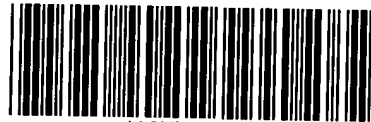


Registered Number: 00095489

Manchester United Football Club Limited
Annual report and financial statements
for the year ended 30 June 2014

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Manchester United Football Club Limited

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Manchester United Football Club Limited

Strategic report

Manchester United Football Club Limited (the "Company") is a professional football club and part of the Red Football Limited (the parent undertaking of the smallest group of undertakings to consolidate these financial statements) group (the "Group"). The directors present their Strategic report on the Company for the year ended 30 June 2014.

Review of the business

During the year Old Trafford staged 30 (2013: 38) match day events comprising 28 (2013: 28) Manchester United home games (19 FA Premier League, 5 UEFA Champions League and 4 domestic cup), 1 Rugby League Grand Final and 1 Rugby League World Cup Final.

Turnover for the year was £228.7 million (2013: £194.4 million). Operating profit before depreciation, amortisation of, and profit on disposal of, players' registrations amounted to £11.4 million (2013: £13.5 million). Operating expenses – exceptional items for the year were £9.0 million (2013: £2.4 million) – see note 4 to the financial statements. The Company made a loss on ordinary activities before tax of £44.3 million (2013: £22.7 million). Loss on ordinary activities before tax includes profit on disposal of players' registrations amounting to £7.0 million (2013: £9.2 million).

Principal risks and uncertainties

The principal risk and uncertainty facing the Company is that it will be unable to service and repay its liabilities. However, the immediate parent undertaking, Manchester United Limited, acts as guarantor and will provide the necessary financial support to enable the Company to meet its liabilities as they fall due.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly the principal risks and uncertainties of the Group, which include those of the Company, are discussed on pages 5 and 6 of the Red Football Limited Group's Annual Report which does not form part of this report.

Key performance indicators

The directors of Red Football Limited manage the Group's operations on a group basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of Manchester United Football Club Limited. The development, performance and position of the Group, which includes the Company, are discussed on page 4 of the Red Football Limited Group's annual report, which does not form part of this report.

By order of the board



E Woodward
Director

18 December 2014

Manchester United Football Club Limited

Directors' report

The directors present their report and audited financial statements of the Company for the year ended 30 June 2014.

Dividends

An interim dividend of £nil was paid during the year (2013: £nil). The directors do not recommend the payment of a final dividend (2013: £nil).

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company uses derivative financial instruments to hedge certain exposures.

The policy for each of the above risks is described in more detail below.

a) Market risk

Currency risk

The Company is exposed to the following currency risks:

- Significant turnover received in Euros is primarily as a result of participation in European cup competitions. During the year ended 30 June 2014 the Company received a total of €47.2 million of turnover denominated in Euros (2013: €37.4 million). The Company seeks to hedge the majority of the currency risk of this turnover by placing forward contracts at the point at which it becomes reasonably certain that it will receive the turnover.
- Payments and receipts of transfer fees may also give rise to foreign currency exposures. Due to the nature of player transfers the Company may not always be able to predict such cash flows until the transfer has taken place. Where possible and depending on the payment profile of transfer fees payable and receivable the Company will seek to hedge future payments and receipts at the point it becomes reasonably certain that the payments will be made or the income will be received. When hedging income to be received, the Company also takes account of the credit risk of the counterparty.

It is the policy of the Company to enter into forward foreign exchange contracts to cover specific foreign currency payments and receipts.

Interest rate risk

The Company has no significant interest bearing assets other than cash on deposit which attracts interest at a small margin above UK base rates. Interest bearing liabilities include any bank overdraft which bears interest at a variable rate.

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash held and debtors (excluding amounts owed by group undertakings, corporation tax, and prepayments and accrued income) – the maximum credit exposure is £36,695,000 (2013: £80,195,000). Management does not expect any material losses from non-performance by these counterparties and there are no significant concentrations of credit risk within the Company.

