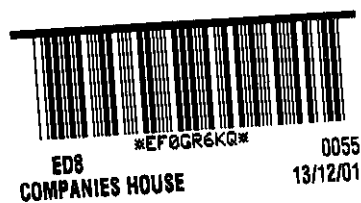


396956

|  |    |
|--|----|
| Directors, Officers and Advisers               | 1  |
| Chairman's Statement                           | 2  |
| Report of the Directors                        | 4  |
| Corporate Governance                           | 7  |
| Report on Remuneration                         | 10 |
| Directors' Responsibilities                    | 12 |
| Report of the Auditors                         | 13 |
| Principal Accounting Policies                  | 14 |
| Consolidated Profit and Loss Account           | 16 |
| Consolidated Balance Sheet                     | 17 |
| Company Balance Sheet                          | 18 |
| Consolidated Cash Flow Statement               | 19 |
| Statement of Total Recognised Gains and Losses | 20 |
| Notes to the Financial Statements              | 21 |
| Notice of Annual General Meeting               | 34 |



## Directors, Officers and Advisers

---

|                                     |  |
|-------------------------------------|--|
| <b>Company registration number:</b> | 396956   |
| <b>Registered Office:</b>           | Bramall Lane<br>SHEFFIELD S2 4SU   |
| <b>Directors:</b>                   | B Procter<br>D Dooley<br>M D Dudley<br>A J Laver ACA<br>K C McCabe   |
| <b>Secretary:</b>                   | M A Manning FCA  |
| <b>Bankers:</b>                     | HSBC Bank Plc<br>17 Church Street<br>SHEFFIELD S1 1HH<br><br>Bank of Scotland<br>Head Office<br>The Mound<br>EDINBURGH EH1 1YZ |
| <b>Solicitors:</b>                  | DLA<br>Fountain Precinct<br>Balm Green<br>SHEFFIELD S1 1RZ<br><br>Benson Clegg<br>32 Wilkinson Street<br>SHEFFIELD S10 2GB     |
| <b>Auditors:</b>                    | Grant Thornton<br>28 Kenwood Park Road<br>SHEFFIELD S7 1NG   |
| <b>Stockbrokers:</b>                | Bell Lawrie Wise Speke<br>A Division of Brewin Dolphin Securities Limited<br>34 Lisbon Street<br>LEEDS LS1 4LX                 |
| <b>Registrars:</b>                  | Northern Registrars Limited<br>Northern House<br>Woodsome Park<br>Fenay Bridge<br>HUDDERSFIELD HD8 0LA                         |
| <b>Public Relations:</b>            | Hurndall Ross Media<br>Unit 311<br>The Workstation<br>15 Paternoster Row<br>SHEFFIELD S1 2BX                                   |

## Chairman's Statement

---

### Results

On behalf of the Board, I am pleased to report the results for the year ended 30 June 2001. There has been a substantial improvement in operating performance, represented by a significant reduction in operating losses on turnover up 13% to £6.5 million (2000: £5.8 million). In common with other football clubs, the results have been adversely affected by a late claim against the club for a contribution to the shortfall of the Football League Pension and Life Assurance Scheme. The charge of £200,000 in respect of this claim is being contested by the club.

A surplus on player sales contributed £3.7 million, resulting in a retained loss of £0.4 million. As the following table shows, there has been a progressive reduction of annual retained losses, reflecting the action which continues to be taken by the Board to control the operating costs and to restore the group to profitability.

|        | £m    |
|--------|-------|
| 1997/8 | (6.6) |
| 1998/9 | (4.2) |
| 1999/0 | (1.7) |
| 2000/1 | (0.4) |

The loss per share was 0.7p (2000: loss 3.3p).

### Operational review

The improved operating performance was primarily attributable to increased turnover from the football related income sources. Gate receipts grew by 11% to £2.5 million (2000: £2.3 million) resulting from a rise in average home league attendances to 17,254 (2000: 13,718).

Television income grew by 14% and there were significant increases in commercial income (up 17%) and conference and banqueting income (up 7%).

Since my last annual statement, the club has added a number of players to the first team squad (notably Asaba, Murphy, Ndlovu, Nicholson, Peschisolido and Page) through a combination of free transfers under the Bosman ruling and transfer fees totalling £0.6 million. During the same period £4.0 million has been raised from player sales, principally Bent, Woodhouse and Quinn. The Board is mindful that a combination of a significant further growth of income and containment of player wage costs will be necessary, before the position is reached of sufficient operating profitability to eliminate the requirement of income from player sales. Appreciation is expressed to the manager, Neil Warnock, for his co-operation and understanding of this situation.

In addition, during the year under review group net debt has been cut by £1.6 million to £7.2 million at 30 June 2001. Included in this figure is an amount of £3.1 million compared to £5.5 million at 30 June 2000, in respect of bank and other borrowings due on demand or in less than one year. This reduction in short-term debt has been achieved primarily by the conversion during the year of overdraft indebtedness to a medium term loan.

### Blades Leisure Park

I am delighted to confirm the completion of the construction of the Blades Enterprise Centre, which was officially opened on 13 September 2001 by the Minister of Sport, Richard Caborn. Current occupancy of the centre is in line with budget and the centre is expected to be a separate and significant source of income for the group in the medium term.

We intend that the next phase of the development at Bramall Lane will be the construction of a hotel, after negotiations, which are ongoing, are completed to the satisfaction of the Board, particularly in regard to the value of the hotel operator covenant.

## Chairman's Statement

---

### Blades Hall of Fame

The exciting development of the Blades Hall of Fame, which we expect to attract all-year round interest in visiting Bramall Lane, is programmed to be completed and opened in December 2001, and we thank all our sponsors and contributors of memorabilia for their support of this venture.

### Youth Academy

Academy status has been granted for the club's youth development programme centred at the group's freehold site in Shirecliffe, Sheffield. The initial phase of construction to comply with academy status is scheduled for completion by August 2002. Once again the development will be financed independently from the club. An advantage of academy status is already evident, with the ability to compete against the major football clubs at junior level. The long-term intention is to provide a base for attracting and developing young talent, to the ultimate benefit and success of the club.

### Dividend

No dividend is able to be paid for the year ended 30 June 2001. The deficit on the parent company's profit and loss account will require to be eliminated before a dividend can be distributed to shareholders.

### Prospects

The Board continues to monitor any future implications for the club resulting from legislative changes to the contractual relationship between players and clubs.

The Board will proceed with its group strategy to develop income streams from activities independent of the football club and which will thereby provide additional sources of funding available for strengthening the club's squad.

The Board remains committed to achieving the aim of promotion to the Premier League but within a sound financial framework, in particular the control of player wages which is a challenge to all modern professional football clubs.

I would like to express my personal thanks to all the directors who, together as a Board, have worked so hard this year to help restore a sound financial basis to this club. Further appreciation is extended to all the staff, Neil Warnock and the players for their contribution, particularly the enjoyable centenary game against our old rivals Sheffield Wednesday.

Finally, the heart and aspirations of the club originate in our supporters, who I am delighted to write are encouraging the team in increasing numbers. Thank you.



**Bernard Procter**  
Chairman

10 October 2001

## Report of the Directors

The directors have pleasure in submitting their report, together with the consolidated financial statements of the group for the year ended 30 June 2001.

### Principal activities

The principal activities of the group comprised a professional football club, conference and banqueting, stewarding, corporate hospitality and a business centre.

### Review of the business

A review of the business and its future developments are contained in the Chairman's statement on pages 2 and 3.

### Results and dividends

The consolidated profit and loss account is set out on page 16 and shows a loss for the year after taxation of £367,000 (2000: £1,651,000). The directors do not recommend the payment of a dividend.

