

**The Sheffield United Football Club Limited**

Financial statements

For the year ended 30 June 2007

Grant Thornton 

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**Company No. 61564**

## Company information

<b>Company registration number</b>	61564
<b>Registered office</b>	Bramall Lane SHEFFIELD S2 4SU
<b>Directors</b>	T Robinson C Steer D J Green J Rockett S Capper S McCabe
<b>Secretary</b>	S Capper
<b>Bankers</b>	Bank of Scotland 7 Leopold Street SHEFFIELD S1 2FF
<b>Solicitors</b>	DLA Piper 1 St Pauls Place Norfolk Street SHEFFIELD S1 2JX
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors 2 Broadfield Court SHEFFIELD S8 0XF

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 June 2007

### **Principal activities and business review**

The company is principally engaged in the operation of a professional football club

### **Business review**

The company's turnover for the year was £34,938,142 (2006 £11,900,890) Operating profit increased to £2,029,399 (2006 loss £9,719,339) Profit before tax improved to £1,765,193 (2006 loss £9,432,676) This improvement in all measures of profitability arose from the clubs promotion to the Premier League at the end of the 2006 season Areas of significantly increased turnover include television revenues from the Premier League, improved season tickets and match day ticket sales, sponsorship, advertising and match day catering

During the year a significant investment of £12 million was made into the playing squad and the net book value of the squad at 30 June 2007 had increased to £10.8 million (2006 £5.7 million) This investment was funded mainly by intercompany funding from Sheffield United plc

The newly completed Westfield Health corner stand has seen The Lane's capacity rise to 32,609 Coupled with increased executive seating and improved facilities for fans, this has transformed the stadium

Sheffield United was the 11<sup>th</sup> best supported club in the Premier League with average crowds of 30,684 including some 22,000 season ticket holders

### **Results and dividends**

The profit for the year amounted to £2,475,121 (2006 loss £9,432,676) The directors have not recommended a dividend

### **Directors**

The directors who served the company during the year were as follows

S Bean	(resigned 12 December 2007)
T Robinson	
C Steer	
D J Green	
J Rockett	
S McCabe	
S Capper	(appointed 6 June 2007)
M T Fenoughty	(resigned 6 June 2007)

None of the directors had any interest in the shares of the company

### **Financial risk management objectives and policies**

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company financial instruments are interest rate risk, liquidity risk and foreign currency risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

#### **Interest rate risk**

The company finances its operations through a mixture of retained profits, inter-company accounts and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed on a group basis by the use of both fixed and floating facilities.

#### **Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through inter-company accounts and bank overdraft facilities.

#### **Currency risk**

The company is exposed to transaction and translation foreign exchange risk. In relation to translation risk the proportion of assets held in the foreign currency are matched to an appropriate level of borrowings in the same currency. Transaction exposures are hedged when known, mainly using the forward hedge market.

### **Directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these 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,
- state whether applicable UK Accounting Standards have been followed subject to any material departures and explained in the financial statements,
- 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 proper accounting records that 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 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.

Insofar as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

**Donations**

Donations to charitable organisations amounted to £10,714 (2006 £15,264)

**Auditor**

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985

BY ORDER OF THE BOARD



S Capper  
Secretary  
24 April 2008

Grant Thornton 

## Report of the independent auditor to the members of The Sheffield United Football Club Limited

We have audited the financial statements of The Sheffield United Football Club Limited for the year ended 30 June 2007 which comprise the principal accounting policies, profit and loss account, balance sheet, note of historical cost profits and losses and notes 1 to 30. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing the Report of the directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Report of the directors is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Report of the directors and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

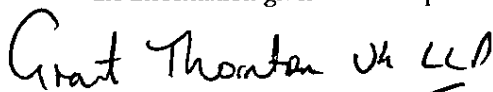
## Report of the independent auditor to the members of The Sheffield United Football Club Limited (continued)

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the directors is consistent with the financial statements



GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

SHEFFIELD  
24 April 2008



## Accounting policies

### **Basis of accounting**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention except that certain freehold properties are shown at their revalued amounts (see policy below regarding FRS 15)

The principal accounting policies of the company are set out below and have remained unchanged from the previous year

