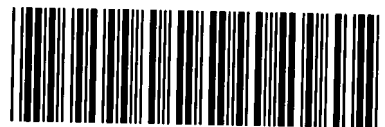


Registered Number: 02570509

Manchester United Limited
Annual report and financial statements
for the year ended 30 June 2020

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Manchester United Limited

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Manchester United Limited Strategic Report

Manchester United Limited (the "Company") is a holding company 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 2020.

Review of the business

The Company did not trade during the year or the preceding year but did incur operating expenses relating to an overseas office. All Company employees are based overseas. Profit before tax for the year was £44,678,000 (2019: £8,518,000).

Overall, the net assets of the Company decreased by £762,000 to £412,172,000 as at 30 June 2020.

Principal risks and uncertainties

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 in the Strategic Report section of the Red Football Limited Annual Report and financial statements 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 Limited. The development, performance and position of the Group, which includes the Company, are discussed in the Strategic Report section of the Red Football Limited Annual Report and financial statements, which does not form part of this report.

The Annual Report and financial statements of Red Football Limited can be obtained from the Company Secretary, Red Football Limited, Old Trafford, Manchester, M16 0RA.

On behalf of the board



J. Glazer
Director

23 October 2020

Manchester United Limited

Directors' Report

The directors present their report and audited financial statements of the Company for the year ended 30 June 2020.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

This conclusion is based on the continued financial support of the ultimate parent company, Manchester United plc. The directors have received confirmation that Manchester United plc will provide support to the Company for at least one year from the date of approval of these financial statements.

Dividends

Dividends amounting to £44,534,000 were paid during the year (2019: £23,326,000). The directors do not recommend the payment of a final dividend (2019: £nil).

Future developments

The Company does not expect to trade for the foreseeable future but does incur operating expenses relating to an overseas office.

Financial risk management

As the Company does not expect to trade for the foreseeable future it is not exposed to significant financial risk.

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:

J Glazer (Chairman)
A Glazer
B Glazer
D Glazer Kassewitz
E Glazer
K Glazer

Qualifying third party indemnity provisions

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

Manchester United Limited

Directors' Report (continued)

Statement by the directors in performance of their statutory duties in accordance with Section 172(1) of the Companies Act 2006

The directors of the Company must act in accordance with a set of general duties. These duties are detailed in Section 172 of the Companies Act 2006 which is summarised as follows:

A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of shareholders as a whole and, in doing so have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between shareholders of the Company.

The following paragraphs summarise how the directors' fulfil their duties:

Risk Management

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 in the Red Football Limited Annual Report and financial statements which does not form part of this report.

Our People

The Company is committed to its 'people philosophy' and, as a result, to promoting policies which 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 ensure employees or applicants for employment are not discriminated against on the grounds of age, disability, ethnic origin, nationality or national origin, religion, race, gender, sexual orientation, gender re-assignment, 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 monthly management meetings, staff briefings and announcements. 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 which focus 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.

Manchester United Limited

Directors' Report (continued)

Statement by the directors in performance of their statutory duties in accordance with Section 172(1) of the Companies Act 2006 (continued)

Community and Environment

We are committed to a wide-ranging community programme through Manchester United Foundation (the "Foundation"). The associated charity of Manchester United, the Foundation uses football to engage and inspire young people to build a better life for themselves and unite the communities in which they live. Dedicated staff deliver football coaching, educational programmes and personal development, providing young people with opportunities to change their lives for the better. The Foundation has partnerships with 27 high schools across Greater Manchester, in which full-time coaches are based to work with the pupils, feeder primary schools and within the local community to build lasting relationships. Other initiatives, such as Street Reds evening football sessions, girls' development provision, and the disability and inclusion programme, provide free football, alternative activities, qualifications and work experience opportunities to young people across Greater Manchester. The Foundation fulfils all charitable activity for Manchester United, including promotion of the Sir Bobby Charlton Foundation (finding innovative solutions to create a landmine-free world), and managing the club's long-term partnership with global children's organization Unicef. The United for Unicef partnership is the longest running of its kind and since the start of the partnership in 1999 has had a positive impact on the lives of millions of children across the globe. The Foundation also supports external charities by providing signed items for their own fundraising purposes.