### Directors

The present membership of the Board is set out below. All directors served throughout the year:

|                               | 3 October 2001  | 2001            | 2000            |
|-------------------------------|-----------------|-----------------|-----------------|
|                               | Ordinary shares | Ordinary shares | Ordinary shares |
|                               | 10p each        | 10p each        | 10p each        |
| <b>Beneficially held:</b>     |                 |                 |                 |
| B Procter                     | 685,200         | 685,200         | 485,200         |
| D Dooley                      | 7,170           | 7,170           | 7,170           |
| M D Dudley                    | 877,001         | 757,001         | 357,001         |
| A J Laver                     | 160,525         | 160,525         | 160,525         |
| K C McCabe                    | 415,780         | 415,780         | 315,780         |
|                               |                 |                 |                 |
|                               | 3 October 2001  | 2001            | 2000            |
|                               | Ordinary shares | Ordinary shares | Ordinary shares |
|                               | 10p each        | 10p each        | 10p each        |
| <b>Non beneficially held:</b> |                 |                 |                 |
| B Procter                     | 1,911,300       | 1,911,300       | 1,911,300       |
| D Dooley                      | -               | -               | -               |
| M D Dudley                    | -               | -               | -               |
| A J Laver                     | 506,188         | 506,188         | 506,188         |
| K C McCabe                    | 4,531,200       | 4,351,200       | 3,251,200       |

B Procter and A J Laver retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

The company has a share option scheme under which directors and other executives are able to subscribe for shares in Sheffield United plc. Details of their interests in share options are given in the report of the remuneration committee.

### Non-executive directors

**Bernard Procter (aged 70)** *Non-Executive Director* – was previously a Non-Executive Director of The Sheffield United Football Club Limited. He is a director of a number of private companies.

**Michael Douglas Dudley (aged 54)** *Non-Executive Director* – is a Sheffield based businessman and director of a number of companies.

**Andrew James Laver (aged 35)** *Non-Executive Director* – an Associate of the Institute of Chartered Accountants in England and Wales, he is a director of the Arnold Laver group of companies.

## Report of the Directors

---

**Kevin Charles McCabe (aged 53)** *Non-Executive Director* – an Associate of the Royal Institute of Chartered Surveyors and Chartered Institute of Arbitrators. He is the Chairman of Scarborough Property Group plc, a family owned company incorporated in 1980 and Teesland Group plc, a national property company. He was appointed as Non-Executive Director of The Sheffield United Football Club Limited in 1995.

### Substantial shareholdings

Apart from the shareholdings listed below, the directors are not aware of any party interested in 3% or more of the issued ordinary share capital of the company at 3 October 2001.

|   | Number of Shares | %    |
|---|------------------|------|
| Texas Group plc and Texas Holdings Limited      | 7,287,126        | 14.7 |
| Scarborough Property Investment Company Limited | 3,678,040        | 7.4  |
| B Procter and C Talbot settlement               | 1,911,300        | 3.9  |
| M P Burke                                       | 1,630,000        | 3.3  |

### Employees

The group places great emphasis on its employees and has continued its practice of keeping them informed of matters affecting their employment and the financial and economic factors affecting the performance of the group.

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the group may continue.

It is the policy of the group that training, career development and promotion opportunities should be available to all employees.

### Payment policy

For all trade creditors it is the group's policy to:

- (i) agree the terms of payment at the start of business with that supplier
- (ii) ensure that suppliers are aware of the terms of payment
- (iii) pay in accordance with its contractual and other legal obligations

Trade creditors at the year end amount to 62 days (2000: 66 days) of average supplies for the year.

### Charitable donation

Charitable donations of £555 were paid during the year.

### Special business

Resolutions 5 and 6 in the Notice of the forthcoming Annual General Meeting are items of special business.

Resolution 5 empowers the directors to allot shares with a nominal value of up to £1,654,440. This represents one third of the issued ordinary share capital as at 10 October 2001. The authority, if given, will last until the earlier of 22 February 2003 and the commencement of the Annual General Meeting in 2002. The directors have no present intention of exercising the authority conferred by this resolution.

## Report of the Directors

---

Resolution 6 allows the directors to allot shares other than in accordance with section 89 of the Companies Act 1985 in connection with rights issues and otherwise up to a maximum nominal amount of £248,166, representing approximately 5% of the company's issued ordinary share capital as at 10 October 2001. The authority will terminate no later than 15 months after the Annual General Meeting.

The directors believe that they should have the authorities proposed under resolutions 5 and 6 to take advantage of business opportunities as they arise, thus maintaining a degree of flexibility to act in the interests of the company.

### **Auditors**

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

By order of the Board

**M A Manning FCA**

Secretary

10 October 2001



## Corporate Governance

---

### APPLICATION OF PRINCIPLES

The company has applied the principles of good governance contained in the Turnbull Report on Corporate Governance.

#### Directors

The company supports the concept of an effective Board leading and controlling the company. The Board is responsible for approving company policy and strategy. It meets monthly and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the directors are free to seek any further information they consider necessary. All directors have access to advice from the company secretary and independent professionals at the company's expense. Training is available for new directors and other directors as necessary.

The Board included one executive director and four non-executive directors during the period. The non-executive directors bring a breadth of experience and knowledge and all are independent of management and any business or other relationship which could interfere with the exercise of their independent judgement. This provides a balance whereby the Board's decision making cannot be dominated by an individual or small group. Bernard Procter has been Chairman of the Board since 23 November 1999. In addition to their non-executive duties, each of the non-executive directors devotes a considerable proportion of his time without compensation in the interests of the development of the group. The company's business is managed by John Thurman, the acting managing director. Mr Dooley's executive responsibilities relate primarily to football matters. The Board has named Andrew Laver as the senior independent non-executive director. The board members are described on pages 4 and 5.

All directors are subject to re-election at most every three years and, on appointment, at the first AGM after appointment. The Nomination Committee, which comprises the whole Board, meets as required to select and recommend to the Board suitable candidates for both executive and non-executive appointments to the Board.

#### Directors' remuneration

The company recognises that directors' remuneration is of legitimate concern to the shareholders and is committed to following current best practice. The policy of the company is to provide sufficient levels of remuneration to attract, retain and motivate executive directors, but to avoid paying more than is necessary for this purpose.

The Remuneration Committee, which carries out the policy on behalf of the Board, comprises Andrew Laver (Chairman), Bernard Procter and Kevin McCabe, all of whom are independent non-executive directors. It meets at least twice a year. As well as considering conditions in the group as a whole, the Committee takes into account the position of the company relative to other companies and is aware of what these companies are paying, though comparisons are treated with caution to avoid an upward ratchet in remuneration. The Committee consults the executive director and acting managing director and has access to professional advice. The Chairman maintains contact with the principal shareholders.

The remuneration packages of individual directors are structured so that performance related elements form a proportion of the total and are designed to align their interests with those of the shareholders. Share options are designed so that they are phased and recognise the long-term growth of the company. No director has a service contract of more than one year.

The remuneration of non-executive directors is determined by a sub-committee of the Board comprising the acting managing director and the Chairman.

The Board's report on remuneration is on pages 10 and 11. It sets out the company's policy in detail and the full details of all elements in the remuneration package of each individual director.



## Corporate Governance

---

### Relations with shareholders

The company values the views of its shareholders and recognises their interest in the company's strategy and performance, Board membership and quality of management.

The AGM is used to communicate with private investors and they are encouraged to participate. The Chairmen of the Audit, Remuneration and Nomination Committees are available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration and there is a resolution to approve the annual report and accounts. The company counts all proxy votes and will indicate the level of proxies lodged on each resolution, after it has been dealt with by a show of hands.

### Accountability and audit

The Board presents a balanced and understandable assessment of the company's position and prospects in all interim and price-sensitive reports and reports to regulators as well as in the information required to be presented by statutory requirements. The responsibilities of the directors as regards the accounts are described on page 12, and those of the auditors on page 13. A statement on going concern is also on page 9.

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the company's assets. A review of procedures, bringing them into line with the Turnbull Report, was fully completed to ensure full compliance with the Code during the current financial year, except as noted below.

The Audit Committee comprises Andrew Laver (Chairman), Bernard Procter and Kevin McCabe, all of whom are independent non-executive directors. The terms of reference of the Committee include keeping under review the scope and results of the external audit and their cost effectiveness. The Committee reviews the independence and objectivity of the external auditors. This includes reviewing the nature and extent of non-audit services supplied by the external auditors to the company, seeking to balance objectivity and value for money.