Credit terms offered by the Company vary depending on the type of sale. For seasonal matchday facilities payment is usually required in advance of the season to which the sale relates. For other sales the credit terms typically range from 14 - 30 days, although specific agreements may be negotiated in individual contracts with terms beyond 30 days. For player transfer activities, credit terms are determined on a contract by contract basis. Of the total trade debtors balance of £6,216,000 (2013: £15,335,000), £2,777,000 (2013: £7,913,000) relates to amounts receivable from various other football clubs in relation to player trading.

Manchester United Football Club Limited

Directors' report (continued)

Financial risk management (continued)

c) 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. The annual cash flow is cyclical in nature with a significant portion of cash inflows being received prior to the start of the playing season. Ultimate responsibility for liquidity risk management rests with the Executive Directors of the Company's immediate parent company Manchester United Limited. The Executive Directors use management information tools including budgets and cash flow forecasts to constantly monitor and manage current and future liquidity.

Cash flow forecasting is performed on a regular basis which includes rolling forecasts of the Company's liquidity requirements to ensure that the Company has sufficient cash to meet operational needs.

Post balance sheet events

Information about post balance sheet events can be found in note 20 to the financial statements.

Directors

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

R Arnold
M Bolingbroke (resigned 30 June 2014)
Sir R Charlton CBE
J M Edelson
Sir A Ferguson CBE (appointed 17 October 2013)
D A Gill
A Glazer
B Glazer
J Glazer
K Glazer
D Glazer Kassewitz
E Glazer
E Woodward

Qualifying third party indemnity provisions

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

Environmental policies

The Company 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.

Manchester United Football Club Limited

Directors' report (continued)

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, 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 and 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.

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 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 these financial statements, the directors are required to:

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

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.

Manchester United Football Club Limited

Directors' report (continued)

Statement of disclosure of information to auditors

Each director who is a director at the date of approval of this Annual Report confirms that:

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

By order of the board



E Woodward

Director

18 December 2014

Manchester United Football Club Limited

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

Report on the company financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The company financial statements (the "financial statements"), which are prepared by Manchester United Football Club Limited comprise:

- the Balance sheet as at 30 June 2014;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK And Ireland) ("ISAs (UK & Ireland)").

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 Group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Other matters on which we are required to report by exception

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require from our audit; or
- adequate accounting records have not been kept by the parent company, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 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 an opinion on the financial statements in accordance with applicable law and ISAs (UK & 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.



Graham Parsons (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
18 December 2014

Manchester United Football Club Limited

Profit and loss account

		Year ended 30 June	
	Note	2014 £'000	2013 £'000
Turnover	2	228,676	194,442
Operating expenses - excluding exceptional items	3	(268,783)	(224,777)
Operating expenses - exceptional items	4	(8,997)	(2,401)
Total operating expenses		(277,780)	(227,178)
Operating loss before profit on disposal of players' registrations		(49,104)	(32,736)
Analysed as:			
Operating profit before depreciation, amortisation of, and profit on disposal of, players' registrations		11,423	13,500
Depreciation		(5,237)	(4,522)
Amortisation of players' registrations		(55,290)	(41,714)
Profit on disposal of players' registrations		6,991	9,162
Operating loss		(42,113)	(23,574)
Interest payable	5	(2,344)	(305)
Interest receivable	5	163	1,195
Loss on ordinary activities before tax		(44,294)	(22,684)
Tax on loss on ordinary activities	7	12,261	11,312
Loss for the year	15,16	(32,033)	(11,372)

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 loss on ordinary activities before tax and the loss for the year stated above and their historical cost equivalents.