### **Consolidation**

The company has taken advantage of the exemption permitted by section 228 of the Companies Act 1985 and not produced consolidated financial statements as it is itself a wholly owned subsidiary

### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

### **Turnover**

Turnover comprises net gate and ticket receipts, sports contracts, television and sponsorship revenue, shop, programme and rental income, excluding VAT. Season ticket and sponsorship income received prior to the year end in respect of the following football season is treated as deferred income

### **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation

Finance costs on fixed asset additions are capitalised during the period of construction and written off as part of the total cost. No depreciation is charged during the period of construction

Following the implementation of FRS 15 "Tangible Fixed Assets" the company has adopted a policy of not revaluing fixed assets. The carrying amount of tangible fixed assets previously revalued have been retained at their book amount in accordance with the transitional provisions of FRS 15

Investments are included at cost less amounts written off

### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold land and buildings	-	2%
Equipment and vehicles	-	20-25%

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve

### **Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

### **Finance lease agreements**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### **Pension costs**

The company operates defined contribution schemes for certain employees. The company funds its pension liabilities through externally managed pension schemes. Contributions are charged against profits in the year in which payments are due.

The defined benefit scheme participated in by the company is a multi employer pension scheme. The company is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly the company has taken advantage of the exemption in FRS17 to assess the liabilities of the scheme at 30 June 2007. Accordingly the pension cost in respect of the defined benefit scheme represent the amount of contributions payable in respect of the accounting period.

### **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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such on the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Dividends and distributions relating to equity instruments are debited direct to equity.

### **Grants**

Grants received from the Football Trust and Government in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets

### **Transfer fees paid for player registrations**

The costs of acquired player registrations, including agents fees, are capitalised as intangible assets and amortised over the period of the players' contracts, with appropriate adjustments for any impairments assessed to have taken place

## Profit and loss account

	Note	2007 £	2006 £
Turnover	1	34,938,142	11,900,890
Cost of sales		(22,958,314)	(14,657,765)
Gross profit/(loss)		11,979,828	(2,756,875)
Other operating charges	2	(10,386,668)	(7,263,079)
Other operating income		436,239	300,615
<b>Operating profit/(loss)</b>	3	<b>2,029,399</b>	<b>(9,719,339)</b>
Profit on disposal of player registration	6	703,900	929,287
Interest payable and similar charges	7	(968,106)	(642,624)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>1,765,193</b>	<b>(9,432,676)</b>
Tax on profit/(loss) on ordinary activities	8	709,928	—
<b>Profit/(loss) for the financial year</b>	25	<b>2,475,121</b>	<b>(9,432,676)</b>

All of the activities of the company are classed as continuing

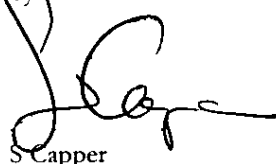
The company has no recognised gains or losses other than the results for the year as set out above

## Balance sheet

	Note	2007 £	2006 £
<b>Fixed assets</b>			
Intangible assets	9	10,821,869	5,712,858
Tangible assets	10	33,173,110	30,547,424
Investments	11	1	1
		<u>43,994,980</u>	<u>36,260,283</u>
<b>Current assets</b>			
Stocks	12	286,856	279,564
Debtors	13	6,845,626	3,603,667
		<u>7,132,482</u>	<u>3,883,231</u>
<b>Creditors' amounts falling due within one year</b>	14	<u>(24,805,936)</u>	<u>(20,789,973)</u>
<b>Net current liabilities</b>		<u>(17,673,454)</u>	<u>(16,906,742)</u>
<b>Total assets less current liabilities</b>		<u>26,321,526</u>	<u>19,353,541</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(34,991,724)</u>	<u>(29,195,350)</u>
		<u>(8,670,198)</u>	<u>(9,841,809)</u>
Deferred income	20	<u>(9,013,722)</u>	<u>(10,317,232)</u>
		<u>(17,683,920)</u>	<u>(20,159,041)</u>
<b>Capital and reserves</b>			
Called-up equity share capital	24	1,489,202	1,489,202
Revaluation reserve	25	4,862,268	5,005,049
Profit and loss account	25	(24,035,390)	(26,653,292)
<b>Deficit</b>	26	<u>(17,683,920)</u>	<u>(20,159,041)</u>