### Compliance

The company has complied throughout the year with the Code provisions set out in Section 1 of the Combined Code except that the Board has not had a director as managing director since November 1998. Therefore the company does not comply with provision A2.1 of the Code. In addition the Board does not meet the balance of executive to non-executive directors required by provision A3 of the Code. It is the intention of the Board to appoint a managing director as soon as is practicable.

### Principal risks and internal control

In accordance with the guidance of the Turnbull Committee on internal controls the Board has identified and set out procedures for managing risks faced by the group. These procedures have been implemented during the financial year and up to the date the financial statements were approved. The risk management procedures and systems of internal control are designed to manage rather than eliminate the risk of failure to achieve the group's strategic objectives. It should be recognised that such systems can only provide reasonable and not absolute protection against material misstatement or loss.

Risk management and evaluation takes place as part of the monthly board meetings. The Board then monitors and reviews the identified risks on a regular basis. A further review is carried out bi-annually by the Audit Committee.

The Board has also reviewed the need for an internal audit function and concluded that such a function is presently unwarranted by the group's size. The Board will review the situation on an on-going basis.

## Corporate Governance

---

The directors are responsible for the group's systems of internal control. The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The key features of the group's systems of internal control are as follows:

- (i) detailed budgets and plans which are approved by subsidiary and group Boards;
- (ii) regular consideration by the Board of actual results compared with budgets and forecasts;
- (iii) compliance by subsidiaries with group operating procedures and policies;
- (iv) annual review of the group's insurance cover;
- (v) defined procedures for the appraisal and authorisation of player transfers and capital expenditure; and
- (vi) regular reporting of borrowing and facilities to the Board.

### Monitoring process

The Board confirms that it has conducted a review of the effectiveness of the group's systems of internal control described above for the financial year and up to the date of this report in accordance with the guidance set out in Internal Control: Guidance for Directors on the Combined Code (the Turnbull guidance).

### Going concern

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details of the enquiries made by the directors are given in the principal accounting policies on pages 14 and 15.

By order of the Board

**M A Manning FCA**  
Secretary



10 October 2001

## Report on Remuneration

---

### REMUNERATION COMMITTEE

The membership of the Committee is as follows:

Andrew Laver (Chairman)  
Bernard Procter  
Kevin McCabe

None of the Committee has any personal financial interest in the matters to be decided (other than as shareholders), potential conflicts of interest arising from cross-directorships nor any day-to-day involvement in running the business. The Committee consults the Chairman (and acting managing director) about its proposals and has access to professional advice from inside and outside the company.

### Policy on executive directors' remuneration, service contracts and compensation

Executive remuneration packages are designed to attract, motivate and retain directors of the calibre necessary to enhance the group's position and to reward them for enhancing shareholder value and returns.

There are two main elements of their remuneration package:

- (i) basic annual salary
- (ii) share option incentives

### Basic annual salary

Each executive director's salary is reviewed annually by the Remuneration Committee in the light of the overall performance of the group. In deciding upon appropriate levels of remuneration the Committee has regard to rates of pay for similar jobs in comparable companies as well as internal factors such as performance. Executive salaries were last reviewed by the Board in June 2001.

### Share options

The company operates the 1997 Executive Share Option Scheme that has received shareholder approval. The Board has responsibility for supervising the scheme and the grant of share options under its terms.

Under the 1997 scheme rules, share options may be granted to executives limited to £30,000 in value per individual under the approved section of the scheme and up to four times annual salary under the unapproved section of the scheme.

### Directors' share options

None of the directors during the year held options to subscribe for ordinary shares.

### Non-executive directors

The remuneration of the non-executive directors is determined by the Board within the limits set out in the Articles of Association. Non-executive directors cannot participate in any of the company's share option schemes. Non-executive directors do not have a contract of service and are not eligible to join the company's pension scheme.

### Service contracts

Executive directors have rolling contracts which are terminable by the company on 12 months or less notice.

## Report on Remuneration

## Directors' emoluments

|            | Basic<br>salaries | Benefits | Total     | Total     |
|------------|-------------------|----------|-----------|-----------|
|            | 2001              | 2001     | 2001      | 2000      |
|            | £000              | £000     | £000      | £000      |
| B Procter  | —                 | —        | —         | —         |
| D Dooley   | 36                | 5        | 41        | 12        |
| M D Dudley | —                 | —        | —         | —         |
| A J Laver  | —                 | —        | —         | —         |
| K C McCabe | —                 | —        | —         | —         |
|            | <u>36</u>         | <u>5</u> | <u>41</u> | <u>12</u> |

In respect of the year ended 30 June 2001, all Board members have waived their entitlement to fees.

## Executive directors' pensions

No contributions were made by the group to directors' pension schemes in the year ended 30 June 2001 (2000: £nil).

By order of the Board

**M A Manning FCA**

Secretary

10 October 2001



## Directors' Responsibilities

---

### **Directors' responsibilities for the financial statements**

The following statement, which should be read in conjunction with the statement of auditors' responsibilities set out on page 13, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to the financial statements.

The directors are required by law to prepare financial statements which give a true and fair view of the state of affairs of the company and the group at the end of each financial year and of the result of the group for the year. They are responsible for keeping proper accounting records and taking reasonable steps for safeguarding assets, for preventing and detecting fraud and other irregularities.

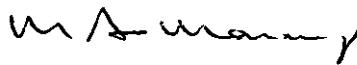
The directors consider that suitable policies have been consistently applied and that reasonable and prudent judgements and estimates have been used in the preparation of the financial statements. The directors also confirm that applicable accounting standards have been followed.

By order of the Board

**M A Manning FCA**

Secretary

10 October 2001



## Report of the Auditors

---

**TO THE MEMBERS OF SHEFFIELD UNITED plc**

We have audited the financial statements on pages 14 to 33 which have been prepared under the accounting policies set out on pages 14 and 15.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 12, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority, and by our profession's ethical guidance.

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. 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 or the Listing Rules regarding directors' remuneration and transactions with the group is not disclosed.

We review whether the statement on pages 7 to 9 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

**Basis of 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 group'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.

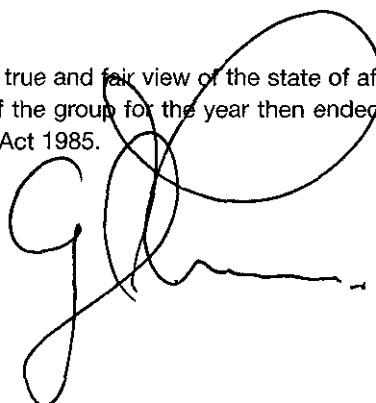
**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30 June 2001 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Grant Thornton**

Registered Auditors, Chartered Accountants  
Sheffield

10 October 2001



## Principal Accounting Policies

---

### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements have been prepared on the going concern basis. The directors, having considered the trading and cash forecasts for the next 12 months, have a reasonable expectation that the borrowing facilities available to the group are sufficient to meet the requirements indicated by those forecasts.

The principal accounting policies of the group are set out below. The policies have remained unchanged from the previous year, apart from the inclusion of agents' fees within the costs of acquired player registrations. This change has been made to bring the policy in line with current accounting practice. Previously such fees were charged against profits in the year in which payments were due.

### **Basis of consolidation**

The consolidated balance sheet and profit and loss account include the accounts of the company and its subsidiaries made up to 30 June. All intra-group trading has been eliminated.

The consolidated financial statements have been prepared in accordance with the principles of acquisition accounting, consequently the results of the subsidiaries have been included only from the date of acquisition or to the date of disposal.

### **Merger reserve**

Where the conditions for merger relief are applicable, the premium on shares issued as consideration for an acquisition is credited to the merger reserve in the company.

### **Goodwill**

As a matter of accounting policy, purchased goodwill first accounted for in accounting periods ending before 23 December 1998, the implementation of FRS 10 'Goodwill and Intangible Assets', was eliminated from the financial statements by immediate write-off on acquisition against reserves. Such goodwill will be charged or credited to the profit and loss account on the subsequent disposal of the business to which it relates. No acquisitions have been made during the year.

### **Turnover**

Turnover represents the invoiced amount of goods sold and services provided by the group (stated net of value added tax). Season ticket and sponsorship income received prior to the year end in respect of the following football season is treated as deferred income.

