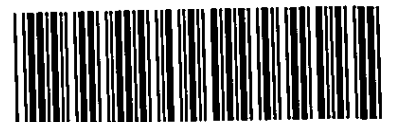


Financial Statements Sheffield United Plc

For the year ended 30 June 2012

TUESDAY



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COMPANIES HOUSE

Registered number: 00396956

COMPANIES HOUSE

Company Information

Director	Scott McCabe Simon McCabe Kevin McCabe Jacob Esan Jeremy Tutton
Company secretary	C Burns
Company number	00396956
Registered office	Bramall Lane SHEFFIELD S2 4SU
Auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 2 Broadfield Court SHEFFIELD South Yorkshire S8 0XF
Bankers	Santander Ground Floor, Merrion Court 44 Merrion Street LEEDS LS2 8JQ
Solicitors	Kennedys Law LLP Ventana House 2 Concourse Way Sheaf Street SHEFFIELD S1 2BJ
Matched bargain provider	London Matched Markets Exchange Limited 4 Old Park Lane London W1K 1QW
Registrars	Capita Registrars Northern House, Woodsome Park Fenay Bridge Huddersfield HD8 0GA

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The following pages do not form part of the statutory financial statements

Appendix I - Notice of Annual General Meeting

Chairman's Statement

For the year ended 30 June 2012

The chairman presents his statement for the period

A season that provided so much, in terms of excitement, entertainment and indeed excellent results sadly ended disappointingly for players, management, staff, shareholders, supporters and everyone connected with our fine and proud Club. It seems the sun rarely shines on the Blades as on so many occasions we lose out on success by the slimmest of margins. We do not need to be reminded of the heartache again suffered at Wembley having achieved over a 46 match season 90 points with the highest number of goals scored in 2011/12 by playing fast flowing and free scoring football only to now face a further period in League One.

The financial impact of a season in League One is self-evident within the Accounts and reinforces the need to move forward as a financially sustainable organisation still with the clear aims and objectives of playing football in the upper echelons of the English League pyramid. The significant reduction in central distribution of revenue from the Football League, combined with the desire to retain a strong first team squad to prompt an immediate return to the Championship resulted in Sheffield United plc generating a consolidated loss of £13.0m (2011 £13.6m).

Last season which promised to deliver so much concluded in failure with misfortune playing its part in the well documented events resulting in untimely distractions hindering our steadfast pursuit of promotion. There is little benefit in dwelling on what could have been and instead we must focus in the future to make every sensible effort to return the Blades back to the Championship, as a stepping stone to our Premiership ambitions. The close season has been a difficult period with a substantial reorganisation of the club taking place in order to cut costs and become more efficient recognising the financial challenge that we face. All of this is against the backdrop of continued economic uncertainty that pervades the United Kingdom and Europe. My message to our executive team is to work ever harder at increasing annual revenue through utilisation of the assets we have at Bramall Lane, Shirecliffe and Crookes together with coming forward on new initiatives which ensure every expense be justified and income improved. It needs to be remembered that few other clubs in the Premier League or Football League have the wide range of football and commercial facilities as that of Sheffield United.

On the playing side we continue the necessary transition – through the recruitment of younger players – to comply to the Football League rules, namely Salary Cost Management Protocol (SCMP) with clubs now embargoed from recruiting players beyond their financial means. The necessary control mechanisms now adopted by all League One and Two clubs becomes an opportunity for the Blades to be in an enviable position compared to our competitors, thus reaping the benefits of the Premier League type facilities at our disposal, from which to raise funds alongside of course having a committed and fanatical supporter base. I am sure you will agree the young, exciting talent brought on board in the summer is a clear sign of our intent. It needs to be appreciated that in order to ensure compliance with SCMP certain high earning first team squad members left the club prior to the end of the August transfer window with major sums having to be paid in the termination of contracts.