These financial statements were approved by the directors on 24 April 2008 and are signed on their behalf

by



S Capper

## Other primary statements

### Note of historical cost profits and losses

	2007 £	2006 £
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>1,765,193</b>	<b>(9,432,676)</b>
Difference between a historical cost depreciation charge and the actual charge calculated on the revalued amount	<u>142,781</u>	<u>131,687</u>
Historical cost profit/(loss) on ordinary activities before taxation	<u><b>1,907,974</b></u>	<u><b>(9,300,989)</b></u>
Historical cost profit/(loss) for the year after taxation	<u><b>2,617,902</b></u>	<u><b>(9,300,989)</b></u>

## Notes to the financial statements

### **1 Turnover**

The turnover and profit before tax are attributable to the one principal activity of the company  
 An analysis of turnover by geographical destination is given below

	2007 £	2006 £
United Kingdom	<u>34,938,142</u>	<u>11,900,890</u>

### **2 Other operating charges**

	2007 £	2006 £
Amortisation of player registrations	4,562,000	1,199,618
Administrative expenses	5,824,668	6,063,461
	<u>10,386,668</u>	<u>7,263,079</u>

### **3 Operating profit/(loss)**

Operating profit/(loss) is stated after charging/(crediting)

	2007 £	2006 £
Amortisation of player registrations	4,562,000	1,199,618
Depreciation of owned fixed assets	746,290	531,380
Depreciation of assets held under finance leases and hire purchase agreements	<u>17,665</u>	<u>60</u>

	2007 £	2006 £
Auditor's remuneration - audit of the financial statements	<u>14,000</u>	<u>12,059</u>
Auditor's remuneration - other fees		
- Taxation services	<u>2,540</u>	<u>2,500</u>

**4 Directors and employees**

The average number of staff employed by the company during the financial year amounted to

	<b>2007</b>	2006
	<b>No</b>	No
Football	<b>121</b>	102
Non-football	<b>60</b>	65
	<b>181</b>	167

The aggregate payroll costs of the above were

	<b>2007</b>	2006
	<b>£</b>	£
Wages and salaries	<b>18,636,771</b>	12,159,034
Social security costs	<b>2,104,687</b>	1,363,311
Other pension costs	<b>32,784</b>	185,684
	<b>20,774,242</b>	13,708,029

**5 Directors**

Remuneration in respect of directors was as follows

	<b>2007</b>	2006
	<b>£</b>	£
Fees payable in respect of services provided	<b>157,708</b>	305,099

	<b>2007</b>	2006
	<b>£</b>	£
Fees payable in respect of services provided	<b>157,708</b>	200,866

**6 Profit on disposal of player registrations**

	<b>2007</b>	2006
	<b>£</b>	£
Profit on disposal of player registrations	<b>703,900</b>	929,287



**7 Interest payable and similar charges**

	2007	2006
	£	£
Interest payable on bank borrowing	960,072	633,973
Finance charges	1,249	1,888
Other similar charges payable	6,785	6,763
	<u>968,106</u>	<u>642,624</u>

**8 Taxation on ordinary activities**

(a) Analysis of charge in the year

	2007	2006
	£	£
UK Corporation tax based on the results for the year at 19% (2006 - 19%)	(709,928)	-
Total current tax	<u>(709,928)</u>	<u>-</u>

Unrelieved tax losses of approximately £26,264,000 (2006 £29,057,000) remain available to offset against future taxable trading profits

No provision has been made for deferred tax on trading losses carried forward. The total amount unrecognised for is approximately £5,253,000 (2006 £5,521,000). At present it is not envisaged that future taxable profits will be sufficient for these timing differences to be reversed.

No provision has been made for deferred tax on accelerated capital allowances and other short term timing differences. The total amount unprovided for is approximately £29,000 (2006 £146,000). At present it is not envisaged that future taxable profits will be sufficient for these timing differences to be reversed.

