

MANCHESTER UNITED FOOTBALL CLUB LIMITED

REPORT AND ACCOUNTS

YEAR ENDED 31 JULY 2003



Company Number: 95489

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MANCHESTER UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT

The directors present their report together with the accounts for the year ended 31 July 2003.

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, results and dividend

The Manchester United team maintained a high level of performance, winning the FAPL for the eighth time in eleven years and reaching the quarter-final of the UEFA Champions League.

Turnover rose by £20.0 million to £119.5 million (2002 - £99.5 million) representing an increase of 20.1%.

Operating profit before amortisation of players and exceptional costs rose to £18.2 million (2002 - £15.6 million).

The Company made a profit before taxation of £8.2 million (2002 - £13.3 million). The directors do not recommend the payment of a dividend.

The profit after taxation of £8.5 million has been retained and transferred to reserves (2002 - £10.7 million).

Directors and their interests

The directors serving at 31 July 2003 and throughout the year (unless otherwise indicated) were as follows:

J M Edelson
Sir R Charlton CBE
E M Watkins
R L Olive
D A Gill
P F Kenyon (resigned 8 September 2003)

C M Edwards resigned as a director on 30 June 2003.

None of the directors had any interest in the shares of the Company at any time during the year.

E M Watkins, D A Gill and P F Kenyon, are directors of the parent undertaking, Manchester United PLC, and their interests in the shares of Manchester United PLC are disclosed in that Company's accounts. The interests of the other directors in the shares of Manchester United PLC are shown below :

	31 July 2003	1 August 2002
J M Edelson	977,620	1,134,120
Sir R Charlton CBE	40,000	40,000
R L Olive	110,587	113,360

Sums paid to third parties in respect of directors' services are set out in Note 6 to the accounts.
There were no other material contracts with the Company in which any director had an interest.

MANCHESTER UNITED FOOTBALL CLUB LIMITED
DIRECTORS' REPORT (CONTINUED)

General information

During the year the Company made charitable donations amounting of £14,194 (2002 - £22,184). The Company made no political contributions in the year (2002 - £nil).

Within the bounds of commercial confidentiality, staff at all levels are kept fully informed of matters that affect the progress of the Company and are of interest to them as employees. This is achieved through a broad base of communications including staff briefings, announcements and the staff newsletter 'Redlines'. Employees views are sought through annual staff surveys.

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 to not discriminate against employees or applicants for employment on 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 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.*

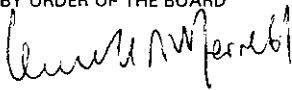
The Company maintains its own health, safety and environmental policies covering all the activities of the Company. Adherence to the policies is monitored by the Board. The Company is aware of its environmental responsibilities and seeks to minimise the impact of its operations on the environment.

The Company does not have a standard creditor payment policy. Payment terms are normally agreed with suppliers at the time of placing orders. All suppliers fulfilling the conditions of order will be paid in accordance with the terms agreed. At 31 July 2003 the number of days' purchases outstanding was 43 (2002 - 43 days). This figure excludes creditors in respect of player acquisitions which are paid on the date payment is contractually due.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 14 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, to fill the casual vacancy. A resolution to reappoint PricewaterhouseCoopers LLP as the Company's auditors and authorise the directors to determine their remuneration will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



K R Merrett
Secretary
30 September 2003

Old Trafford
Manchester
M16 0RA

MANCHESTER UNITED FOOTBALL CLUB LIMITED
PROFIT AND LOSS ACCOUNT

For the year ended 31 July 2003

		2003		2002
	Note	Operations excluding player amortisation and trading £'000	Player amortisation and trading £'000	Total £'000
				Total £'000 Reformatted
Turnover	2	119,480	-	119,480
Operating expenses before exceptional costs	3	(101,284)	(21,018)	(122,302)
Operating expenses - exceptional costs	4	(504)	-	(504)
		(101,788)	(21,018)	(122,806)
Operating profit / (loss)		17,692	(21,018)	(3,326)
Profit on disposal of players		-	12,935	12,935
Net interest payable	5	(1,439)	-	(1,439)
Profit / (loss) on ordinary activities before taxation		16,253	(8,083)	8,170
Taxation	7			310
Retained profit for the year	17			8,480
				10,736

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

There were no recognised gains and losses other than those stated above and therefore no statement of recognised gains and losses has been presented.