Manchester United Football Club Limited

Balance sheet

		As at 30 June	
	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	8	144,053	142,039
Intangible assets – players' registrations	9	204,572	119,947
		348,625	261,986
Current assets			
Debtors – amounts falling due within one year	10	113,980	100,976
Debtors – amounts falling due after more than one year	10	41	1,583
Cash at bank and in hand		30,398	64,777
		144,419	167,336
Creditors – amounts falling due within one year	11	(383,878)	(313,900)
Net current liabilities		(239,459)	(146,564)
Total assets less current liabilities		109,166	115,422
Creditors – amounts falling due after more than one year	12	(39,497)	(9,858)
Provision for liabilities	13	(4,772)	(5,512)
Deferred income		(44,602)	(47,724)
Net assets		20,295	52,328
Capital and reserves			
Called-up share capital	14	1,009	1,009
Profit and loss account	15	19,286	51,319
Total shareholders' funds	16	20,295	52,328

The financial statements on pages 10 to 26 were approved by the board of directors on 18 December 2014 and were signed on its behalf by:



E Woodward
Director

Registered Number: 00095489

Manchester United Football Club Limited

Notes to the financial statements

1 Accounting policies

The financial statements have been prepared using the accounting policies described below which have been consistently applied to all years presented, unless otherwise stated.

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 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 financial statements 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 Commercial, Broadcasting and Matchday.

a) Commercial

Commercial turnover comprises income receivable from the FA Premier League in relation to various sponsorship contracts that the FA Premier League negotiates centrally.

Commercial turnover which is received in advance of a period end but relating to future periods 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.

b) Broadcasting

Broadcasting turnover represents income receivable from all UK and overseas broadcasting contracts, including contracts negotiated centrally by the FA Premier League and UEFA.

Distributions from the FA Premier League comprise a fixed element (which is recognised evenly as domestic home league matches are played), facility fees for live coverage and highlights of domestic home and away matches (which are recognised when the respective match is played), and merit awards (which are only recognised when they are known at the end of each football season).

Distributions from UEFA relating to participation in European cup competitions comprise market pool payments (which are recognised over the matches played in the competition, a portion of which reflects Manchester United's performance relative to the other FA Premier League clubs in the competition) and fixed amounts for participation in individual matches (which are recognised when the matches are played).

Broadcasting turnover which is received in advance of a period end but relating to future periods 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.

Manchester United Football Club Limited

Notes to the financial statements (continued)

1 Accounting policies (continued)

Turnover (continued)

c) Matchday

Matchday 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.

Matchday turnover includes income receivable from all domestic and European matchday activities from Manchester United games at Old Trafford, together with the Company's share of gate receipts from cup matches not played at Old Trafford (where applicable) and fees for arranging other events at the Old Trafford stadium. The share of gate receipts payable to the other participating club and competition organisers for cup matches played at Old Trafford (where applicable) is treated as an operating expense.

Matchday turnover which is received in advance of a period end but relating to future periods (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 matches are played.

Accrued income

Income from matchday activities, broadcasting and commercial contracts, which is received after the financial period to which it relates, is accrued as earned.

Deferred income

Income from matchday activities, broadcasting and commercial contracts, which has been received or receivable prior to the period end in respect of future periods, is deferred.

Tangible assets

Tangible assets are initially measured at cost (comprising the purchase price, after deducting discounts and rebates, and any directly attributable costs) and are subsequently carried at cost less accumulated depreciation and any provision for impairment.

Subsequent costs, for example, capital improvements and refurbishment, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Where appropriate, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

Manchester United Football Club Limited

Notes to the financial statements (continued)

1 Accounting policies (continued)

Tangible fixed assets (continued)

With the exception of leasehold property, depreciation on tangible assets is calculated using the straight-line method to write-down assets to their residual value over the estimated useful lives as follows:

	Straight line
Plant and machinery	4-5 years
Fixtures and fittings	7 years

Leasehold property is depreciated over the shorter of the expected period of the lease and the expected useful economic life.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within operating expenses within the profit and loss account.