### **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 diminutions in value assessed to have taken place. The effect of the change to this accounting policy in the current year has been to capitalise £160,000 of agents' fees. The equivalent amount for the previous year of £99,000 was expensed to the profit and loss account. A prior year adjustment has not been made as the amount is not considered to be material.

### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

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.

Depreciation on short leasehold properties is provided on a straight line basis to write off the assets over the period of the relevant leases.

## Principal Accounting Policies

---

Depreciation on other tangible fixed assets is provided at the rates indicated below, to write off the cost or valuation of assets, less estimated residual value, over their expected working lives.

|                               |                            |
|-------------------------------|----------------------------|
| Freehold buildings            | 2% straight line basis     |
| Fixtures, plant and equipment | 15% reducing balance basis |
| Motor vehicles                | 25% reducing balance basis |

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

### Stock

Finished goods and goods for resale are stated at the lower of cost or net realisable value.

### Grants

Grants received 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.

### Donations

Donations received from the various independently run development funds and other sources are of a revenue nature and are treated as other operating income. They are credited to the profit and loss account in the year in which the donations are received.

### Deferred tax

Deferred tax has been provided for under the liability method in respect of all material timing differences except to the extent that, in the opinion of the directors, there is a reasonable probability that the liability will not arise in the foreseeable future.

### Leasing and hire purchase contracts

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

### Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

### Pensions

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

Certain employees of the group are members of the Football League defined contribution schemes, the assets of which are held separately from the group in independently administered funds. Contributions are charged against profits in the year in which payments are due.



# Consolidated Profit and Loss Account for the year ended 30 June 2001

|   | Note | £000    | 2001<br>£000 | £000    | 2000<br>£000 |
|---|------|---------|--------------|---------|--------------|
| <b>Turnover</b>   |      |         |              |         |              |
| Continuing businesses   | 1    |         | 6,513        |         | 5,769        |
| Cost of sales   |      |         | (7,076)      |         | (6,397)      |
| <b>Gross loss</b>   |      |         | (563)        |         | (628)        |
| Administrative expenses   | 1    | (3,565) |              | (4,755) |              |
| Other operating income  | 2    | 575     |              | 348     |              |
|   |      |         | (2,990)      |         | (4,407)      |
| Continuing businesses:  |      |         |              |         |              |
| Operating loss before amortisation of cost of players' registrations and cost of terminating players' contracts |      |         | (2,372)      |         | (3,159)      |
| Amortisation of cost of players' registrations  |      |         | (650)        |         | (1,370)      |
| Cost of terminating players' contracts  |      |         | (331)        |         | (506)        |
| Football League and Life Assurance Scheme shortfall contribution  |      |         | (200)        |         | —            |
|   |      |         | (3,553)      |         | (5,035)      |
| <b>Operating loss</b>   |      |         | (3,553)      |         | (5,035)      |
| Profit on disposal of players' registrations  | 1    |         | 3,709        |         | 4,042        |
| <b>Profit/(loss) on ordinary activities before interest</b>   |      |         | 156          |         | (993)        |
| Net interest payable  | 3    |         | (523)        |         | (642)        |
| <b>Loss on ordinary activities before taxation</b>  | 1    |         | (367)        |         | (1,635)      |
| Taxation  | 5    |         | —            |         | —            |
| <b>Loss on ordinary activities for the year after taxation</b>  |      |         | (367)        |         | (1,635)      |
| Minority interest   |      |         | —            |         | (16)         |
| <b>Retained loss for the financial year</b>   | 19   |         | (367)        |         | (1,651)      |
| <b>Loss per share on ordinary activities</b>  |      |         |              |         |              |
| Basic and fully diluted   | 7    |         | (0.7)p       |         | (3.3)p       |

There is no material difference between the historical cost loss and the loss for the financial years shown above.

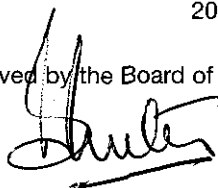
The accompanying accounting policies and notes form an integral part of these financial statements.

# Consolidated Balance Sheet at 30 June 2001

|  | Note | 2001<br>£000   | 2000<br>£000   |
|--|------|----------------|----------------|
| <b>Fixed assets</b>  |      |                |                |
| Intangible assets  | 8    | 943            | 1,430          |
| Tangible assets  | 9    | 20,424         | 16,830         |
|  |      | <u>21,367</u>  | <u>18,260</u>  |
| <b>Current assets</b>  |      |                |                |
| Stocks   | 11   | 182            | 186            |
| Debtors  | 12   | 1,599          | 2,082          |
|  |      | <u>1,781</u>   | <u>2,268</u>   |
| <b>Creditors: amounts falling due within one year</b>          | 13   | <u>(8,404)</u> | <u>(9,134)</u> |
| <b>Net current liabilities</b>                                 |      | <u>(6,623)</u> | <u>(6,866)</u> |
| <b>Total assets less current liabilities</b>                   |      | <u>14,744</u>  | <u>11,394</u>  |
| <b>Creditors: amounts falling due after more than one year</b> | 14   | (3,122)        | (1,943)        |
| <b>Deferred income</b>   | 17   | (6,228)        | (3,690)        |
| <b>Net assets</b>  |      | <u>5,394</u>   | <u>5,761</u>   |
| <b>Capital and reserves</b>                                    |      |                |                |
| Called up share capital  | 18   | 4,964          | 4,964          |
| Share premium account  | 19   | 13,883         | 13,883         |
| Merger reserve   | 19   | 3,018          | 3,018          |
| Profit and loss account  | 19   | (16,471)       | (16,104)       |
| <b>Shareholders' funds</b>                                     | 20   | <u>5,394</u>   | <u>5,761</u>   |

The financial statements were approved by the Board of directors on 10 October 2001.

**B Procter**, Chairman



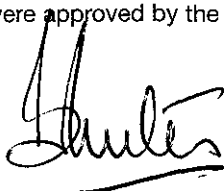
The accompanying accounting policies and notes form an integral part of these financial statements.

# Company Balance Sheet at 30 June 2001

|  | Note | £000           | 2001<br>£000    | 2000<br>£000    |
|--|------|----------------|-----------------|-----------------|
| <b>Fixed assets</b>  |      |                |                 |                 |
| Tangible assets  | 9    |                | 691             | 264             |
| Investments  | 10   |                | 4,759           | 7,459           |
|  |      |                | <u>5,450</u>    | <u>7,723</u>    |
| <b>Current assets</b>  |      |                |                 |                 |
| Debtors  | 12   | 5,876          |                 | 5,611           |
| Cash at bank and in hand                                       |      | 3,889          |                 | 2,683           |
|  |      | <u>9,765</u>   |                 | <u>8,294</u>    |
| <b>Creditors: amounts falling due within one year</b>          | 13   | <u>(2,991)</u> |                 | <u>(2,603)</u>  |
| <b>Net current assets</b>                                      |      |                | <u>6,774</u>    | <u>5,691</u>    |
| <b>Total assets less current liabilities</b>                   |      |                | <u>12,224</u>   | <u>13,414</u>   |
| <b>Creditors: amounts falling due after more than one year</b> | 14   |                | <u>(2,663)</u>  | <u>(696)</u>    |
| <b>Net assets</b>  |      |                | <u>9,561</u>    | <u>12,718</u>   |
| <b>Capital and reserves</b>                                    |      |                |                 |                 |
| Called up share capital  | 18   |                | 4,964           | 4,964           |
| Share premium account  | 19   |                | 13,883          | 13,883          |
| Merger reserve   | 19   |                | 8,186           | 8,186           |
| Profit and loss account  | 19   |                | <u>(17,472)</u> | <u>(14,315)</u> |
|  |      |                | <u>9,561</u>    | <u>12,718</u>   |

The financial statements were approved by the Board of directors on 10 October 2001.

B Procter, Chairman



The accompanying accounting policies and notes form an integral part of these financial statements.