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.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all our employees, officers and directors, including our principal executive, principal financial and principal accounting officers. Our code of Business Conduct and Ethics addresses, among other things, competition and fair dealing, conflicts of interest, financial matters and external reporting, company funds and assets, confidentiality and corporate opportunity requirements and the process for reporting violations of the Code of Business Conduct and Ethics, employee misconduct, conflicts of interest or other violations.

Shareholders

The immediate parent undertaking is Red Football Limited. The ultimate parent undertaking and controlling party is Manchester United plc, a company incorporated in the Cayman Islands and listed on the New York Stock Exchange.

Manchester United Limited Directors' Report (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

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, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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.

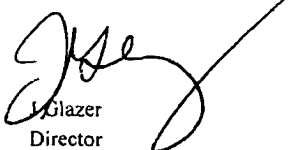
Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken 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 Section 418 of the Companies Act 2006.

On behalf of the board


J. Glazer
Director
23 October 2020

Manchester United Limited

Independent auditors' report to the members of Manchester United Limited

Report on the audit of the financial statements

Opinion

In our opinion, Manchester United Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"); which comprise: the balance sheet as at 30 June 2020; the statement of profit or loss, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 June 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Manchester United Limited

Independent auditors' report to the members of Manchester United Limited

(continued)

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

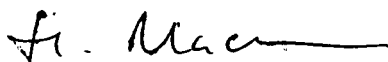
Other required reporting

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.



Hazel Macnamara (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

23 October 2020

Manchester United Limited **Statement of profit or loss**

	Note	Year ended 30 June	
		2020 £'000	2019 £'000
Total operating expenses	4	(1,810)	(16,765)
Operating loss before other income		(1,810)	(16,765)
Other income	7	1,954	1,957
Operating profit/(loss)		144	(14,808)
Income from shares in group undertakings		44,534	23,326
Profit before tax		44,678	8,518
Income tax expense	8	(906)	(1,189)
Profit for the year		43,772	7,329

There were no items of other comprehensive income or loss in the current or prior year and therefore no statement of comprehensive income has been presented.

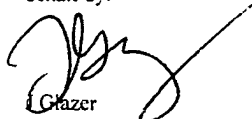
Manchester United Limited

Balance sheet

As at 30 June			
	Note	2020 £'000	2019 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	-	8
Investments	11	335,991	335,991
		335,991	335,999
Current assets			
Trade and other receivables	12	93	57
Amounts owed by group undertakings	13	78,840	79,716
Cash and cash equivalents		676	93
		79,609	79,866
Total assets		415,600	415,865
EQUITY AND LIABILITIES			
Equity			
Share capital	14	26,519	26,519
Share premium		7,756	7,756
Capital contribution reserve		68,404	68,404
Retained earnings		309,493	310,255
Total equity		412,172	412,934
Current liabilities			
Tax liabilities		-	274
Trade and other payables	15	80	474
Amounts owed to group undertakings	16	3,348	2,183
		3,428	2,931
Total equity and liabilities		415,600	415,865

The notes on pages 13 to 22 are an integral part of these financial statements.

The financial statements on pages 10 to 22 were approved by the board of directors on 23 October 2020 and were signed on its behalf by:


J. Glazer
Director

Registered Number: 02570509

Manchester United Limited
Statement of changes in equity

	Share capital £'000	Share premium £'000	Capital contribution reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2018	26,519	7,756	68,404	326,252	428,931
Profit for the year	-	-	-	7,329	7,329
Total comprehensive income for the year	-	-	-	7,329	7,329
Dividends paid (note 9)	-	-	-	(23,326)	(23,326)
Balance at 30 June 2019	26,519	7,756	68,404	310,255	412,934
Profit for the year	-	-	-	43,772	43,772
Total comprehensive income for the year	-	-	-	43,772	43,772
Dividends paid (note 9)	-	-	-	(44,534)	(44,534)
Balance at 30 June 2020	26,519	7,756	68,404	309,493	412,172

Manchester United Limited

Notes to the financial statements

1 General information

Manchester United Limited (the “Company”) is a private company limited by share capital domiciled and incorporated in the United Kingdom and registered in England and Wales. The address of its registered office is Sir Matt Busby Way, Old Trafford, Manchester, M16 0RA. The registered number of the Company is 02570509.

