

Company Number 00095489

Manchester United Football Club Limited
Annual Report and financial statements
for the year ended 30 June 2009

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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 2009

The directors present their report and audited financial statements of Manchester United Football Club Limited for the year ended 30 June 2009.

Principal activity

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 very high level of performance on the pitch, winning the Premiership for the third consecutive season, winning the Carling Cup and finishing runners up in the UEFA Champions League. In addition to this, the team were crowned World Club Champions.

During the year Old Trafford staged 34 Manchester United home games (including 6 UEFA Champions League, 5 domestic cup, 2 rugby matches, 1 friendly and the Ole Gunnar Solskjaer testimonial).

Turnover increased by £16.8 million to £197.1 million (2008: £180.3 million), representing an increase of 9.3%.

Operating profit before amortisation of players and depreciation increased to £54.7 million (2008: £42.3 million).

The Company made a profit before taxation of £92.1 million (2008: £23.5 million).

Strategy

The three key elements for the company's strategy for growth are:

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

Summary of key performance indicators for 2008/09

Description	Target	Achieved	Detail
Team performance	Minimum third place finish in the FA Premier League	Y	FAPL winners
	Last 16 of the UEFA Champions League	Y	UEFA Champions league runners up
	Last 8 of domestic cup competitions	Y	FA Cup semi-finalists Carling Cup winners
Matchday income	Maximum achievable attendance at home FA Premier League and UEFA Champions League matches	Y	FA Premier League and UEFA Champions league home games sold out
Media income	Club owned media rights growth	Y	37% increase
CRM fan records	Customer base growth	Y	11% increase

Manchester United Football Club Limited

Directors' report for the financial year ended 30 June 2009 (continued)

Future developments and outlook for 2009/10

- Over 62,000 season tickets comprising both general admission seats and executive facilities were sold before the start of the 2009/10 season.
- The team qualified for the UEFA Champions League for the 14th consecutive season by finishing 1st in the Premier League in 2008/09.

Risks and uncertainties

Management has responsibility for the identification and evaluation of significant risks applicable to their area of business. The board continually assesses risks to the Company through regular management meetings and the monthly review of financial statements. The key business risks and uncertainties affecting the Company are considered to relate to maintaining playing success, compliance with the financial covenants, recruitment and retention of key employees (including playing and coaching staff) and the safety and security of supporters at the Old Trafford stadium.

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 cash flow 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.
- **Currency risk**
The company enters into forward contracts to purchase and sell foreign currency on sales and purchases 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 cash flow 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 bank overdraft which bear interest at a variable rate.

Post balance sheet events

Details of significant events since the balance sheet date are contained in note 22 to the financial statements.

Dividends

An interim dividend was not paid during the year (2008: £nil). The directors do not recommend the payment of a dividend (2008: £nil).

The profit after taxation of £67.5 million (2008: £16.2 million) has been retained and transferred to reserves.

Manchester United Football Club Limited

Directors' report for the financial year ended 30 June 2009 (continued)

Directors

The directors who held office throughout the year (unless otherwise stated) and at 30 June 2009 were as follows:

Sir R Charlton CBE

J M Edelson

D A Gill

E M Watkins

Company Secretary

P C D Stewart

Qualifying third party indemnity provisions

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

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. A valuation on a depreciated replacement cost basis, as reported on by Dunlop Haywards Limited, Consultant Surveyors, as at 30 June 2006, showed a valuation surplus, not incorporated in these financial statements, in the order of £107 million.

Charitable and political donations

During the year the Company made no charitable or political donations (2008: £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 and their disability. If an existing employee becomes disabled, such steps as are practical and reasonable are taken, 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'.

Manchester United Football Club Limited

Directors' report for the financial year ended 30 June 2009 (continued)

Employment policies (continued)

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 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.

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable 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, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that the above requirements have been complied with in the financial statements.

The directors are responsible for keeping proper accounting records that 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.

Manchester United Football Club Limited

Directors' report for the financial year ended 30 June 2009 (continued)

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) each director has taken all the steps necessary as a director in order to make themselves 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.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



D A Gill
Director

Registered office:
Sir Matt Busby Way
Old Trafford
Manchester
M16 0RA

Company registered in England and Wales No. 00095489
30 September 2009

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 2009 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 page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Sections 495 and 496 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.

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 2009 and of its profit and cash flows 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.

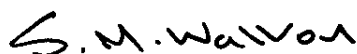
Manchester United Football Club Limited

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.