Intangible assets – players' registrations and football staff remuneration

a) Remuneration

Remuneration is charged to operating expenses on a straight-line basis over the contract periods based on the amount payable to players and other football staff for that period. Any performance bonuses are recognised when the Company considers that it is probable that the condition related to the payment will be achieved.

Signing-on fees are typically paid to players in equal annual instalments over the term of the player's contract. Instalments are paid at or near the beginning of each financial year and recognised as prepayments within trade and other receivables. They are subsequently charged to the profit and loss account (as operating expenses) on a straight-line basis over the financial year.

Loyalty fees are bonuses which are paid to players either at the beginning of a renewed contract or in instalments over the term of their contract in recognition for either past or future performance. Loyalty bonuses for past service are typically paid in a lump sum amount upon renewal of a player's contract. These loyalty bonuses require no future service and are not subject to any claw-back provisions were the player to subsequently leave the club during their new contract term. They are expensed once the Company has a present legal or constructive obligation to make the payment, which arises when the new contract is agreed. Loyalty bonuses for ongoing service are typically paid in equal annual instalments over the term of the player's contract. These are paid at the beginning of each financial year and the related charge is recognised in the profit and loss account (as operating expenses) on a straight-line basis over the financial year.

b) Initial recognition

The costs associated with the acquisition of players' registrations are capitalised at the fair value of the consideration payable. Costs include transfer fees, FAPL levy fees, agents' fees incurred by the club and other directly attributable costs. Costs also include the fair value of any contingent consideration, which is primarily payable to the player's former club (with associated levy fees payable to the FAPL), once payment becomes probable. 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 17(c). Costs are fully amortised using the straight-line method over the period covered by the player's contract.

Manchester United Football Club Limited

Notes to the financial statements (continued)

1 Accounting policies (continued)

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

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 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 on 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 income generating unit (“IGU”), being the operations of the Company as a whole, there may be certain circumstances where a player is taken out of the IGU, when it becomes clear that they will not play for the club’s first team again, for example, a player sustaining a career threatening injury or is permanently removed from the first team playing squad for another reason. If such circumstances were to arise, the carrying value of the player would be assessed against the Company’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

Current tax, which comprises UK and overseas corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more (or less) tax in the future have occurred at the reporting date. Timing differences are differences between the Company’s taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses on tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply in the period in which the liability is settled or the asset is realised and is charged or credited in the profit and loss account. Deferred tax is measured on a non-discounted basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Foreign currencies

Foreign currency transactions are translated into the local currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Manchester United Football Club Limited

Notes to the financial statements (continued)

1 Accounting policies (continued)

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 the profit is deferred until the underlying transaction is recognised in the profit and loss account.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Any incentives 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 and related party disclosures

The Company is an indirect wholly owned subsidiary of Red Football Limited and is included in the consolidated financial statements of Red Football 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) 'Cash Flow Statements'. The Company is also exempt under the terms of FRS 8 'Related party disclosures' from disclosing related party transactions with entities that are part of the Red Football Limited group or investees of the Red Football Limited group.

2 Turnover

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

	2014 £'000	2013 £'000
Commercial	3,813	2,448
Broadcasting	129,018	94,323
Matchday	95,845	97,671
	228,676	194,442

Manchester United Football Club Limited

Notes to the financial statements (continued)

3 Operating expenses - excluding exceptional items

	2014 £'000	2013 £'000
Staff costs (note 6)	(165,350)	(145,799)
Operating lease charges – land and buildings	(2,000)	(2,000)
Operating lease charges – plant and machinery	(146)	(187)
Auditors' remuneration: audit services	(21)	(21)
Loss on disposal of tangible fixed assets	(24)	-
Depreciation (note 8)	(5,237)	(4,522)
Other operating charges	(40,715)	(30,534)
Amortisation of players' registrations (note 9)	(55,290)	(41,714)
	(268,783)	(224,777)

4 Operating expenses - exceptional items

	2014 £'000	2013 £'000
Compensation paid to team manager (2013: £nil) and coaching staff on loss of office	(4,892)	(2,401)
Provision against amounts owed by group undertakings	(4,105)	-
	(8,997)	(2,401)

Provision against amounts owed by group undertakings – during the year the directors reviewed the recoverability of amounts owed by group undertakings and concluded that a provision of £4,105,000 (2013: £nil), relating to amounts owed by Manchester United Commercial Enterprises (Ireland) Limited, should be recognised as the amounts owed were no longer recoverable.