These financial statements are presented in pounds sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

Manchester United Limited meets the definition of a qualifying entity as defined in the Financial Reporting Standard 101 “Reduced Disclosure Framework” (FRS 101). The financial statements of the Company have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in note 3.

The following exemptions from the requirements of International Financial Reporting Standards (“IFRS”) have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraph 38 of IAS 1, “Presentation of financial statements” comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1; and
 - (ii) paragraph 73(e) of IAS 16 “Property, plant and equipment”;
- The following paragraphs of IAS 1 “Presentation of financial statements”:
 - 10(d), (statement of cash flows),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7, “Statement of cash flows”;
- Paragraphs 30 and 31 of IAS 8 “Accounting policies, changes in accounting estimates and errors” (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
- Paragraph 17 of IAS 24, “Related party disclosures” (key management compensation);
- Paragraph 18A of IAS 24, “Related party disclosures” (key management services provided by a separate management entity); and
- The requirements in IAS 24, “Related party disclosures” to disclose related party transactions entered into between two or more members of a group.

2.1.1 Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for twelve months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

This conclusion is based on the continued financial support of the ultimate parent company, Manchester United plc. The directors have received confirmation that Manchester United plc will provide support to the Company for at least one year from the date of approval of these financial statements.

Manchester United Limited

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.1.1 New standards, amendments and IFRS IC interpretations

No new accounting standards, or amendments to accounting standards, or IFRS IC interpretations that are effective for the year ended 30 June 2020, have had a material impact on the Company.

2.2 Consolidation

The Company is a wholly owned subsidiary of Red Football Limited and of its ultimate parent undertaking and controlling party, Manchester United plc. It is included in the consolidated financial statements of Manchester United plc which can be obtained from the website www.manutd.com. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are company only financial statements.

2.3 Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in pounds sterling, which is the Company's presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where settlements of such transactions and from the translation at year-end exchange rates items are re-measured. Foreign exchange gains and losses resulting from the settlement of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss within operating expenses.

2.4 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as accruals and classified as current liabilities in the balance sheet.

(ii) Post-employment pension obligations

The Company 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 statement of profit or loss when they fall due.

2.5 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

2.6 Other income

Other income represents royalties and centralised services recharged to other group undertakings.

2.7 Income from shares in group undertakings

Income from shares in group undertakings is recognised when the right to receive payment is established.

Manchester United Limited

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.8 Income tax

The income tax expense or credit for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income, in which case the tax is also recognised in other comprehensive income.

The current tax charge or expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to (or recovered from) the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to 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.

2.9 Dividend distribution

Dividend distributions to the Company's shareholders are recognised when they become legally payable. In the case of interim dividends, this is when they are paid.

2.10 Property, plant and equipment

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

Depreciation is calculated using the straight-line method to write-down assets to their residual value over their estimated useful lives as follows:

Computer equipment and software (included within	
Plant and machinery)	3 years
Fixtures and fittings	7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment charges arising are recognised in the statement of profit or loss when the carrying amount of an asset is greater than the estimated recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use, and are calculated with reference to future discounted cash flows that the asset is expected to generate when considered as part of a cash-generating unit. Prior impairments are reviewed for possible reversal at each balance sheet date.

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

Manchester United Limited

Notes to the financial statements (continued)

2 Summary of significant accounting policies (continued)

2.11 Investments

Investments are held at cost less any provision for impairment in value. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

2.12 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and, if applicable, other short-term highly liquid investments with original maturities of three months or less.

2.14 Share capital and reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds of the issue.

The capital contribution reserve arose as a result of capital contributions from parent undertakings.