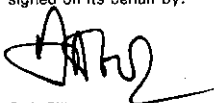
The accompanying notes on pages 6 to 12 are an integral part of these accounts.

MANCHESTER UNITED FOOTBALL CLUB LIMITED
BALANCE SHEET

At 31 July 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Intangible assets	8	55,299	82,209
Tangible assets	9	99,777	101,688
		<u>155,076</u>	<u>183,897</u>
Current assets			
Debtors - amounts falling due within one year	10	24,243	28,426
Debtors - amounts falling due after more than one year	10	12,920	1,500
Intangible asset held for resale	23	11,941	-
Cash at bank and in hand		8,160	83
		<u>57,264</u>	<u>30,009</u>
Creditors - amounts falling due within one year	11	<u>(110,988)</u>	<u>(121,360)</u>
Net current liabilities		<u>(53,724)</u>	<u>(91,351)</u>
Total assets less current liabilities		101,352	92,546
Creditors - amounts falling due after one year	12	(891)	(688)
Provision for liabilities and charges	13	(5,905)	(5,566)
Accruals and deferred income			
Deferred grant income	14	(1,011)	(1,194)
Other deferred income	15	(36,843)	(36,876)
		<u>56,702</u>	<u>48,222</u>
Net assets			
Capital and reserves			
Share capital	16	1,009	1,009
Profit and loss account	17	55,693	47,213
		<u>56,702</u>	<u>48,222</u>
Shareholders' funds	18		

The financial statements on pages 4 to 12 were approved by the Board of directors on 30 September 2003 and signed on its behalf by:



D A Gill
Director

The accompanying notes on pages 6 to 12 are an integral part of these accounts.

MANCHESTER UNITED FOOTBALL CLUB LIMITED
NOTES TO THE ACCOUNTS

1 Accounting policies

A summary of the Company's principal accounting policies, which have been consistently applied, is set out below.

Profit and Loss account presentation

The profit and loss account presentation has been changed from Format 1 (which analyses operating costs by function) to Format 2 (which analyses operating costs by type), both of which are permitted by the Companies Act 1985. In the opinion of the directors, Format 2 better reflects the nature of the Company's operations. Prior period comparatives have been reformatted with no change to operating profit.

Basis of accounting

The financial statements have been prepared under the historical cost convention and have been drawn up to comply with applicable accounting standards.

Turnover

Turnover represents income receivable from the Company's principal activities excluding transfer fees and value added tax.

Turnover is analysed between Matchday, Media and Commercial revenue streams.

Matchday

Matchday turnover comprises income receivable from all matchday activities from Manchester United games at Old Trafford, together with our 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.

Commercial

Commercial turnover comprises income receivable from the exploitation of the Manchester United brand through sponsorship and other commercial agreements.

Deferred income

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

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of tangible fixed assets over their expected useful lives as follows:

	Reducing Balance	Straight Line
	Period of lease	Period of lease
Leasehold buildings	Nil	Nil
Assets in the course of construction	Nil	Nil
Computer equipment and software	33 %	3 years
Plant and machinery	20% - 25%	4-5 years
General fixtures and fittings	15%	7 years

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

Intangible fixed assets

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are fully amortised, in equal annual instalments, over the football seasons covered by the player's initial contract.

Where a playing contract is extended, the unamortised balance at the date of the amendment is spread over the remaining revised contract life.

Where a part of the consideration payable on acquiring a players registration is contingent on a future event, this amount will only be recognised once it is probable, rather than possible, that the event will occur. The total amount which is currently considered possible but not probable is disclosed in note 19c.

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.

Deferred taxation

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.

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.

Foreign currency 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 dealt with in the profit and loss account.

Financial instruments

The Company uses derivative financial instruments to manage its exposure to fluctuations in foreign currency exchange rates. Derivative instruments utilised by the Company include forward currency contracts. Such contracts are accounted for as hedges, with the instrument's impact on profit deferred until the underlying transaction is recognised in the profit and loss account.