I pass on my thanks to Nick Montgomery and Stephen Quinn for the dedicated services they have given to Sheffield United over many years with Monty now having the privilege of joining our sister club, Central Coast Mariners FC, in Australia.

Anyone who supports football must be amazed at the number of Blades fans present for our home matches at Bramall Lane and also on away journeys as this gives the team unrivalled support in League One where we have in the region of 12,000 season ticket holders for the 2012/13 campaign.

I am sure supporters and shareholders recognise the commitment shown by the McCabe family to Sheffield United not least through the injection of further funds provided during the course of last season and beyond. We must now expect the executive to take responsibility within the current financial year to make reductions to prior years losses and ultimately return the club into the black irrespective of whichever League Sheffield United FC are competing in.

Chairman's Statement

For the year ended 30 June 2012

The search to secure new investors who share Sheffield United's community and football aims continue. Amongst other initiatives our parent company – Scarborough United Group Ltd "SUG" recently reported a potential transaction involving partners from Nigeria to raise capital for a restructured SUG – and in turn a sensible allocation of funds for Sheffield United. Since the announcement the processing of information in readiness for presenting to institutional investors in Nigeria has commenced and if this exercise proves successful then I expect completion to occur during the second quarter of 2013. As a result of this initiative we welcome Jacob Esan, a high profile and successful investment banker, to the Board of Sheffield United plc along with Scarborough colleague Jeremy Tutton as part of the reorganisation of the Sheffield United Group. There have been changes to the Directors of Sheffield United FC which sees the retiral of Chris Steer as Chairman, a position he has held with dignity for the past two years. Chris remains as a Non-Executive Director alongside Mike Blundell and David Green has been elected as Chairman in a Semi-Executive capacity together with former Vice President Ian Cameron a Director also working in a Semi-Executive role. Our Executive Directors – Dave McCarthy and Craig Burns – are now joined by Steve Coakley who has specific responsibilities for commercial duties.

Finally I must thank our sponsors – many of whom are local to Sheffield – who continue to stand alongside us in a clear demonstration the club has a firm and proud place within the City of Sheffield. As I conclude this statement our first team have steadily climbed towards the top of League One and so we all must get behind Danny Wilson and the players to show real support ensuring that in May 2013 promotion has been attained.

Up the Blades!

Kevin McCabe
Chairman

Date 15 October 2012

Business review

For the year ended 30 June 2012

For the year ended June 2012, Sheffield United Plc (SU plc) made a retained loss of £13.0m (2011 loss of £13.6m)

The financial year under review saw a period of adjustment for Sheffield United. A season of great football ended in frustration, with a total of 90 points, normally enough to win promotion from League One, leaving the Blades to miss out in the cruellest possible fashion in a sudden death penalty shoot out at Wembley. A high League position throughout the 2011-2012 campaign along with a good cup run has held ticketing revenues at £4.5m (2011 £4.2m) despite relegation from the Championship. Our average attendance for the season stood at 18,701 (2011 20,632) a reduction of less than 2,000 from the previous season in the Championship. Comparable overall turnover fell by £4.1m to £10.2m (2011 £14.4m) in the year, of which £3.5m related to reduced central distributions from the Football League and Premier League and £0.7m related to Commercial income.

Given the current financial climate and the relegation suffered in 2011 the profitability of our off the pitch operations has become of even greater importance to our long term sustainability. In anticipation of lower revenues, efforts continue throughout the Club to reduce costs, from player wages through to administration expenses. Cost of sales which includes player wages has been reduced by £3.9m to £14.3m (2011 £18.2). Administration costs from continuing operations were reduced by £3.4m to £6m (2011 £9.4m). As a consequence of these savings, the operating loss (from continuing operations) for the year reduced by £0.3m to £12m (2011 £12.3m).

Player trading in the year contributed £1.6m of profit to the financial results for the year. This together with interest costs of £2.6m took SU plc to a retained loss of £13.0m (2011 £13.6m).