# Consolidated Cash Flow Statement for the year ended 30 June 2001

|  | Note | £000    | 2001<br>£000 | 2000<br>£000   |
|--|------|---------|--------------|----------------|
| <b>Net cash inflow/(outflow) from operating activities</b>                         | 21   |         | <b>2,652</b> | <b>(3,420)</b> |
| <b>Returns on investments and servicing of finance</b>                             |      |         |              |                |
| Interest paid  |      | (460)   | (554)        |                |
| Interest element of finance lease payments   |      | (63)    | (88)         |                |
| <b>Net cash outflow from returns on investments and servicing of finance</b>       |      |         | <b>(523)</b> | <b>(642)</b>   |
| <b>Capital expenditure and financial investment</b>                                |      |         |              |                |
| Payments to acquire tangible fixed assets  |      | (3,961) | (398)        |                |
| Proceeds from disposal of tangible fixed assets                                    |      | 2       | 55           |                |
| Payments to acquire player registrations   |      | (330)   | (1,433)      |                |
| Proceeds from disposal of player registrations                                     |      | 3,876   | 4,768        |                |
| <b>Net cash (outflow)/inflow from capital expenditure and financial investment</b> |      |         | <b>(413)</b> | <b>2,992</b>   |
| <b>Net cash inflow/(outflow) before financing</b>                                  |      |         | <b>1,716</b> | <b>(1,070)</b> |
| <b>Financing</b>   |      |         |              |                |
| Capital element of finance lease payments  | 23   | (396)   | (362)        |                |
| Repayment of other financial liabilities   | 23   | (2,477) | (1,789)      |                |
| Receipts from borrowings   | 23   | 4,011   | 2,900        |                |
| <b>Net cash inflow from financing</b>  |      |         | <b>1,138</b> | <b>749</b>     |
| <b>Increase/(decrease) in cash</b>   | 22   |         | <b>2,854</b> | <b>(321)</b>   |

The accompanying accounting policies and notes form an integral part of these financial statements.

Statement of Total Recognised Gains and Losses  
for the year ended 30 June 2001

---

|   | 2001         | 2000           |
|---|--------------|----------------|
|   | £000         | £000           |
| Total recognised gains and losses for the year                    | (367)        | (1,651)        |
| Prior year adjustment   | -            | (2,569)        |
| Total gains and losses recognised since last financial statements | <u>(367)</u> | <u>(4,220)</u> |

# Notes to the Financial Statements for the year ended 30 June 2001

## 1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and the loss on ordinary activities before taxation can be analysed as follows:

|  | 2001         | 2000         |
|--|--------------|--------------|
|  | £000         | £000         |
| <b>Turnover</b>  |              |              |
| Area of activity:  |              |              |
| Professional football activities:                            |              |              |
| Gate receipts  | 2,532        | 2,274        |
| Television income  | 946          | 830          |
| Sponsorship, royalties, merchandising and advertising income | 2,023        | 1,724        |
| Conference and banqueting income                             | 817          | 764          |
|  | <u>6,318</u> | <u>5,592</u> |
| Soccer royalty income, corporate hospitality and stewarding  | 169          | 177          |
| Business centre income                                       | 26           | —            |
|  | <u>6,513</u> | <u>5,769</u> |

|   | Loss               |              | 2001         | 2000           |
|---|--------------------|--------------|--------------|----------------|
|   | before exceptional | Exceptional  | Total        | Total          |
|   | items              | items        | £000         | £000           |
|   | £000               | £000         | £000         | £000           |
| <b>Loss before taxation</b>                                 |                    |              |              |                |
| Professional football activities                            | (3,776)            | 3,709        | (67)         | (724)          |
| Soccer royalty income, corporate hospitality and stewarding | (4)                | —            | (4)          | (16)           |
| Business centre   | 77                 | —            | 77           | —              |
| Parent company  | 150                | —            | 150          | (253)          |
|   | <u>(3,553)</u>     | <u>3,709</u> | <u>156</u>   | <u>(993)</u>   |
| Net interest payable  |                    |              | (523)        | (642)          |
|   |                    |              | <u>(367)</u> | <u>(1,635)</u> |

|   | 2001          | 2000          |
|---|---------------|---------------|
|   | £000          | £000          |
| <b>Net assets</b>   |               |               |
| Professional football activities                            | 11,716        | 14,434        |
| Soccer royalty income, corporate hospitality and stewarding | 150           | 43            |
| Business centre   | 116           | —             |
| Parent company  | 600           | 75            |
|   | <u>12,582</u> | <u>14,552</u> |
| Net debt  | (7,188)       | (8,791)       |
|   | <u>5,394</u>  | <u>5,761</u>  |

The loss on ordinary activities is stated after:

|  | 2001         | 2000         |
|--|--------------|--------------|
|  | £000         | £000         |
| Auditors' remuneration - audit services                                      | 31           | 29           |
| Auditors' remuneration - non-audit services                                  | 10           | 8            |
| Amortisation of players' registrations                                       | 650          | 1,370        |
| Depreciation of owned assets   | 349          | 368          |
| Depreciation of assets held under finance leases and hire purchase contracts | 131          | 127          |
| Hire of equipment - operating leases   | 23           | 64           |
|  | <u>1,294</u> | <u>2,066</u> |

## Notes to the Financial Statements (continued)

## Analysis of administrative expenses:

|  | 2001         | 2000         |
|--|--------------|--------------|
|  | £000         | £000         |
| Amortisation of players' registrations                           | 650          | 1,370        |
| Administration salaries and wages                                | 1,126        | 1,023        |
| Cost of terminating players' contracts                           | 331          | 506          |
| Player related administration                                    | 74           | 380          |
| Depreciation   | 218          | 233          |
| Repairs, renewals and maintenance                                | 133          | 160          |
| Legal and professional fees                                      | 113          | 171          |
| Printing, postage and stationery                                 | 74           | 113          |
| Insurance  | 99           | 109          |
| Rates (net of refund)  | 4            | 89           |
| Heat, light and power  | 85           | 77           |
| Training ground costs  | 28           | 65           |
| Charitable donation  | 1            | 38           |
| Telephone and communication                                      | 42           | 27           |
| Football League and Life Assurance Scheme shortfall contribution | 200          | -            |
| Other expenses   | 387          | 394          |
|  | <u>3,565</u> | <u>4,755</u> |

## 2 OTHER OPERATING INCOME

|   | 2001       | 2000       |
|---|------------|------------|
|   | £000       | £000       |
| Other operating income is made up as follows: |            |            |
| Donations from development funds              | 368        | 348        |
| Business centre revenue grants                | 149        | -          |
| Insurance claim received                      | 58         | -          |
|   | <u>575</u> | <u>348</u> |

## 3 NET INTEREST PAYABLE

|                          | 2001       | 2000       |
|--------------------------|------------|------------|
|                          | £000       | £000       |
| Bank overdraft and loans | 443        | 370        |
| Finance lease interest   | 63         | 88         |
| Other interest           | 17         | 184        |
|                          | <u>523</u> | <u>642</u> |

## Notes to the Financial Statements (continued)

**4 STAFF COSTS**

|  | 2001  | 2000  |
|--|-------|-------|
| Staff costs during the year were as follows: | £000  | £000  |
| Wages and salaries                           | 6,184 | 5,585 |
| Social security costs                        | 603   | 520   |
| Other pension costs                          | 51    | 17    |

|              |              |
|--------------|--------------|
| <b>6,838</b> | <b>6,122</b> |
|--------------|--------------|

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

|                                     | Number     | Number     |
|-------------------------------------|------------|------------|
| Office and management               | 52         | 52         |
| Selling, marketing and distribution | 21         | 20         |
| Professional football activities    | 68         | 63         |
| Stewarding and banqueting           | 59         | 65         |
|                                     | <b>200</b> | <b>200</b> |

Directors' emoluments, directors' pension details and directors' share options are shown in the report on remuneration on pages 10 to 11.

**5 TAXATION**

Unrelieved tax losses of approximately £19 million remain available to offset against future taxable trading profits.

**6 LOSS FOR THE FINANCIAL YEAR**

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group loss for the year includes a loss of £3,157,000 (2000: loss £7,411,000) which is dealt with in the financial statements of the company.

**7 LOSS PER SHARE**

The calculation of loss per share is based on the loss on ordinary activities after taxation of £367,000 (2000: £1,651,000) divided by 49,633,201 (2000: 49,633,201) shares being the weighted average number of shares in issue during the year.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

None of the share options or contingent shares were considered to be dilutive at either 30 June 2001 or 30 June 2000.