MANCHESTER UNITED FOOTBALL CLUB LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)

Pension costs

Contributions to money purchase pension schemes are charged to the profit and loss account as they fall due.

Leases

Rental costs under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

2 Turnover

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

	2003 £'000	2002 £'000
Matchday	63,013	46,261
Media	54,788	51,249
Commercial	1,679	1,976
	<u>119,480</u>	<u>99,486</u>

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

	2003 £'000	2002 £'000
United Kingdom	117,569	99,402
Rest of World	1,911	84
	<u>119,480</u>	<u>99,486</u>

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

3 Operating expenses before exceptional costs

	2003 £'000	2002 £'000 Restated
Operations excluding player amortisation and trading:		
Staff costs (Note 6)	70,459	62,222
Depreciation	5,698	5,406
Operating lease charges - land and buildings	2,034	2,028
Other operating charges	23,360	14,285
Auditors' remuneration: audit services	15	10
Auditors' remuneration: non audit services	-	89
Grants released (Note 14)	(183)	(216)
(Profit) / loss on disposal of tangible fixed assets	(99)	25
	<u>101,284</u>	<u>83,849</u>
Player amortisation and trading:		
Amortisation of players' registrations	21,018	17,647
	<u>122,302</u>	<u>101,496</u>

MANCHESTER UNITED FOOTBALL CLUB LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)

4 Operating expenses - exceptional costs

	2003 £'000	2002 £'000
Share of deficit on the Football League Limited Pension and Life Assurance Scheme (see note 22)	<u>504</u>	<u>-</u>

5 Net interest payable

	2003 £'000	2002 £'000
Bank interest receivable	28	261
Interest payable and similar charges - bank loans / overdrafts	(20)	(151)
Interest payable to Group undertaking	(1,447)	(2,254)
	<u>(1,439)</u>	<u>(2,144)</u>

6 Staff costs

Particulars of employee costs are as shown below:

	2003 £'000	2002 £'000 Restated
Wages and salaries	61,733	55,532
Social security costs	7,170	6,214
Other pension costs	1,556	476
	<u>70,459</u>	<u>62,222</u>

Wages and salaries in 2002 have been restated to include an amount of £813,000 relating to temporary match day staff which was previously disclosed in other operating charges.

	2003 Number	2002 Number
Players	68	66
Ground staff	90	67
Ticket office and membership	44	32
Administration and other	84	74
Average number of employees	<u>286</u>	<u>239</u>

The Company also employs approximately 884 temporary staff on match days (2002 - 871).

Directors' emoluments:

	2003 £'000	2002 £'000
Salary	58	-
Benefits in kind	23	4
	<u>81</u>	<u>4</u>

Martin Edwards was also a director of the parent undertaking, Manchester United PLC, until 29 November 2002, his total emoluments to 29 November 2002 are disclosed in that Company's accounts. Emoluments paid to him for his services as a director to Manchester United Football Club Limited for the period between 30 November 2002 and the date of his resignation as a director, 30 June 2003, are disclosed in directors' emoluments above.

Legal fees paid during the year to James Chapman & Co., a firm in which E M Watkins is the senior partner, were £371,773 (2002 - £584,201) in respect of services, charged on an arm's length basis, in the ordinary course of business as solicitors to Companies within the Manchester United Group.

Sir Bobby Charlton provides consultancy services to Companies within the Manchester United Group. The amount paid for these services during the year was £66,250 (2002 - £12,500).

There were no other material transactions with related parties as defined by FRS 8 'Related party transactions'.

MANCHESTER UNITED FOOTBALL CLUB LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)

7 Taxation

	2003 £'000	2002 £'000
Corporation tax at 30 per cent (2002 - 30 per cent) on the profit for the year	2,799	5,620
Adjustment in respect of previous years	(3,448)	(1,827)
Total current tax	(649)	3,793
Deferred taxation: origination and reversal of timing differences (note 13)	48	(1,333)
Adjustment in respect of previous years	291	56
Total deferred tax	339	(1,277)
Tax on profit on ordinary activities	(310)	2,516