After a promising start to the new season the club remains focused on promotion to the Championship with a medium term view of regaining its rightful place in the English Premier League.

Business review

For the year ended 30 June 2012

THE FIRST TEAM

The 2011-2012 season was one of transition for Sheffield United Football Club in the unfamiliar surroundings of League One. Danny Wilson was appointed Manager and introduced a new playing philosophy to the club which saw the team delivering a more possession based style of play with attacking flair and a cutting edge. A new squad structure was introduced which would see the professional squad gradually reducing in size while rationalising it to support a more fluid progression for home grown players from the club's Academy and for young acquisitions from the transfer market. A new wage structure was implemented to ease the club's transition towards the Salary Control Management Protocol regulations that were to commence on 1st September 2012 as well as incentivising players to contribute where it matters most – on the field of play!

The new squad structure positions the club to trade more effectively in the transfer market going forward by providing first team opportunities for the young talents within the club. This new approach offered plenty of first team opportunities to home-grown talents with 96 Football League appearances shared amongst Matt Lowton, Harry Maguire, David McAllister, Erik Tonne, and George Long. 2011-2012 saw 36% of first team Football League starts coming from the club's home grown players while only 56% of first team starts came from players over 21 years of age that had been acquired for the professional squad in the transfer market. While the loan market was used during the 2011-2012 season it was used far more frugally than the previous season as the emphasis shifted towards a different approach. Only 8% of first team starts came from loan players during 2011-2012.

The transition within the first team group meant that players left the club, others arrived and home-grown talents came to the fore. Amongst those leaving the club during 2011-2012 were Jordan Slew (Blackburn), Daniel Bogdanovic (Blackpool), Jamie Ward (Derby County), Mark Yeates (Watford) and Darius Henderson (Millwall).

Those that arrived at Bramall Lane during 2011-2012 included Mark Howard (Blackpool), James Beattie (Rangers), Marcus Williams (Reading), Ryan Flynn (Falkirk), Kevin McDonald (Burnley), Jean-Francois Lescinel (Swindon) and Chris Porter (Derby County).

Those that arrived on loan during the 2011-2012 season were John Egan (Sunderland), Matt Hill, Matt Phillips, Billy Clarke (all Blackpool), Michael O'Halloran (Bolton Wanderers) and Will Hoskins (Brighton & Hove Albion).

The club focused clearly upon the objective of a quick return to the Championship and Danny Wilson led the team to a spectacular 90 points in League One while entertaining the Sheffield United supporters by scoring 92 League goals. This would be only the second time in 10 seasons that a total of 90 points would not be enough to claim an automatic promotion spot, while 92 goals would be one of the biggest goal-scoring tallies in Europe. A Wembley play-off against Yorkshire neighbours Huddersfield Town ended in heartbreak for the club as a Steve Simonsen penalty failed to find the net thereby thwarting Sheffield United's attempt to get back to the Championship at the first time of asking.

Season 2012-2013 will continue the transition for Sheffield United as the Financial Fair Play rules come into effect. Thus far the first team has made a good start to the new season with a young and hungry group of players led by Manager Danny Wilson.

Business review

For the year ended 30 June 2012

PLAYER DEVELOPMENT

The club's Academy continued to provide a return on investment with the promotion of young players from the previous season's FA Youth Cup Final side to the first team group. Harry Maguire, George Long, Corey Gregory and Matty Harriott all joined Danny Wilson's professional squad while Jordan Slew was sold to Blackburn Rovers. The next crop of Academy talents made a third round exit from the FA Youth Cup at Southampton after beating Tranmere Rovers and Port Vale in the earlier rounds. This Youth Team group still showed enough promise of first team players to come following in the footsteps of the many players that have progressed from the Academy at Shirecliffe.

The Sheffield United Reserve team, led by Chris Morgan and containing a number of Academy products became Champions of the Central League Central Division in May. The reserves pipped Derby County by one point and Nottingham Forest by three points. This success underlines the ongoing contribution that the Academy is making within the professional ranks at the club.