5 Interest (payable)/receivable

	2014 £'000	2013 £'000
Interest payable on Football League pension scheme deficit and other	(208)	(195)
Unwinding of discount factors relating to player transfer fees and bank charges	(123)	(110)
Exchange losses on foreign currency denominated bank accounts	(2,013)	-
Total interest payable	(2,344)	(305)
Bank interest receivable	163	166
Exchange gains on foreign currency denominated bank accounts	-	1,029
Total interest receivable	163	1,195
Net interest (payable)/receivable	(2,181)	890

Manchester United Football Club Limited

Notes to the financial statements (continued)

6 Staff costs

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

	2014 Number	2013 Number
By activity:		
Football - players	79	82
Football - technical and coaching	92	76
Administration and other	299	228
Average number of employees	470	386

Particulars of employee costs are as shown below:

	2014 £'000	2013 £'000
Wages and salaries	(146,684)	(129,022)
Social security costs	(17,734)	(15,983)
Other pension costs (note 18)	(932)	(794)
	(165,350)	(145,799)

Directors emoluments amounted to £6,031,000 (2013: £2,284,000), including Company contributions to defined contribution schemes of £53,000 (2013: £10,000). The number of directors who held office during the year and were members of a defined contribution scheme was 3 (2013: 1). Emoluments of the highest paid director amounted to £2,521,000 (2013: £2,098,000), including Company contributions to defined contribution schemes of £23,000 (2013: £nil).

Manchester United Football Club Limited

Notes to the financial statements (continued)

7 Tax on ordinary activities

	2014 £'000	2013 £'000
Current tax		
Group relief	11,521	12,110
Adjustment in respect of the prior year	-	51
Total current tax credit	11,521	12,161
Deferred tax		
Origination and reversal of timing differences	(997)	(828)
Adjustment in respect of previous years	1,170	(225)
Change in tax rate	567	204
Total deferred tax credit/(expense)	740	(849)
Tax credit on loss on ordinary activities	12,261	11,312

Current tax assessed for the year is higher (2013: higher) than that resulting from applying the weighted average UK Corporation tax rate of 22.5% (2013: 23.75%). A reconciliation of current tax is shown below.

	2014 £'000	2013 £'000
Loss on ordinary activities before tax	(44,294)	(22,684)
Loss on ordinary activities multiplied by the weighted average UK Corporation tax rate of 22.5% (2013: 23.75%)	9,966	5,387
Effect of:		
Expenses not deductible for tax purposes	(1,417)	(420)
Capital allowances, rolled over gain on player disposals and other timing differences	1,121	853
UK/UK transfer pricing adjustments	6,514	6,290
Disallowed interest payable	(4,663)	-
Adjustment in respect of previous year	-	51
Total current tax credit	11,521	12,161

Factors that may affect future tax charges:

The main rate of UK corporation tax reduced from 23% to 21% from 1 April 2014. A further reduction in the rate to 20% from 1 April 2015 was enacted in July 2013.