The tax rate for the year is lower than the standard rate of corporation tax in the UK (30%) mainly due to an adjustment in respect of previous years of £3,140,000 which arose following the resolution of the tax treatment of a property transaction completed in 1996. A reconciliation of current tax is shown below:

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	8,170	13,252
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002:30%)	2,451	3,976
Effect of:		
Adjustment to tax in respect of previous years	(3,448)	(1,827)
Expenses not deductible for tax purposes	396	311
Capital allowances	(48)	1,333
	(649)	3,793

8 Intangible fixed assets

	£'000
Cost of players' registrations	
At 1 August 2002	108,427
Additions	10,577
Disposals	(2,257)
Transfer to asset held for resale	(27,448)
At 31 July 2003	89,299
Amortisation of players' registrations	
At 1 August 2002	26,218
Charge for the year	21,018
Provision for loss on disposal	4,528
Disposals	(2,257)
Transfer to asset held for resale	(15,507)
At 31 July 2003	34,000
Net Book Value of players' registrations	
At 31 July 2003	55,299
At 31 July 2002	82,209

9 Tangible fixed assets

	Short Leasehold Property £'000	Plant and Machinery £'000	Fixtures and Fittings £'000	Total £'000
Cost				
At 1 August 2002	87,959	24,273	13,680	125,912
Additions	2,891	590	367	3,848
Disposals	-	(1,052)	(1,815)	(2,867)
At 31 July 2003	90,850	23,811	12,232	126,893
Depreciation				
At 1 August 2002	3,305	12,817	8,102	24,224
Charge for the year	1,158	3,375	1,165	5,698
Disposals	-	(993)	(1,813)	(2,806)
At 31 July 2003	4,463	15,199	7,454	27,116
Net Book Value				
At 31 July 2003	86,387	8,612	4,778	99,777
At 31 July 2002	84,654	11,456	5,578	101,688

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

MANCHESTER UNITED FOOTBALL CLUB LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)

10 Debtors

	2003 £'000	2002 £'000
Amounts falling due within one year		
Trade debtors	12,431	17,371
Other debtors	300	2,507
Prepayments and accrued income	11,512	8,548
	<u>24,243</u>	<u>28,426</u>
Amounts falling due after more than one year		
Trade debtors	11,985	1,500
Other Debtors	935	-
	<u>12,920</u>	<u>1,500</u>
	<u>37,163</u>	<u>29,926</u>

Trade debtors include transfer fees receivable from other football clubs of £23,398,000 (2002 - £17,185,000) of which £11,985,000 (2002 - £1,500,000) is receivable after more than one year.

11 Creditors - Amounts falling due within one year

	2003 £'000	2002 £'000
2% Convertible bond 2003	-	26,387
Trade creditors	10,071	17,366
Amounts due to parent undertaking	83,778	57,558
Corporation tax	2,617	6,296
Social security and other taxes	7,817	4,464
Other creditors - pensions	277	362
Accruals	6,428	8,927
	<u>110,988</u>	<u>121,360</u>

The 2% convertible bond was redeemed at a par value of £27,500,000 in 2003. The holder did not exercise the option to convert the bond into 9% cumulative redeemable preference shares of the Company. The liability is now disclosed in amounts due to parent company above.

Trade creditors include transfer fees payable to other football clubs of £6,069,000 (2002 - £13,631,000).

12 Creditors - Amounts falling due after one year

	2003 £'000	2002 £'000
Other creditors - pensions	<u>891</u>	<u>688</u>

13 Provision for liabilities and charges

This comprises deferred taxation attributable to:

	2003 £'000	2002 £'000
Excess of tax allowances over book depreciation	6,391	6,061
Other timing differences	(486)	(495)
	<u>5,905</u>	<u>5,566</u>

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

	£'000
At 1 August 2002	5,566
Charged to the profit and loss account (note 7)	339
At 31 July 2003	<u>5,905</u>

MANCHESTER UNITED FOOTBALL CLUB LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)

14 Deferred grant income

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

	£'000
At 1 August 2002	1,194
Grants released in the year	(183)
At 31 July 2003	<u>1,011</u>

15 Other deferred income

	2003 £'000	2002 £'000
Matchday	34,505	32,060
Media	2,335	4,670
Commercial	3	146
	<u>36,843</u>	<u>36,876</u>