The transition of Youth Development across the country also affected the Academy during 2011-2012 as the Premier League announced plans in May 2011 for the introduction of their Elite Player Performance Plan (EPPP) with effect from the start of July 2012. A significant restructure of the Academy began during 2011-2012 to position the club to achieve Category 2 status under the new regulations. Furthermore, a process was started to identify additional coaches as well as to revise the coaching curriculum to address the increased coaching hours that will be required by the new standard. Provisional Category 2 status was awarded to the club for the 2012-2013 season however further restructuring will be required, before an ISO audit is due to take place in February 2013, if the club is to maintain its categorisation.

The Academy continues to look in good shape to maintain its proud record of producing professional players to the Sheffield United first team with 4 further graduates to the first team squad at the start of 2012-2013. Calum McFadzean, Aaron Barry, Terry Kennedy and Elliot Whitehouse all joined Danny Wilson's squad for the new season.

Business review

For the year ended 30 June 2012

NON FOOTBALL OPERATIONS

This division comprises primarily of the Conference and Events business at Bramall Lane and the Health Club business

The net contribution from Conference and Events in the period has increased to £282k (2011 £213k) despite royalties falling by £20k in the year a better pouring rights deal saved the club £90k in costs. Focus remains on driving non match day revenues for the forthcoming season through our relationship with Compass following confirmation of a further season in League One

The net contribution of our Health Club at the Derek Dooley Community Centre has fallen over the year to a net loss of £36k (2011 £20k profit). This is attributable to the sale and lease back of the land at Crookes which has been in place for the whole of the financial year having taken place part way through the prior year. Comparable gym membership income at the facility has remained on par year on year despite the downturn in economic conditions

Long term investment in the facilities here at Bramall Lane has created a stadium facility which offers match day and non match day hospitality to all types of consumers from families through to corporate customers. The Management team at the Club are working to ensure that these facilities are fully utilised to increase contribution throughout the group

Business review

For the year ended 30 June 2012

THE UNITED INITIATIVE

More than 36,000 people mainly young people benefited from the activities of the charitable company during the year ending 30th June 2012

Performance of the charitable company can be seen across 4 key areas with a staff member responsible for each area

Education

The schools programme has grown with us working across over 30 schools and providing programmes and a range of other project and support to about 19,000 pupils across key stages 1 to 4. Best Book Forward continues to deliver literacy support to primary pupils. We have worked with NPower to deliver a Respect programme in primary schools for over 1,000 pupils in Years 5 and 6 and What's Your Goal for those in Year 10 which led to 5 work placements.

The United Initiative has developed the offer it makes to students to gain qualifications delivering the vocational skills programme for 14-16 year olds for the local authority and working with Sheffield College on the delivery of a successful Foundation Programme for 16-25 year olds. This year two programmes have also been run for the Prince's Trust.

The work of the charity has provided 12 placements to college and university students and has worked with over 50 volunteers and has seen the introduction of a Coach Academy.

Health

Delivery has been started on the Fit4Life programme which has been funded through Football League Trust and worked with nearly 700 pupils in 20 primary schools. Our Fit4ABC programme has been delivered to 24 schools and almost a 1,000 4-6 year olds. A Mental Health Awareness day was delivered at a game in February. A link with the charity Reflections has resulted in art work produced by those with mental health issues being on display at Sheffield United during the 2011-12 season. The United Initiative and Sheffield United have also signed the Time to Change pledge. Our Food Fitness Fun project with Taylor Shaw has been nominated for a LACA national award.