## Notes to the Financial Statements (continued)

## 8 INTANGIBLE FIXED ASSETS

Transfer fees paid for players' registrations

| Group                  | £000    |
|------------------------|---------|
| <b>Cost</b>            |         |
| At 1 July 2000         | 3,508   |
| Additions              | 330     |
| Disposals              | (1,148) |
| At 30 June 2001        | 2,690   |
| <b>Amortisation</b>    |         |
| At 1 July 2000         | 2,078   |
| Amortisation in year   | 650     |
| Released on disposal   | (981)   |
| At 30 June 2001        | 1,747   |
| <b>Net book amount</b> |         |
| At 30 June 2001        | 943     |
| At 30 June 2000        | 1,430   |

## 9 TANGIBLE FIXED ASSETS

| Group                    | Freehold and long leasehold land and buildings | Assets in the course of construction | Fixtures, plant and equipment | Motor vehicles | Total       |
|--------------------------|--|--------------------------------------|-------------------------------|----------------|-------------|
| <b>Cost</b>              | <b>£000</b>                                    | <b>£000</b>                          | <b>£000</b>                   | <b>£000</b>    | <b>£000</b> |
| At 1 July 2000           | 16,338   | 198                                  | 2,051                         | 87             | 18,674      |
| Additions                | 609  | 3,226                                | 211                           | 28             | 4,074       |
| Disposals                | -  | -                                    | -                             | (9)            | (9)         |
| At 30 June 2001          | 16,947   | 3,424                                | 2,262                         | 106            | 22,739      |
| <b>Depreciation</b>      |  |                                      |                               |                |             |
| At 1 July 2000           | 262  | -                                    | 1,531                         | 51             | 1,844       |
| Provided during the year | 265  | -                                    | 204                           | 11             | 480         |
| Disposals                | -  | -                                    | -                             | (9)            | (9)         |
| At 30 June 2001          | 527  | -                                    | 1,735                         | 53             | 2,315       |
| <b>Net book amount</b>   |  |                                      |                               |                |             |
| At 30 June 2001          | 16,420   | 3,424                                | 527                           | 53             | 20,424      |
| At 30 June 2000          | 16,076   | 198                                  | 520                           | 36             | 16,830      |

The total amount of finance costs included in the cost of tangible fixed assets is £76,497 (2000: £nil).

Assets in the course of construction relate to the Blades Enterprise Centre.

The net book amount of assets held under finance leases and hire purchase contracts was as follows:

|  | 2001  | 2000  |
|--|-------|-------|
|  | £000  | £000  |
| Fixtures, plant and equipment                  | 259   | 272   |
| Motor vehicles                                 | 34    | 8     |
| Freehold and long leasehold land and buildings | 1,778 | 1,815 |
|  | 2,071 | 2,095 |

## Notes to the Financial Statements (continued)

**TANGIBLE FIXED ASSETS** (continued)

| <b>Company</b>           | <b>Freehold<br/>land and<br/>buildings</b> | <b>Fixtures,<br/>plant and<br/>equipment</b> | <b>Motor<br/>vehicles</b> | <b>Total</b> |
|--------------------------|--|--|---------------------------|--------------|
| <b>Cost</b>              | <b>£000</b>                                | <b>£000</b>                                  | <b>£000</b>               | <b>£000</b>  |
| At 1 July 2000           | –  | 421  | 23                        | 444          |
| Additions                | 515  | –  | –                         | 515          |
| At 30 June 2001          | 515  | 421  | 23                        | 959          |
| <b>Depreciation</b>      |  |  |                           |              |
| At 1 July 2000           | –  | 162  | 18                        | 180          |
| Provided during the year | 4  | 83   | 1                         | 88           |
| At 30 June 2001          | 4  | 245  | 19                        | 268          |
| <b>Net book amount</b>   |  |  |                           |              |
| At 30 June 2001          | 511  | 176  | 4                         | 691          |
| At 30 June 2000          | –  | 259  | 5                         | 264          |

The net book amount includes £172,000 (2000: £255,000) in respect of assets held under finance leases and hire purchase contracts.

**10 INVESTMENTS**

|                                      |             |
|--------------------------------------|-------------|
| <b>Company</b>                       | <b>£000</b> |
| Shares in subsidiary undertakings    |             |
| Cost at 1 July 2000 and 30 June 2001 | 10,459      |
| Amounts written off                  |             |
| At 1 July 2000                       | 3,000       |
| Impairment                           | 2,700       |
| At 30 June 2001                      | 5,700       |
| <b>Net book amount</b>               |             |
| At 30 June 2001                      | 4,759       |
| At 30 June 2000                      | 7,459       |

The principal subsidiaries of the group were as follows:

| <b>Name of company</b>   | <b>Class<br/>of share<br/>capital held</b> | <b>Proportion<br/>held</b> | <b>Nature of business</b>  |
|--|--|----------------------------|----------------------------|
| The Sheffield United Football Club Limited   | Ordinary                                   | 100%                       | Professional football club |
| Blades Catering Limited  | Ordinary                                   | 100%                       | Conference and banqueting  |
| Bobby Charlton International Limited   | Ordinary                                   | 100%                       | Royalty income             |
| Cranbourne Limited<br>(trading as Taylor Made Sports)                                      | Ordinary                                   | 100%                       | Corporate hospitality      |
| Premier Sports Services Limited<br>(trading as Major Event Security Services)              | Ordinary                                   | 100%                       | Stewarding                 |
| Sheffield United (Enterprises) Limited<br>(trading as Forsyth at Blades Enterprise Centre) | Ordinary                                   | 100%                       | Business centre            |

## Notes to the Financial Statements (continued)

## 11 STOCKS

|                                     | Group      |            |
|-------------------------------------|------------|------------|
|                                     | 2001       | 2000       |
|                                     | £000       | £000       |
| Finished goods and goods for resale | <u>182</u> | <u>186</u> |

## 12 DEBTORS

|                                    | Group        |              | Company      |              |
|------------------------------------|--------------|--------------|--------------|--------------|
|                                    | 2001         | 2000         | 2001         | 2000         |
|                                    | £000         | £000         | £000         | £000         |
| Trade debtors                      | 359          | 400          | -            | -            |
| Prepayments and accrued income     | 692          | 211          | 53           | 13           |
| Other debtors                      | 548          | 1,471        | 4            | 17           |
| Amounts owed by group undertakings | -            | -            | 5,819        | 5,581        |
|                                    | <u>1,599</u> | <u>2,082</u> | <u>5,876</u> | <u>5,611</u> |

Included in the above are the following amounts which are due after more than one year:

|                                    | Group    |            | Company      |              |
|------------------------------------|----------|------------|--------------|--------------|
|                                    | 2001     | 2000       | 2001         | 2000         |
|                                    | £000     | £000       | £000         | £000         |
| Trade debtors                      | -        | 11         | -            | -            |
| Other debtors                      | -        | 500        | -            | -            |
| Amounts owed by group undertakings | -        | -          | 5,796        | 5,446        |
|                                    | <u>-</u> | <u>511</u> | <u>5,796</u> | <u>5,446</u> |

## 13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|   | Group        |              | Company      |              |
|---|--------------|--------------|--------------|--------------|
|   | 2001         | 2000         | 2001         | 2000         |
|   | £000         | £000         | £000         | £000         |
| Bank overdrafts and loans (secured)       | 3,141        | 5,545        | 2,283        | 1,833        |
| Other financial liabilities               | 510          | 1,073        | -            | -            |
| Trade creditors                           | 3,040        | 964          | 6            | 2            |
| Amounts owed to group undertakings        | -            | -            | 482          | 481          |
| Other taxes and social security costs     | 679          | 537          | 5            | 9            |
| Other creditors                           | 275          | 74           | 1            | 29           |
| Accruals                                  | 343          | 561          | 123          | 168          |
| Hire purchase and finance lease contracts | 416          | 380          | 91           | 81           |
|   | <u>8,404</u> | <u>9,134</u> | <u>2,991</u> | <u>2,603</u> |

The bank facilities are secured by debentures over the assets of certain group companies.

Undrawn committed borrowing facilities at 30 June 2001 amounted to £1,600,000 (2000: nil).