Manchester United Football Club Limited
Notes to the financial statements (continued)

8 Tangible assets

	Leasehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 July 2013	150,507	28,687	25,442	204,636
Additions	342	2,126	4,857	7,325
Disposals	(81)	(417)	(136)	(634)
At 30 June 2014	150,768	30,396	30,163	211,327
Accumulated depreciation				
At 1 July 2013	19,879	25,171	17,547	62,597
Charge for the year	1,792	1,054	2,391	5,237
Disposals	(14)	(410)	(136)	(560)
At 30 June 2014	21,657	25,815	19,802	67,274
Net book amount				
At 30 June 2014	129,111	4,581	10,361	144,053
At 30 June 2013	130,628	3,516	7,895	142,039

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 17). The Company has the right to extend the lease indefinitely.

Manchester United Football Club Limited

Notes to the financial statements (continued)

9 Intangible assets – players' registrations

	Total £'000
Cost	
At 1 July 2013	317,745
Additions	142,032
Disposals	(46,980)
At 30 June 2014	412,797
Accumulated amortisation	
At 1 July 2013	197,798
Charge for the year	55,290
Disposals	(44,863)
At 30 June 2014	208,225
Net book amount	
At 30 June 2014	204,572
At 30 June 2013	119,947

10 Debtors

	2014 £'000	2013 £'000
Amounts falling due within one year:		
Trade debtors	6,175	13,752
Amounts owed by group undertakings	102,906	81,378
Corporation tax	-	51
Other debtors	81	83
Prepayments and accrued income	4,818	5,712
	113,980	100,976
Amounts falling due after more than one year:		
Trade debtors	41	1,583
Total debtors	114,021	102,559

Trade debtors include transfer fees receivable from other football clubs of £2,777,000 (2013: £7,913,000), of which £41,000 (2013: £1,583,000) is receivable after more than one year.

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Manchester United Football Club Limited

Notes to the financial statements (continued)

11 Creditors – amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	53,020	31,778
Amounts owed to group undertakings	306,969	262,797
Other taxation and social security	9,682	10,295
Other creditors	1,304	1,888
Accruals	12,903	7,142
	383,878	313,900

Trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £43,521,000 (2013: £25,970,000).

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

12 Creditors – amounts falling due after more than one year

	2014 £'000	2013 £'000
Trade creditors	38,752	7,667
Other creditors – pension scheme deficit	745	2,191
	39,497	9,858

Trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £38,752,000 (2013: £7,667,000).

Amounts due in respect of the pension scheme deficit are payable over 10 years from September 2012.

13 Provision for liabilities

Deferred taxation

This provision for deferred taxation comprises:

	2014 £'000	2013 £'000
Accelerated capital allowances	1,140	1,789
Short term timing differences	(696)	(1,048)
Rolled over gain on player disposal	4,328	4,771
	4,772	5,512

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

	£'000
At 1 July 2013	5,512
Amount credited to profit and loss account (note 7)	(740)
At 30 June 2014	4,772

Manchester United Football Club Limited

Notes to the financial statements (continued)

14 Called-up share capital

	2014 £'000	2013 £'000
Allotted, called-up and fully paid:		
1,008,546 (2013: 1,008,546) ordinary shares of £1 each	1,009	1,009

15 Profit and loss account

	£'000
At 1 July 2013	51,319
Loss for the year	(32,033)
At 30 June 2014	19,286

16 Reconciliation of movements in shareholders' funds

	2014 £'000	2013 £'000
Loss for the year	(32,033)	(11,372)
Opening shareholders' funds	52,328	63,700
Closing shareholders' funds	20,295	52,328

17 Commitments and contingent liabilities

(a) Lease commitments

At 30 June 2014 the Company had annual commitments under non-cancellable operating leases, as follows:

	2014		2013	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiry date:				
- within one year	-	55	-	33
- between two and five years	-	251	-	113
- after five years (note 9)	2,000	-	2,000	-
	2,000	306	2,000	146

(b) Capital commitments

At 30 June 2013 the Company had capital commitments amounting to £2.9 million (2013: £6.7 million).

Manchester United Football Club Limited

Notes to the financial statements (continued)

17 Commitments and contingent liabilities (continued)

(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 £20,812,000 (2013: £20,649,000).