S M Walton (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
30 September 2009

Manchester United Football Club Limited

Profit and loss account

	Note	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Turnover	2	197,117	180,267
Operating expenses – other	3	(185,598)	(179,674)
Operating expenses – exceptional items	4	(837)	-
Total operating expenses		(186,435)	(179,674)
Operating profit		10,682	593
Analysed as:			
Operating profit before depreciation and amortisation of players' registrations		54,685	42,258
Depreciation		(6,362)	(6,184)
Amortisation of players' registrations		(37,641)	(35,481)
		10,682	593
Profit on disposal of players		80,724	21,831
Profit before interest and taxation		91,406	22,424
Net interest receivable	5	703	1,091
Profit on ordinary activities before taxation		92,109	23,515
Tax on profit on ordinary activities	7	(24,656)	(7,330)
Profit for the financial year	17	67,453	16,185

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

There were no recognised gains or losses in the 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 year stated above and their historical cost equivalents.

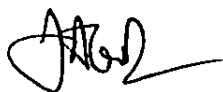
The accompanying notes on pages 10 to 25 are an integral part of these financial statements.

Manchester United Football Club Limited

Balance sheet

	Note	At 30 June 2009 £'000	At 30 June 2008 £'000
Fixed assets			
Intangible assets – players' registrations	8	113,406	92,739
Tangible assets	9	130,790	133,918
		244,196	226,657
Current assets			
Debtors – amounts falling due within one year	10	42,901	29,537
Debtors – amounts falling due after more than one year	10	150	10,460
Cash at bank and in hand		575	18,677
		43,626	58,674
Creditors – amounts falling due within one year	11	(66,764)	(146,093)
Net current liabilities		(23,138)	(87,419)
Total assets less current liabilities		221,058	139,238
Creditors – amounts falling due after more than one year	12	(5,393)	(3,149)
Provision for liabilities and charges	13	(18,990)	(1,577)
Accruals and deferred income			
Deferred grant income	14	(380)	(448)
Other deferred income	15	(53,318)	(58,540)
Net assets		142,977	75,524
Capital and reserves			
Called up share capital	16	1,009	1,009
Profit and loss reserve	17	141,968	74,515
Total shareholders' funds		142,977	75,524

The financial statements on pages 8 to 25 were approved by the board of directors on 30 September 2009 and signed on its behalf by:



D A Gill
Director

The accompanying notes on pages 10 to 25 are an integral part of these financial statements.

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2009

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.

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.

Match Day

Match Day turnover comprises income receivable from all match day activities from Manchester United games at Old Trafford, together with the Club's share of gate receipts from cup matches not played at Old Trafford and fees receivable for the 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.

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.

Premier League Merit awards are only recognised when they are known at the end of the football season. UEFA pool distributions relating to participation in the Champions League are spread over the matches played in the competition whilst distributions relating to team performance are recognised to the extent they are certain.

Commercial

Commercial turnover comprises income receivable from the exploitation of the Manchester United brand through sponsorship and other commercial agreements, including minimum guaranteed income, together with amounts receivable for the use of the conference and catering facilities at the Old Trafford stadium on non-match days. Any additional income receivable over and above the minimum guaranteed income contained in the sponsorship and licensing agreements is taken to turnover when it is probable that the amounts will not be recouped by the sponsor in the future years.

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

Commercial (continued)

Commercial revenue is recognised on a contractual basis, when it is considered that the contractual basis fairly reflects the level of activity and benefits of the contract.

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 Fixed Assets

Tangible fixed assets are stated at cost less 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:

	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 fixed assets – players' registrations

The costs associated with the acquisition of players' registrations are capitalised at cost as intangible fixed assets. Costs include transfer fees, FAPL levy fees, agent's fees and other directly attributable costs. These costs are fully amortised over the period covered by the player's initial contract.

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.

Where a part of the consideration payable on acquiring a player's registration is contingent on a future event, this amount is recognised once it is probable, rather than possible, that the event will occur and is amortised from the date at which the contingent payment becomes probable. The total amount which is currently considered possible but not probable is disclosed in note 19b.

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

Intangible fixed assets – players' registrations (continued)

Where a sale transaction for a players' registration is in progress at the balance sheet date but completed by the date the accounts are approved and the amount of net proceeds is less than the carrying value of that registration, a provision for the loss on disposal is included in the financial statements, within the disposal of players category in the profit and loss account. An assessment is also made of directly attributable disposal costs and related onerous contract costs, such amounts are provided and included within the disposal of players category in the profit and loss account.

Proceeds from the temporary transfer of players' registrations to other clubs are offset against their respective staff costs.

Signing-on fees

Staff costs include signing-on fees payable to players representing part of their remuneration which are charged to the profit and loss account evenly over the period covered by the player's contract.

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.

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 or substantially 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.

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

Financial instruments

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

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

Contributions to money purchase pension schemes are charged to the profit and loss account as 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 (revised 1996).