Since the year end the facility of £1,600,000 has been drawn down as part of the financing of the construction costs of the Blades Enterprise Centre and used to reduce trade creditors.

Amounts due under hire purchase and finance lease contracts are secured on the assets to which they relate.

Other financial liabilities are secured on the debts to which they relate.

## Notes to the Financial Statements (continued)

## 14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|   | Group        |              | Company      |            |
|---|--------------|--------------|--------------|------------|
|   | 2001         | 2000         | 2001         | 2000       |
|   | £000         | £000         | £000         | £000       |
| Bank loans                                | 2,558        | 500          | 2,558        | 500        |
| Other financial liabilities               | 89           | 500          | -            | -          |
| Other creditors                           | 1            | 150          | -            | -          |
| Hire purchase and finance lease contracts | 474          | 793          | 105          | 196        |
|   | <u>3,122</u> | <u>1,943</u> | <u>2,663</u> | <u>696</u> |

## 15 BORROWINGS

|   | Group        |              | Company      |              |
|---|--------------|--------------|--------------|--------------|
|   | 2001         | 2000         | 2001         | 2000         |
|   | £000         | £000         | £000         | £000         |
| In less than one year or on demand              |              |              |              |              |
| Bank and other borrowings                       | 3,141        | 5,545        | 2,283        | 1,833        |
| Other financial liabilities                     | 510          | 1,073        | -            | -            |
| Finance leases                                  | 416          | 380          | 91           | 81           |
| In more than one year but less than two years   |              |              |              |              |
| Bank and other borrowings                       | 867          | 333          | 866          | 333          |
| Other financial liabilities                     | 10           | 500          | -            | -            |
| Finance leases                                  | 435          | 375          | 105          | 91           |
| In more than two years but less than five years |              |              |              |              |
| Bank and other borrowings                       | 1,691        | 167          | 1,692        | 167          |
| Other financial liabilities                     | 30           | -            | -            | -            |
| Finance leases                                  | 39           | 418          | -            | 105          |
| In more than five years                         |              |              |              |              |
| Other financial liabilities                     | 49           | -            | -            | -            |
|   | <u>7,188</u> | <u>8,791</u> | <u>5,037</u> | <u>2,610</u> |

## Notes to the Financial Statements (continued)

**16 FINANCIAL INSTRUMENTS**

The group uses financial instruments, other than derivatives, comprising borrowings, cash and various items, such as trade debtors, trade creditors etc, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The main risks arising from the group financial instruments are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

It is and has been throughout the year under review the group policy that no trading in financial instruments shall be undertaken.

**Short term debtors and creditors**

Short term debtors and creditors have been excluded from all the following disclosures.

**Interest rate risk**

The group finances its operations through a mixture of bank borrowings, other borrowings, finance leases and discounting facilities. The group exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities. The group also mixes the duration of its deposits and borrowings to reduce the impact of interest rate fluctuations.

The interest rate exposure of the financial liabilities of the group as at 30 June 2001 was:

|                       | Interest rate |              |              |
|-----------------------|---------------|--------------|--------------|
|                       | Fixed         | Floating     | Total        |
|                       | £000          | £000         | £000         |
| 2001                  |               |              |              |
| Financial liabilities | <u>1,390</u>  | <u>5,798</u> | <u>7,188</u> |
| 2000                  |               |              |              |
| Financial liabilities | <u>2,573</u>  | <u>6,218</u> | <u>8,791</u> |

The weighted average interest rate of the fixed rate financial liabilities was 8%. The weighted average period was two years. The benchmark rate for determining interest payments for the floating rate financial liabilities was 7.5%.

**Liquidity risk**

The group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

The group policy throughout the year has been to ensure continuity of funding. Short term flexibility is achieved by overdraft facilities and the use of discounting arrangements.

**Maturity of financial liabilities**

The group financial liabilities analysis at 30 June 2001 is shown in note 15.

**Fair values**

The fair value of the group's financial instruments is not materially different to book value at 30 June 2001 and 30 June 2000.

## Notes to the Financial Statements (continued)

## 17 DEFERRED INCOME

| Group  | 2001<br>£000 | 2000<br>£000 |
|--|--------------|--------------|
| Advance ticket sales   | 1,220        | 1,075        |
| Sponsorship, advertising and other income                                  | 82           | 97           |
| Television income  | 1,110        | –            |
| Deferred grant income  | 3,867        | 2,569        |
| Release to the profit and loss account in respect of deferred grant income | (51)         | (51)         |
| At 30 June 2001  | <u>6,228</u> | <u>3,690</u> |

## 18 SHARE CAPITAL

|                                 | Authorised<br>Number | £000         | Allotted, called up<br>and fully paid<br>Number | £000         |
|---------------------------------|----------------------|--------------|---|--------------|
| Ordinary shares of 10p each     |                      |              |   |              |
| At 1 July 2000 and 30 June 2001 | <u>90,000,000</u>    | <u>9,000</u> | <u>49,633,201</u>                               | <u>4,964</u> |

## Share option scheme

The company operates an employee share option scheme for the benefit of senior employees. During the year an option was granted in respect of 800,000 ordinary shares (2000: None) and no options were exercised (2000: None). No options lapsed during the period (2000: None). Exercise of the option granted during the year is conditional upon Sheffield United being promoted to the Premier League in respect of 400,000 shares and remaining in the Premier League for two successive seasons in respect of the balance of 400,000 shares.

The share price at 30 June 2001 was 9<sup>1</sup>/<sub>4</sub>p and the range during the year was 9<sup>1</sup>/<sub>4</sub>p to 14<sup>1</sup>/<sub>2</sub>p.

At 30 June 2001 the total number of options outstanding under the current and previous share option schemes was as follows:

| Number of ordinary shares<br>of 10p each |                | Option<br>price | Exercisable between   |
|--|----------------|-----------------|-----------------------|
| 2001                                     | 2000           |                 |                       |
| 30,000                                   | 30,000         | 40p             | 04/05/98 and 04/05/05 |
| 120,000                                  | 120,000        | 40p             | 21/11/98 and 14/01/04 |
| 180,000                                  | 180,000        | 40p             | 14/01/97 and 14/01/04 |
| 225,920                                  | 225,920        | 35p             | 11/03/98 and 11/09/01 |
| 50,000                                   | 50,000         | 32p             | 24/04/98 and 24/10/01 |
| 166,667                                  | 166,667        | 60p             | 16/01/97 and 16/01/02 |
| 800,000                                  | –              | 14p             | 06/11/02 and 06/11/05 |
| <u>1,572,587</u>                         | <u>772,587</u> |                 |                       |

## Notes to the Financial Statements (continued)

## 19 SHARE PREMIUM ACCOUNT AND RESERVES

|                   | Profit and<br>loss account | Merger<br>reserve | Share<br>premium |
|-------------------|----------------------------|-------------------|------------------|
| Group             | £000                       | £000              | £000             |
| At 1 July 2000    | (16,104)                   | 3,018             | 13,883           |
| Loss for the year | (367)                      | -                 | -                |
| At 30 June 2001   | <u>(16,471)</u>            | <u>3,018</u>      | <u>13,883</u>    |

Goodwill, written off against reserves on the acquisition of businesses, cumulatively amounts to £2,513,000 (2000: £2,513,000).

|                   | Profit and<br>loss account | Merger<br>reserve | Share<br>premium |
|-------------------|----------------------------|-------------------|------------------|
| Company           | £000                       | £000              | £000             |
| At 1 July 2000    | (14,315)                   | 8,186             | 13,883           |
| Loss for the year | (3,157)                    | -                 | -                |
| At 30 June 2001   | <u>(17,472)</u>            | <u>8,186</u>      | <u>13,883</u>    |

## 20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|   | 2001         | 2000         |
|---|--------------|--------------|
|   | £000         | £000         |
| Losses attributable to members of the company | (367)        | (1,651)      |
| Shareholders' funds at 30 June 2000           | <u>5,761</u> | <u>7,412</u> |
| Shareholders' funds at 30 June 2001           | <u>5,394</u> | <u>5,761</u> |