2.15 Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Amounts payable are classified as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities.

3 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates and assumptions which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates, assumptions and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

3.1 Significant estimates and assumptions

The areas involving significant estimates or assumptions are:

a) Investments in subsidiary undertakings

Investments are held at cost less any provision for impairment in value. Impairment reviews are performed by the directors when there has been an indication of potential impairment. The Company will perform an impairment review on investments in subsidiary undertakings if adverse events indicate that the carrying value of the asset may not be recoverable. If such circumstances were to arise, the carrying value of the investment would be assessed against the higher of the Company's best estimate of the fair value less any costs to sell and the value in use.

Management does not consider there to be any significant judgements in the preparation of the financial statements.

Estimates, assumptions and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Manchester United Limited

Notes to the financial statements (continued)

4 Operating expenses

	2020 £'000	2019 £'000
Employee benefit expense (note 6)	(697)	(554)
Short-term and low value leases (2019: all operating lease costs)	(248)	(223)
Depreciation – property, plant and equipment (note 10)	(8)	(38)
Other operating expenses	(857)	(1,035)
Exceptional items (note 5)	-	(14,915)
	(1,810)	(16,765)

The cost of the auditors' remuneration for audit services of £15,000 (2019: £15,000) has been borne by Manchester United Football Club Limited, a subsidiary of the Company.

5 Exceptional items

	2020 £'000	2019 £'000
Impairment of investment in group undertaking	-	(14,915)
	-	(14,915)

Impairment of investment in group undertaking – during the year ended 30 June 2020 the directors reviewed the carrying value of investments in group undertakings and concluded that a provision of £nil (2019: £14,915,000), relating to its investment in MU Finance Limited, should be recognised as the carrying value was considered to exceed its recoverable amount.

6 Employee benefit expenses

	2020 £'000	2019 £'000
Wages and salaries	(677)	(537)
Other pension costs	(20)	(17)
	(697)	(554)

No directors received any emoluments in respect of services for the Company during the year (2019: none).

The average monthly number of persons (including executive directors) employed by the Company during the year was:

	2020 Number	2019 Number
By activity:		
Administration and other	12	10
Average number of employees	12	10

7 Other income

	2020 £'000	2019 £'000
Royalties and centralised services recharged to other group undertakings	1,954	1,957
Other income	1,954	1,957

Manchester United Limited

Notes to the financial statements (continued)

8 Income tax expense

	2020 £'000	2019 £'000
Current tax:		
Current tax on profit for the year	(12)	(24)
Amount payable in respect of group relief	(1,155)	(1,165)
Adjustment in respect of previous years	261	-
Total current income tax expense	(906)	(1,189)
Total income tax expense	(906)	(1,189)

A reconciliation of the total income tax expense is as follows:

	2020 £'000	2019 £'000
Profit before tax	44,678	8,518
Profit before tax multiplied by the standard UK corporation tax rate of 19.0% (2019: 19.0%)	(8,489)	(1,618)
Tax effects of:		
Adjustment in respect of previous years	261	-
Expenses not deductible for tax purposes	-	(2,838)
Non-taxable income	8,462	4,432
Transfer pricing adjustments	(1,155)	(1,165)
Difference between UK and foreign tax rates	15	-
Total income tax expense	(906)	(1,189)

9 Dividends paid

Dividends paid in the year ended 30 June 2020 amounted to £44,534,000 (£0.168 per share). Dividends paid in the year ended 30 June 2019 amounted to £23,326,000 (£0.088 per share). The directors do not recommend the payment of a final dividend (2019: £nil).

Manchester United Limited
Notes to the financial statements (continued)

10 Property, plant and equipment

	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
At 1 July 2019			
Cost	59	212	271
Accumulated depreciation	(59)	(204)	(263)
Net book amount	-	8	8
Year ended 30 June 2020			
Opening net book amount	-	8	8
Depreciation charge	-	(8)	(8)
Closing net book amount	-	-	-
At 30 June 2020			
Cost	24	203	227
Accumulated depreciation	(24)	(203)	(227)
Net book amount	-	-	-

At 30 June 2020, the Company had capital commitments amounting to £nil (2019: £nil).