2 Turnover

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

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Match day	103,564	93,583
Media	91,120	84,279
Commercial	2,433	2,405
	197,117	180,267

Turnover, all of which originates in the United Kingdom, can be analysed by destination as follows:

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
United Kingdom	190,662	176,915
Rest of world	6,455	3,352
	197,117	180,267

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

2 Turnover (continued)

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.

3 Operating expenses – other

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Operations excluding player amortisation and trading:		
Staff costs (note 6)	104,055	102,115
Depreciation – owned assets	4,657	4,454
Depreciation – leased assets	1,705	1,730
Operating lease costs – land and buildings	2,041	2,041
Operating lease costs – other	139	139
Other operating charges	35,428	33,844
Auditors' remuneration: audit services	20	15
Grants released (note 14)	(68)	(80)
Profit on disposal of tangible fixed assets	(20)	(65)
	147,957	144,193
Player amortisation:		
Amortisation of players' registrations	37,641	35,481
	185,598	179,674

4 Operating expenses – exceptional items

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Football league pension scheme deficit	837	-

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

5 Net interest receivable

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Bank interest receivable	703	1,163
Interest payable on bank overdrafts	-	(72)
	703	1,091

6 Staff costs

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

	Year ended 30 June 2009 Number	Year ended 30 June 2008 Number
By activity:		
Players	62	68
Ground staff	110	107
Ticket office and membership	106	82
Administration and other	61	56
Average monthly number of employees	339	313

The Company also employs approximately 1,015 temporary staff on match days (2008: 1,067).

Particulars of employee costs are as shown below:

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Wages and salaries	92,742	90,705
Social security costs	10,777	10,893
Other pension costs	536	517
	104,055	102,115

The directors did not receive any emoluments in respect of their services to the Company (2008: £nil).

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

7 Taxation

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Current tax		
Corporation tax at 28% (2008: 29.5%)	8,928	8,660
Adjustment in respect of previous years	(1,685)	24
Total current tax	7,243	8,684
Deferred tax		
Origination and reversal of timing differences	17,413	(1,354)
Total deferred tax (note 13)	17,413	(1,354)
Tax charge on profit on ordinary activities	24,656	7,330

The tax rate for the period is lower (2008: higher) than that resulting from applying the standard rate of corporation tax in the UK of 28% (2008: 29.5%). A reconciliation of current tax is shown below;

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Profit on ordinary activities before tax	92,109	23,515
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 29.5%)	25,791	6,937
Effect of:		
-Change in rate of deferred tax	-	73
-Adjustment to tax in respect of previous years	(1,685)	24
-Expenses not deductible for tax purposes	550	369
-Capital allowances, rolled over gain on player disposal and other timing differences	(17,413)	1,281
	7,243	8,684

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

8 Intangible assets – players' registrations

	Total £'000
Cost	
At 1 July 2008	201,412
Additions	61,802
Disposals	(40,908)
At 30 June 2009	222,306
Accumulated amortisation	
At 1 July 2008	108,673
Charge for the year	37,641
Disposals	(37,414)
At 30 June 2009	108,900
Net book amount	
At 30 June 2009	113,406
At 30 June 2008	92,739

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

9 Tangible assets

	Leasehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 July 2008	132,467	25,910	15,988	174,365
Additions	87	603	2,119	2,809
Disposals	-	(115)	-	(115)
Transfers	-	425	-	425
At 30 June 2009	132,554	26,823	18,107	177,484
Accumulated depreciation				
At 1 July 2008	11,229	18,745	10,473	40,447
Charge for the year	1,705	3,434	1,223	6,362
Disposals	-	(115)	-	(115)
At 30 June 2009	12,934	22,064	11,696	46,694
Net book amount				
At 30 June 2009	119,620	4,759	6,411	130,790
At 30 June 2008	121,238	7,165	5,515	133,918

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. 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 2009 (continued)

10 Debtors

	30 June 2009 £'000	30 June 2008 £'000
Amounts falling due within one year		
Trade debtors	15,741	20,884
Other debtors	267	229
Prepayments and accrued income	6,876	8,424
Amounts due from parent and fellow subsidiary undertakings	20,017	-
	42,901	29,537
Amounts falling due after more than one year		
Trade debtors	150	10,460
Total debtors	43,051	39,997

Trade debtors include transfer fees receivable from other football clubs of £10,293,000 (2008: £25,816,000), excluding value added tax, of which £150,000 (2008: £10,460,000) is receivable after more than one year.

Amounts due from parent and 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 2009 £'000	30 June 2008 £'000
Trade creditors	36,626	29,405
Amounts due to parent and fellow subsidiary undertakings	18,161	103,394
Corporation tax	-	1,684
Social security and other taxes	6,459	-
Other creditors – pensions	167	108
Accruals	5,351	11,502
	66,764	146,093

Trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £28,942,000 (2008: £21,752,000).