## 8 Taxation on ordinary activities (continued)

### (b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 - 19%)

	2007 £	2006 £
Profit/(loss) on ordinary activities before taxation	<b>1,765,193</b>	(9,432,676)
Profit on ordinary activities multiplied by standard rate of tax in the UK of 19% (2006 - 19%)	<b>335,387</b>	(1,792,208)
Expenses not deductible for tax purposes	<b>130,653</b>	73,121
Deductions allowable for tax purposes	<b>(60,537)</b>	(55,224)
Capital allowances for the period in excess of depreciation	<b>(60,696)</b>	-
Depreciation in excess of capital allowances	-	16,282
Short term timing differences	<b>(5,073)</b>	8,667
Surrender of group relief	-	95,896
Utilisation of tax losses	<b>(311,755)</b>	-
Unutilised tax losses carried forward	-	1,653,466
Capital gain	<b>(27,979)</b>	-
Consortium relief received	<b>(709,928)</b>	-
Total current tax (note 8(a))	<b>(709,928)</b>	-

## 9 Intangible fixed assets

	£
Cost	
At 1 July 2006	7,177,370
Additions	12,058,011
Disposals	(4,115,000)
At 30 June 2007	<b>15,120,381</b>
Amortisation	
At 1 July 2006	1,464,512
Charge for the year	4,562,000
On disposals	(1,728,000)
At 30 June 2007	<b>4,298,512</b>
Net book value	
At 30 June 2007	<b>10,821,869</b>
At 30 June 2006	5,712,858

The costs of acquired player registrations, including agent's fees, are capitalised as intangible assets and amortised over the period of the players' contracts, with appropriate adjustments for any diminutions in value assessed to have taken place

**10 Tangible fixed assets**

	<b>Freehold land and buildings £</b>	<b>Equipment and vehicles £</b>	<b>Total £</b>
Cost or valuation			
At 1 July 2006	32,119,720	1,789,018	33,908,738
Additions	2,490,889	898,752	3,389,641
At 30 June 2007	<u>34,610,609</u>	<u>2,687,770</u>	<u>37,298,379</u>
Depreciation			
At 1 July 2006	2,470,510	890,804	3,361,314
Charge for the year	567,306	196,649	763,955
At 30 June 2007	<u>3,037,816</u>	<u>1,087,453</u>	<u>4,125,269</u>
Net book value			
At 30 June 2007	<u><b>31,572,793</b></u>	<u><b>1,600,317</b></u>	<u><b>33,173,110</b></u>
At 30 June 2006	<u>29,649,210</u>	<u>898,214</u>	<u>30,547,424</u>

The total cost of finance costs included in the cost of tangible fixed assets is £99,467 (2006 £99,467)

No provision has been made for the deferred taxation in respect of estimated corporation tax that would be payable on disposal of the land and buildings at the valuation because, in the opinion of the directors, those assets are unlikely to be disposed of in the foreseeable future

The figures stated above for cost or valuation include valuations as follows

	<b>Freehold land and buildings</b>	
	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
At cost	<b>18,610,609</b>	16,119,720
Valuation - 30 June 1997	<b>16,000,000</b>	16,000,000
	<u><b>34,610,609</b></u>	<u>32,119,720</u>

Included within the net book value of £33,173,110 is £84,362 (2006 - £70,661) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £17,665 (2006 - £60)

**10 Tangible fixed assets (continued)**

If certain fixed assets had not been revalued, they would have been included on the historical cost basis at the following amounts

	<b>Freehold land and buildings £</b>
Cost	26,065,235
Accumulated depreciation	(1,649,386)
Net book amount at 30 June 2007	<u><b>24,415,849</b></u>
Net book amount at 1 July 2006	<u><u>24,843,087</u></u>

**11 Investments**

	<b>£</b>
Cost and net book value At 1 July 2006 and 30 June 2007	<u><b>1</b></u>

At 30 June 2007 the company held 100% of the ordinary share capital of Thames Club Limited, a company incorporated in England and Wales which operates a health club

**12 Stocks**

	<b>2007 £</b>	<b>2006 £</b>
Goods available for resale	<u><b>286,856</b></u>	<u><b>279,564</b></u>