16 Share capital

	2003 £'000	2002 £'000
Authorised		
1,015,000 ordinary shares of £1 each	1,015	1,015
27,500,000 9% cumulative redeemable preference shares of £1 each	27,500	27,500
	<u>28,515</u>	<u>28,515</u>
Allotted, called up and fully paid		
1,008,546 ordinary shares of £1 each	<u>1,009</u>	<u>1,009</u>

17 Reserves

The movements during the year were as follows:

	Profit and loss account £'000
At 1 August 2002	47,213
Retained profit for the year	8,480
At 31 July 2003	<u>55,693</u>

Under the terms of certain lotteries, past donations of £459,044 (2002 - £545,440) received by the Company, and included within the profit and loss account balance, are not available for distribution (and bank balances are restricted accordingly) until such monies have been expended within the terms of those lotteries on capital programmes relating to the development of spectator facilities at Old Trafford football stadium. All past donations, including £500,000 expended during the year, having been so applied, are distributable. It is intended that the balance will be applied to such programmes and will thereby become distributable.

18 Reconciliation of movement in equity shareholders' funds

	2003 £'000	2002 £'000
Profit for the financial year	8,480	10,736
Opening equity shareholders' funds	48,222	37,486
Closing equity shareholders' funds	<u>56,702</u>	<u>48,222</u>

MANCHESTER UNITED FOOTBALL CLUB LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)

19 Capital and other financial commitments

a. Capital commitments

At 31 July 2003, capital commitments were:

	2003 £'000	2002 £'000
Contracted but not provided for	<u>558</u>	<u>3,763</u>

b. Lease commitments

At 31 July 2003 the Company had annual operating lease commitments, in respect of land and buildings as follows:

	2003 £'000	2002 £'000
Expiring after five years	<u>2,000</u>	<u>2,000</u>

c. Transfer fees payable

Under the terms of certain contracts with other football clubs in respect of player transfers, certain additional amounts would be payable by the Company if conditions as to future team selection and performance are met. The maximum that could be payable is £12,005,000 (2002 - £12,548,000).

20 Ultimate parent undertaking

The ultimate parent undertaking is Manchester United PLC, which is registered in England and Wales. The largest and smallest group of undertakings for which group accounts are prepared is that headed by Manchester United PLC. Copies of the accounts can be obtained from the registered office noted on page 3.

21 Cash flow statement and related party disclosures

The Company is a subsidiary of Manchester United PLC and is included in the consolidated financial statements of Manchester United PLC, 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). The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Manchester United PLC group.

22 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 advised only of its share of the deficit in the Scheme and was advised that its contributions to make good the deficit amounted to £1,520,000 and this has been charged to the profit and loss account in previous years. The latest actuarial valuation was at 31 August 2002 and the Company has been advised that the deficit has increased and further contributions amounting to £504,000 are required. This amount has been charged to the profit and loss account in full in the current period (see note 4) as it is principally attributable to employees who have left the Company or retired. The revised deficit is being paid off over a period of ten years commencing in April 2003.

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 £1,556,000 (2002 £476,000).

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

23 Post balance sheet events

Subsequent to the balance sheet date, the playing registrations of two footballers have been acquired for a total consideration, including associated costs of £18,063,000, of which £7,393,000 is due for payment after more than one year.

The playing registration of one footballer has been disposed of for a total consideration, net of associated costs, of £11,941,000.

The associated net book value of the playing registration at 31 July 2003 was £16,469,000. As the transaction was in progress at the balance sheet date, a provision for the loss on disposal of £4,528,000 has been included in these accounts.

The revised carrying value of the registration of £11,941,000 has been transferred from intangible fixed assets (see note 8) and re-classified as an intangible asset held for resale.

Statement of directors' responsibilities

The directors are required by company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit 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 judgements and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 1985. 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.

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

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared using the accounting policies set out in note 1 to the financial statements.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities above.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for, and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

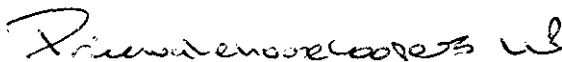
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 July 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Manchester
30 September 2003