Manchester United Limited

Notes to the financial statements (continued)

11 Investments

	Shares in group undertakings £'000
At 1 July 2019 and 30 June 2020	335,991

Shares in group undertakings as at 30 June 2020 relate to the following companies:

Subsidiaries	Principal activity	% of ownership interest
Alderley Urban Investments Limited*	Property investment	100
Manchester United Football Club Limited*	Professional football club	100
Manchester United Women's Football Club Limited	Professional football club	100
Manchester United Interactive Limited	Dormant company	100
MU 099 Limited*	Dormant company	100
MU Commercial Holdings Limited*	Holding company	100
MU Commercial Holdings Junior Limited	Holding company	100
MU Finance Limited*	Finance company	100
MU RAML Limited	Retail and licensing company	100
MUTV Limited	Media company	100
RAML USA LLC	Retail company	100

* Direct investment of Manchester United Limited, others are held by subsidiary undertakings.

All of the above are incorporated and operate in England and Wales, with the exception of RAML USA LLC which is incorporated in the state of Delaware in the United States. The directors believe that net book value of investments in shares of group undertakings as at 30 June 2018 is supported by their underlying net assets and future forecasts. The registered office of all the above, with the exception of RAML USA LLC, is Sir Matt Busby Way, Old Trafford, Manchester, M16 0RA, United Kingdom. The registered office of RAML USA LLC is Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, USA.

12 Trade and other receivables

	2020 £'000	2019 £'000
Prepayments	66	56
Trade receivables	8	1
Income tax receivable	19	-
Current trade and other receivables	93	57

13 Amounts owed by group undertakings

	2020 £'000	2019 £'000
Amounts owed by group undertakings	78,840	79,716
	78,840	79,716

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

Manchester United Limited

Notes to the financial statements (continued)

14 Share capital

	2020 £'000	2019 £'000
Allotted and fully paid:		
265,192,483 (2019: 265,192,483) ordinary shares of £0.10 each	26,519	26,519

15 Trade and other payables

	2020 £'000	2019 £'000
Trade payables	52	58
Accruals	28	416
Current trade and other payables	80	474

16 Amounts owed to group undertakings

	2020 £'000	2019 £'000
Amounts owed to group undertakings	3,348	2,183
	3,348	2,183

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

17 Contingencies

At 30 June 2020, the Company had no material contingent liabilities in respect of legal claims arising in the ordinary course of business (2019: none).

18 Operating lease commitments

Commitments for minimum lease payments in relation to non-cancellable short-term and low value leases (2019: all operating leases) are payable as follows:

	2020 £'000	2019 £'000
No later than 1 year	21	35
	21	35

19 Debt of subsidiary undertaking

Manchester United Football Club Limited, a 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 Football Club Limited, MU Finance Limited and the Company. The principal amount outstanding at 30 June 2020 was the pounds sterling equivalent of £336,015,000 (\$425,000,000) (2019: £334,171,000 (\$425,000,000)).

Manchester United Football Club Limited 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 Football Club Limited, MU Finance Limited and the Company. The principal amount outstanding at 30 June 2020 was the pounds sterling equivalent of £183,619,000 (\$225,000,000) (2019: £176,916,000 (\$225,000,000)).

Manchester United Limited

Notes to the financial statements (continued)

20 Immediate parent undertaking and ultimate controlling party

The immediate parent undertaking is Red Football Limited. The ultimate parent undertaking and controlling party is Manchester United plc, a company incorporated in the Cayman Islands and listed on the New York Stock Exchange. Manchester United plc is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 June 2020. The consolidated financial statements of Manchester United plc can be obtained from the website www.manutd.com. Manchester United plc is controlled by family trusts affiliated with the Glazer family.

Red Football Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 30 June 2020. The consolidated financial statements of Red Football Limited can be obtained from the Company Secretary, Red Football Limited, Old Trafford, Manchester, M16 0RA.