**13 Debtors**

	<b>2007 £</b>	<b>2006 £</b>
Trade debtors	<b>1,316,211</b>	810,905
Amounts owed by group undertakings	<b>3,240,563</b>	1,927,580
Other debtors	<b>1,899,774</b>	543,312
Prepayments and accrued income	<b>389,078</b>	321,870
	<u><b>6,845,626</b></u>	<u><b>3,603,667</b></u>

**14 Creditors: amounts falling due within one year**

	2007	2006
	£	£
Bank loans and overdrafts	5,178,399	11,068,143
Trade creditors	1,813,301	3,447,252
Amounts owed to group undertakings	14,103,271	1,596,744
Other taxation and social security	1,377,699	690,040
Amounts due under finance leases and hire purchase agreements	39,828	26,594
Other creditors	20,455	37,788
Accruals and deferred income	2,272,983	3,923,412
	<u>24,805,936</u>	<u>20,789,973</u>

The bank loan and overdraft are secured by a fixed and floating charge over all the assets of the company

The bank loan facility is secured by a fixed charge over the Blades Enterprise Centre and the Kop Corner

**15 Creditors: amounts falling due after more than one year**

	2007	2006
	£	£
Bank loans and overdrafts	42,000	270,000
Amounts owed to group undertakings	34,730,932	28,671,395
Amounts due under finance leases and hire purchase agreements	89,827	98,290
Shares classed as financial liabilities	9,130	9,130
Other creditors	119,835	146,535
	<u>34,991,724</u>	<u>29,195,350</u>
Shares classed as financial liabilities		
Preference shares of £10 each	<u>9,130</u>	<u>9,130</u>

**16 Creditors - capital instruments**

Creditors include finance capital which is due for repayment as follows

	2007	2006
	£	£
Amounts repayable		
In one year or less or on demand	5,178,399	11,068,143
In more than one year but not more than two years	42,000	228,000
In more than two years but not more than five years	—	42,000
	<u>5,220,399</u>	<u>11,338,143</u>

**17 Commitments under finance leases and hire purchase agreements**

Future commitments under finance leases and hire purchase agreements are as follows

	2007	2006
	£	£
Amounts payable within 1 year	39,828	26,594
Amounts payable between 1 and 2 years	42,759	27,954
Amounts payable between 3 and 5 years	47,068	70,336
	<u>129,655</u>	<u>124,884</u>

**18 Pensions**

**Pension commitments**

Certain of the company's employees and ex-employees are members of the Football League Limited Pension and Life Assurance Scheme (FLLPLAS), a defined benefit scheme. As the company is one of a number of participating employers in FLLPLAS, it is not possible to accrue any actuarial surplus or deficit on a meaningful basis. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Under the provisions of FRS 17 the scheme is treated as a defined benefit multi-employer scheme.

The scheme's actuary has advised that the participating employer's share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis and, accordingly, no disclosures are made under the provisions of FRS 17. At 1 April 2006 an updated actuarial valuation was performed and caused the trustees to amend the outstanding deficit they agreed to be allocated to the Sheffield United plc Group to £180,724. The actuary has taken into account that, with people generally living longer, pensions will be payable over a longer term, and as a result, whilst there is no increase in the annual payment, these payments are over a longer term. The contribution level for the Group is therefore £26,700 per annum for the period from May 2006 to April 2016. As the scheme is no longer accruing benefits in respect of employees, the directors have decided to make a provision for the fair value of future contributions to be paid.

**19 Derivatives**

There were no derivatives held by the company at 30 June 2007 or 30 June 2006 not recognised in the financial statements.

**20 Deferred income**

	2007	2006
	£	£
Advance ticket sales	3,849,322	4,459,337
Sponsorship	644,485	1,225,283
Deferred grant income	4,519,915	4,632,612
At 30 June	<u>9,013,722</u>	<u>10,317,232</u>

**21 Leasing commitments**

At 30 June 2007 the company had annual commitments under non-cancellable operating leases as set out below

	<b>Assets other than land &amp; buildings</b>	
	2007	2006
	£	£
Operating leases which expire		
Within 1 year	6,000	4,000
Within 2 to 5 years	22,000	10,000
	<u>28,000</u>	<u>14,000</u>

**22 Contingent liabilities**

The company has entered into cross guarantee arrangements regarding the bank facilities of certain other group subsidiaries. The amount guaranteed at 30 June 2007 amounted to £23,461,810 (2006 £8,281,210)

**23 Related party transactions**

During the year the company purchased goods and services from companies which certain directors held an interest in. During the year the company sold services to directors or companies in which certain directors held interests. The transactions were all undertaken on an arms length basis. The transactions were not considered to be material to either the company or the related parties.