At 30 June 2014, the potential amount payable by type of condition and category of player was

	First team squad	Other	Total
	£'000	£'000	£'000
Type of condition:			
MUFC appearances/new contract	12,601	3,351	15,952
International appearances	4,700	160	4,860
	17,301	3,511	20,812

At 30 June 2013, the potential amount payable by type of condition and category of player was

	First team squad	Other	Total
	£'000	£'000	£'000
Type of condition:			
MUFC appearances/new contract	12,386	4,403	16,789
International appearances	3,700	160	3,860
	16,086	4,563	20,649

(d) Derivative contracts

At 30 June 2014, the Company had entered into derivative contracts for foreign currency. The amounts committed to as at 30 June 2014 are as follows;

GBP foreign currency derivative contracts:

Currency	Principal Value £'000	Average Rate
Euro	2,083	1.1817

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 of the foreign currency agreements at 30 June 2014 was a liability of £59,000 (2013: asset of £230,000).

Manchester United Football Club Limited

Notes to the financial statements (continued)

17 Commitments and contingent liabilities (continued)

(e) Debt of fellow subsidiary company

MU Finance plc, a fellow subsidiary of the Company, has issued senior secured notes that 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 principal amount outstanding at 30 June 2014 was the sterling equivalent of £157.4 million (\$269.2 million).

MU Finance plc also has a secured term loan facility. The loan is secured against substantially all of the assets of each of the guarantors, which by definition incorporates Red Football Limited, Red Football Junior Limited, Manchester United Limited, MU Finance plc and the Company. The principal amount outstanding at 30 June 2014 was the sterling equivalent of £180.0 million (\$307.8 million)

18 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 92 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 pay 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. These contributions could increase in the future if one or more of the participating employers exits the Scheme.

Based on the latest actuarial valuation at 31 August 2011, the Company has been advised that the overall deficit of the Scheme has increased to £25,700,000. A charge of £nil has been made to the profit and loss account during the year (2013: £nil) being the present value of the additional contributions the Group is expected to pay to make good the increased deficit of the Scheme. The Company has agreed to make contributions of £3,839,000 over a period of ten years from September 2012. The discounted liability as at 30 June 2014 amounts to £352,000 (2013: £229,000) due within one year and £745,000 (2013: £2,191,000) due after more than one year and is included within other creditors. The Company has not yet received the results of the next triennial actuarial valuation which is due to be compiled as at 31 August 2014.

(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 for the year ended 30 June 2014 amounted to £932,000 (2013: £794,000). As at 30 June 2014, amounts accrued in relation to the defined contribution scheme amounted to £273,000 (2013: £238,000).

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

Manchester United Football Club Limited

Notes to the financial statements (continued)

19 Related party transactions

Sir Robert Charlton CBE provides consultancy services to the Company. The amount charged for these services during the year was £105,000 (2013: £105,000). There were no outstanding balances as at 30 June 2014 (2013: £nil).

Manchester United Football Club has benefitted from the services of Sir Alex Ferguson as a global ambassador to the Company under an agreement signed on 17 October, 2013. The amount paid for these services during the year was £2,165,000. There were no outstanding balances as at 30 June 2014 (2013: £nil).

20 Post balance sheet events

The playing registrations of certain footballers have been disposed of, subsequent to 30 June 2014, for total proceeds, net of associated costs, of £25,779,000. The associated net book value was £7,911,000.

Subsequent to 30 June 2014 the playing registrations of certain players were acquired or extended for a total consideration, including associated costs, of £118,859,000.

21 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 plc, a company incorporated in the Cayman Islands and listed on the New York Stock Exchange, is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 June 2014. The consolidated financial statements of Manchester United plc can be obtained from the website www.manutd.com.

Red Football Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements 30 June 2014. The consolidated financial statements of Red Football Limited can be obtained from the Company Secretary, Red Football Limited, Old Trafford, Manchester, M16 0RA.