## 21 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

|   | 2001         | 2000           |
|---|--------------|----------------|
|   | £000         | £000           |
| Operating loss                                      | (3,553)      | (5,035)        |
| Depreciation  | 480          | 495            |
| (Profit)/loss on disposal of fixed assets           | (2)          | 3              |
| Amortisation of players' registrations              | 650          | 1,370          |
| Decrease/(increase) in stocks                       | 4            | (72)           |
| Decrease in debtors                                 | 483          | 249            |
| Increase/(decrease) in creditors                    | 2,052        | (148)          |
| Increase/(decrease) in deferred income              | <u>2,538</u> | <u>(282)</u>   |
| Net cash inflow/(outflow) from operating activities | <u>2,652</u> | <u>(3,420)</u> |

## Notes to the Financial Statements (continued)

**22 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

|   | 2001    | 2000    |
|---|---------|---------|
|   | £000    | £000    |
| Increase/(decrease) in cash in the period           | 2,854   | (321)   |
| Cash inflow from change in debt and lease financing | (1,138) | (749)   |
| Changes in net debt resulting from cashflows        | 1,716   | (1,070) |
| Inception of finance leases                         | (113)   | (11)    |
| Movement in net debt in the period                  | 1,603   | (1,081) |
| Net debt at 1 July 2000                             | (8,791) | (7,710) |
| Net debt at 30 June 2001                            | (7,188) | (8,791) |

**23 ANALYSIS OF CHANGES IN NET DEBT**

|                        | At 1 July<br>2000 | Cash<br>flow | Non-cash<br>items | At 30 June<br>2001 |
|------------------------|-------------------|--------------|-------------------|--------------------|
|                        | £000              | £000         | £000              | £000               |
| Bank overdrafts        | (3,712)           | 2,854        | -                 | (858)              |
| Debt due within 1 year | (2,906)           | 113          | -                 | (2,793)            |
| Debt due after 1 year  | (1,000)           | (1,647)      | -                 | (2,647)            |
| Finance leases         | (1,173)           | 396          | (113)             | (890)              |
| Total                  | (8,791)           | 1,716        | (113)             | (7,188)            |

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £113,000.

**24 CAPITAL COMMITMENTS**

|   | Group |       | Company |      |
|---|-------|-------|---------|------|
|   | 2001  | 2000  | 2001    | 2000 |
|   | £000  | £000  | £000    | £000 |
| Contracted for but not provided in these financial statements | 241   | 3,852 | -       | 500  |

The above commitments relate to the Blades Enterprise Centre and staff offices. Secured grant income to assist in financing the Blades Enterprise Centre amounted to £253,000 at 30 June 2001.



## Notes to the Financial Statements (continued)

**25 CONTINGENT LIABILITIES**

The company and its wholly owned subsidiaries have given joint and several guarantees to secure all borrowings from HSBC Bank Plc. At 30 June 2001, the company had a joint and several liability of £7,225,000 (2000: £8,121,000) under these arrangements.

**26 PENSION COMMITMENTS**

Contributions are made to defined contribution pension arrangements for certain employees of the group. The contributions are charged against the profit and loss account in the year in which they become payable.

The assets of all the pension schemes are held separately from those of the group in independently administered funds.

Total contributions charged to the profit and loss account during the period amounted to £51,000 (2000: £17,000).

**27 COMMITMENTS UNDER OPERATING LEASES**

At 30 June 2001 the group had annual commitments under operating leases as follows:

|  | <b>2001</b>  | <b>2000</b>  |
|--|--------------|--------------|
|  | <b>Other</b> | <b>Other</b> |
|  | <b>£000</b>  | <b>£000</b>  |
| <b>Group</b>                             |              |              |
| Leases expiring within one year          | <b>9</b>     | <b>–</b>     |
| Leases expiring within two to five years | <b>16</b>    | <b>6</b>     |
| Leases expiring after five years         | <b>1</b>     | <b>–</b>     |
|  | <b>26</b>    | <b>6</b>     |

**28 DEFERRED 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 £391,000 (2000: £839,000). 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 group if conditions as to future team selection or performance are met. The maximum that could be payable is £310,000 (2000: £225,000). This amount is not provided in the financial statements as it is not expected to be payable.

**29 RELATED PARTY TRANSACTIONS**

During the year the group purchased goods and services from companies which certain directors held interests in. During the year the group 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 group or the related parties.

During the year the company borrowed £1,000,000 from HSBC Bank Plc. The repayment of these loans has been guaranteed by Mr M D Dudley, Mr A J Laver, Mr B Procter and Scarborough Property Group plc, a company in which Mr K C McCabe has an interest.

**Notes to the Financial Statements** (continued)

---

**30 SHAREHOLDER INFORMATION**

Shareholders who have questions relating to the group's business should contact the Company Secretary at Bramall Lane, Sheffield S2 4SU. Administrative enquiries concerning shareholdings such as the loss of a share certificate or a change of address should be directed to the company's registrars whose address is at the front of these accounts.

## Notice of Annual General Meeting

---

**NOTICE IS HEREBY GIVEN** that the fifty-seventh Annual General Meeting of Sheffield United plc will be held in the Platinum Suite at Bramall Lane, Sheffield S2 4SU on 23 November 2001 at 11.30 a.m. for the following purposes:

### Ordinary business

1. To receive and adopt the financial statements for the year ended ended 30 June 2001 and the reports of the directors and auditors thereon.
2. To re-elect B Procter as a director, who retires by rotation.
3. To re-elect A J Laver as a director, who retires by rotation.
4. To re-appoint Grant Thornton as auditors and to authorise the directors to fix their remuneration.

### Special business

To consider and, if thought fit, pass the following resolutions of which resolution 5 will be proposed as an ordinary resolution and resolution 6 will be proposed as a special resolution.

5. That the directors be and are hereby authorised, generally and unconditionally, for the purpose of Section 80 of the Companies Act 1985 (the Act) to allot relevant securities (as defined in Section 80(2) of the Act) up to a maximum aggregate nominal amount of £1,654,440 provided that this authority shall expire at the commencement of the Annual General Meeting held next after the passing of this resolution or the date falling 15 months after the date of passing of this resolution (whichever is the earliest) but so that the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities pursuant to any such offer or agreement as if the authority hereby conferred had not so expired.
6. That the directors be and are hereby empowered, pursuant to Section 95 of the Act, to allot equity securities (as defined in Section 94 of the Act) pursuant to the authority conferred upon them by the resolution numbered 5 in this notice of meeting (as varied from time to time by the company in general meeting) as if Section 89(1) of the Act did not apply to any such allotment provided that such power shall be limited to:
  - (i) the allotment of equity securities in connection with rights issues and other offers in favour of holders of ordinary shares where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as may be) to the respective number of ordinary shares held by them but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal, regulatory or practical problems arising under the laws of any territory or the requirements of any recognised regulatory body or any stock exchange; and
  - (ii) the allotment (otherwise than pursuant to paragraph (i) above) of equity securities up to an aggregate nominal amount of £248,166;

and shall expire at the commencement of the next Annual General Meeting of the company or the date falling 15 months after the date of passing of this resolution (whichever is the earliest), unless renewed or extended prior to such time, except that the company may, before the expiry of the power contained in this resolution, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

## Notice of Annual General Meeting (continued)

---

Pursuant to regulation 34 of the Uncertified Securities Regulations 1995, only those shareholders registered at 11.30 a.m. on 22 November 2001 will be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. Subsequent changes to the register will be disregarded in determining the right of any person to attend and vote at the meeting.

By order of the Board

**M A Manning FCA**

Secretary

10 October 2001



Registered Office:

Bramall Lane

Sheffield

S2 4SU

#### Notes

1. A member entitled to attend and vote at the above meeting may appoint another person as his/her proxy to attend and on a poll vote in his stead. A proxy need not be a member of the company. A form of proxy is enclosed with this report.
2. The instrument appointing a proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Registrars of the company not later than forty-eight hours before the time appointed for holding the above meeting or any adjournment thereof.
3. Copies of all directors' service contracts are available for inspection at the company's Registered Office during normal business hours on each business day from the date of this notice until 22 November 2001 and will be available for inspection at the Annual General Meeting from fifteen minutes prior to the meeting until its conclusion.