As a wholly owned subsidiary of Sheffield United plc, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Sheffield United plc.

## 24 Share capital

### Authorised share capital

	2007 £	2006 £
477 Deferred shares of £100 each	47,700	47,700
2,883 Ordinary shares of £500 each	1,441,500	1,441,500
204 Deferred shares of £0.01 each	2	2
1,046 Preference shares of £10 each	10,460	10,460
	<u>1,499,662</u>	<u>1,499,662</u>

### Allotted and called up

### Shares classified as equity

	2007		2006	
	No	£	No	£
Deferred shares of £100 each	477	47,700	477	47,700
Ordinary shares of £500 each	2,883	1,441,500	2,883	1,441,500
Deferred shares of £0.01 each	204	2	204	2
	<u>3,564</u>	<u>1,489,202</u>	<u>3,564</u>	<u>1,489,202</u>

### Shares classed as financial liabilities

	2007		2006	
	No	£	No	£
Preference shares of £10 each (note 15)	913	9,130	913	9,130

### Deferred shares

On 11 October 1999 the 477 Original Shares of £100 each and the 204 Deferred Shares of £0.01 each were re-designated as Deferred Shares 2022 and 2019 respectively. The rights attaching to those shares were amended so that they no longer carry any right to participate in dividends, or to receive notice of, or to vote at general meetings.

Holders of Deferred Shares 2022 and 2019 have the right on winding up to receive a nominal value of their shares after the holders of Preference Shares and Ordinary Shares have received the nominal value of their shares.

## 25 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 July 2006	5,005,049	(26,653,292)
Profit for the year	–	2,475,121
Other movements		
- transfer to/from revaluation reserve	(142,781)	142,781
At 30 June 2007	<u>4,862,268</u>	<u>(24,035,390)</u>



**26 Reconciliation of movements in shareholders' funds**

	2007 £	2006 £
Profit/(loss) for the financial year	2,475,121	(9,432,676)
Opening shareholders' deficit	(20,159,041)	(10,726,365)
Closing shareholders' deficit	<u>(17,683,920)</u>	<u>(20,159,041)</u>

**27 Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £18,500,000 (2006 £2,200,000)

**28 Signing-on and transfer fees payable**

Commitments in respect of deferred signing-on fees due to players under contract at the year end and not provided in the financial statements amounted to £589,000 (2006 £573,800). Such fees are charged to the profit and loss account in the period in which they are paid.

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 or performance are met. The maximum that could be repayable is £725,000 (2006 £390,000). This amount is not provided in the financial statements as it is not expected to be payable. Under the terms of certain player contracts, certain additional amounts would be payable if the club reaches the play-offs or wins promotion to or retains membership of the FA Barclays Premier League. No amounts relating to this have been provided.

**29 Ultimate parent company**

The ultimate parent undertaking of this company is Sheffield United plc incorporated in England and Wales. Group accounts for Sheffield United plc are available from Sheffield United plc, Bramall Lane, Sheffield, S2 4SU. By virtue of his shareholding in Sheffield United plc, Kevin McCabe is considered to be the company's controlling related party.

The financial statements have been drawn up on a going concern basis which assumes the continuing financial support of the ultimate parent undertaking. Sheffield United plc has confirmed that it is its present intention to provide financial support to Sheffield United Football Club Limited for the foreseeable future.

**30 Post balance sheet events**

Since the balance sheet date the company has purchased player registrations which are accounted for as intangible fixed assets amounting to £8.7 million and disposed of player registrations with a book value of £3.2 million for a total consideration of £10.6 million.

The company also entered into a long lease for a portion of the Bramall Lane site with Sheffield United (Hotel) Limited, a 100% subsidiary of Sheffield United plc, for a premium of £1.5 million.