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 2009 (continued)

12 Creditors – amounts falling due after more than one year

	30 June 2009 £'000	30 June 2008 £'000
Trade creditors	4,209	2,634
Other creditors – pensions	1,184	515
	5,393	3,149

Trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £4,209,000 (2008: £2,634,000).

13 Provision for liabilities and charges

Deferred taxation

This provision for deferred taxation comprises:

	30 June 2009 £'000	30 June 2008 £'000
Accelerated capital allowances	752	2,002
Short term timing differences	(636)	(425)
Rolled over gain on player disposal	18,874	-
	18,990	1,577

The movements in deferred tax balances during the period were as follows:

	£'000
At 1 July 2008	1,577
Amount charged to profit and loss account (note 7)	17,413
At 30 June 2009	18,990

Factors that may affect future tax charges:

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

14 Deferred grant income

The movement in deferred grant income during the period was as follows:

	30 June 2009 £'000	30 June 2008 £'000
At 1 July 2008	448	528
Grants released to the profit and loss account	(68)	(80)
At 30 June 2009	380	448

15 Other deferred income

	30 June 2009 £'000	30 June 2008 £'000
Match day activities	53,183	58,520
Commercial contracts	135	20
	53,318	58,540

16 Called up share capital

	30 June 2009 £'000	30 June 2008 £'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

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

17 Reserves

	Profit and loss account £'000
At 1 July 2008	74,515
Profit for the financial year	67,453
At 30 June 2009	141,968

18 Reconciliation of movements in equity shareholders' funds

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Profit for the financial year	67,453	16,185
Opening shareholders' funds	75,524	59,339
Closing shareholders' funds	142,977	75,524

19 Commitments and contingent liabilities

(a) Lease commitments

At 30 June 2009 the Company had annual commitments under non-cancellable operating lease commitments, in respect of land and buildings as follows:

	30 June 2009		30 June 2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date:				
-within one year	-	14	-	14
-between two and five years	-	125	-	125
-after five years (note 9)	2,000	-	2,000	-
	2,000	139	2,000	139

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

19 Commitments and contingent liabilities (continued)

(b) 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 Group if certain conditions are met. The maximum that could be payable is £11,141,000 (2008: £14,800,000).

At 30 June 2009 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	7,516	2,590	10,106
International appearances	800	235	1,035
	8,316	2,825	11,141

(c) Derivative contracts

At 30 June 2009, the company had entered into derivative contracts for foreign currency. The amounts committed to as at 30 June 2009 are as follows;

Foreign currency derivative contracts:

Currency	Principal Value (£'000)	Average Rate
Euro	7,588	1.275
US Dollar	5,182	1.447

(d) Debt of parent company

On 16 August 2006, the Company and its parent, Manchester United Limited, entered into a £575 million Senior Facilities Agreement as borrowers of a Revolving Credit Facility of £50 million and as guarantors of the facilities borrowed by Red Football Limited. In addition, the Company and its parent provide security (by way of fixed first charges and floating charges over the assets and undertakings of the Company and its subsidiary) in respect of £557 million of the facility and guaranteed each other's obligations and the obligations of its immediate parent company, Red Football Limited under the Senior Facilities Agreement.

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

20 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 its share of the deficit in the Scheme and the contributions required to make good the deficit. A cumulative amount of £2,424,000 has been charged to the profit and loss account in full in prior periods as it is principally attributable to employees who have left the Company or retired.

The current deficit, based on the last actuarial valuation at 31 August 2008, is being paid off over a period of ten years from September 2009. The creditor as at 30 June 2009 amounts to £167,000 (2008: £108,000) due within one year and £1,184,000 (2008: £515,000) due after more than one year.

(b) Defined contribution schemes

Contributions made to defined contribution pension arrangements are charged to the profit and loss account in the year in which they become payable and amounted to £536,000 (2008: £517,000).

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 2009, amounts accrued in relation to the defined contribution scheme amounted to £184,586 (2008: £152,681).

21 Related party transactions

E M Watkins was a director of Manchester United Football Club Limited throughout the period. Legal fees of £431,677 (2008: £374,886) 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.

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 (2008: £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.

Manchester United Football Club Limited

Notes to the financial statements for the year ended 30 June 2009 (continued)

22 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 £6,525,774. The associated net book value was £152,000.

Subsequent to the balance sheet date, the playing registrations of certain players were acquired for a total consideration, including associated costs, of £6,408,187.

23 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 Shareholder Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 June 2009. The consolidated financial statements of Red Football Shareholder Limited can be obtained from the Company Secretary, Red Football Shareholder Limited, Old Trafford, Sir Matt Busby Way, Manchester, M16 0RA.

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