	Principal Value (£'000)	Average Rate
Euro	28,340	1.1347

The carrying amounts of the derivatives as disclosed in the table above, are included within debtors or creditors as appropriate. The fair value of the financial instruments are the amount at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value of the foreign currency swap agreements was estimated by calculating the present value, using appropriate discount rates in effect at the balance sheet date, of affected future cash flows translated, where appropriate, into pounds sterling at the market rates in effect at the balance sheet dates. The fair value deficit of the foreign currency agreements was £630,000 (2010 surplus £1,660,565).

(e) Debt of fellow subsidiary company

On 29 January 2010, MU Finance plc, a fellow subsidiary of the Company, issued sterling and US dollar denominated senior secured notes (bond issue), which amounted to £502.5 million in aggregate (net of original issue discount). The notes are due for repayment in 2017 and interest will be paid on the notes semi-annually.

The notes are secured by a first-ranking lien over all shares and substantially all property and assets of the issuer and guarantors, which by definition incorporates Red Football Limited, Red Football Junior Limited, Manchester United Limited and the Company. The notes are listed on the Luxembourg stock exchange and are traded on the Euro MTF market.

19 Pensions

(a) Defined benefit scheme

Certain employees of the Company are members of The Football League Limited Pension and Life Assurance Scheme ("the Scheme"). Accrual of benefits under a final salary basis was suspended with effect from 31 August 1999 following an actuarial review which revealed a substantial deficit.

As one of a number of participating employers, the Company 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 Company is advised only of the additional contributions required to make good the deficit. The Company has received confirmation that the assets and liabilities of the Scheme cannot be split between the participating employers. Full provision has been made for the additional contributions that the Company has been requested to pay to help fund the deficit as it is principally attributable to employees who have left the Company or retired.

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

19 Pensions (continued)

(a) Defined benefit scheme (continued)

Based on the latest actuarial valuation at 31 August 2008, the overall deficit of the Scheme was £13,059,000. The Company has agreed to make additional contributions of £1,301,000 over a period of ten years from September 2009. The liability as at 30 June 2011 amounts to £167,330 (2010 £183,748) due within one year and £833,405 (2010 £1,000,735) due after more than one year and is included within other payables.

(b) Defined contribution schemes

Contributions made to defined contribution pension arrangements are charged to the profit and loss account in the year to which they relate and amounted to £627,000 (2010 £597,000).

The assets of all pension schemes to which the Company contributes are held separately from the Company in independently administered funds.

As at 30 June 2011, amounts accrued in relation to the defined contribution scheme amounted to £186,810 (2010 £218,725).

20 Related party transactions

E M Watkins was a director of Manchester United Football Club Limited throughout the year. Legal fees of £315,595 (2010 £423,185) were incurred during the year, in the ordinary course of business to Brabners Chaffe Street, a firm in which E M Watkins is the senior partner. Included within Company trade creditors are amounts of £11,431 (2010 £53,296) owed to Brabners Chaffe Street.

Sir R Charlton CBE provides consultancy services to companies within the Manchester United Group. The amount paid for these services during the year was £105,000 (2010 £105,000).

The Company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8 (revised), 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Red Football Shareholder Limited, whose accounts are publicly available.

21 Post balance sheet events

The playing registrations of certain footballers have been disposed of, subsequent to the balance sheet date, for a total proceeds, net of associated costs of £6,678,000. The associated net book value was £1,051,000.

22 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Manchester United Limited.

The ultimate parent undertaking and controlling party is Red Football Limited Partnership, a limited partnership formed in the state of Nevada, United States of America whose general partner is Red Football General Partner, Inc. a corporation formed in the State of Nevada, United States of America. Red Football Limited Partnership and Red Football General Partner, Inc. are controlled by family trusts affiliated with the Glazer family.

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2011 (continued)

22 Ultimate parent undertaking and controlling party (continued)

Red Football Shareholder Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 June 2011. The consolidated financial statements of Red Football Shareholder Limited can be obtained from the Company Secretary, Red Football Shareholder Limited, Old Trafford, Manchester, M16 0RA.

Manchester United Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements 30 June 2011. The consolidated financial statements of Manchester United Limited can be obtained from the Company Secretary, Manchester United Limited, Old Trafford, Manchester, M16 0RA.