Social Inclusion

The Kickz programme continues to operate in Sharrow and Broomhall working regularly with over 150 youngsters on football and other activities. The project received 4 nominations at the 2012 National Kickz Awards. Work continues on other projects in the city with new work in the areas of Darnall and Manor. Young people from all our social inclusion work were involved in the Sheffield United Community Awards. Once again Community Day was supported with funding from Stand Up Speak Up in association with Football Unites Racism Divides and organised by Sheffield Hallam students. The event had over 2,000 attendees and over 200 young people involved in the football tournaments. We have also delivered an Online Learning programme for the over 50s.

Sport Participation

More than 2,000 6 to 13 year olds have again attended school holiday camps which have operated at 3 main venues and a girls camp has been established. Over 14,000 children have taken part in after school and lunch time activity aimed at primary and secondary age groups. The NPower sponsored Football League Kids Cup and Girls Cup involved over 170 boys and girls. This year also has seen the introduction of a programme to support children with Downs Syndrome which has involved over 20 4-14 year olds.

The charity has worked hard to ensure that this year ended with a surplus. The business continues to grow and develop but this is linked to a clear business plan with a cost effective management structure and has seen increased income generation.

Business review

For the year ended 30 June 2012

FINANCE

Following the Club's relegation to League One the Directors communicated an intention to bring the club to a point where it is financially self sustaining, while ensuring the principle objective to return to the top flight of English football is not compromised. The financial focus therefore this season has been to reduce costs, maximise profits and implement a new approach to the playing squad that balances performance this season, with investment in the seasons to come.

The loss on continued operations for the season of £12.0m (June 2011 £12.3m) has been funded through a combination of further loans from the Scarborough Group (£3m, of which £1m has now been repaid), and loans from other financial institutions. Net debt has reduced by £5m in the year with commitments at 30th June 2012 being £26m (June 2011 £32m) achieved through the repayment of bank loans totalling £5m and repayment of loans from other financial institutions totalling £6m. Additional funds of £8m received from Scarborough Group International Ltd in the period were converted into 10% preference shares, demonstrating the Groups continued commitment to the Club for which we must be grateful.

As part of ongoing efforts to strengthen the group balance sheet a capital reorganisation was carried out on 10th December 2011. The action saw the share premium account being written off and the nominal value of called up share capital reduced from 10p to 0.1p per share, resulting in an adjusted positive opening reserve position of £2.5m for 2011-2012.

The Directors have recently undergone a review of their internal resources and requirements to reflect the current economic environment. Forecasts covering the period to 31 October 2013 have been prepared which include a reduced player wage budget which will ensure the club meets the Football League Salary Cost Management Protocol requirements. The loans and financing in place have been confirmed at the year end from related parties to remain in place for the remainder of the forecast period. These forecasts show that the Group can continue as a going concern but assume that the Group is able to continue raising further financing facilities, sourcing additional equity investment or selling assets to generate cash. The directors have entered into negotiations with certain investors and financial institutions and are confident that such funds can be raised from one or more of the above sources.

The Directors therefore have a reasonable expectation that the Group will be able to continue as a going concern for the foreseeable future, and for this reason they continue to adopt the going concern basis in preparing the financial statements.

PROSPECTS

Over the forthcoming season we will strive to make further progress in achieving our break even business model. With a new first team philosophy, embracing player development along with investment in young talent through the implementation of category two of the Premier Leagues' Elite Player Performance Plan, the future of the club on the pitch will be paramount. The 2012-2013 season sees the implementation of the Salary Cost Management Protocol, in earnest, with the Club well positioned within the 65% wages to turnover threshold. As allowances for home grown professionals are given, (their wage costs are discounted from the calculation), the investment in the Academy is key to the future of the club. It is through this long term thinking that Sheffield United will become a self sustaining business.

Business review

For the year ended 30 June 2012

SUMMARY

The continued support received from investors, shareholders, sponsors and fans has been overwhelming despite the disappointment faced over the last few seasons. Season ticket sales have reached almost 12,000 for the forthcoming season and attendances continue to be 30% higher than any other club in League One. On behalf of the Directors, I would like to take this opportunity to express our sincere appreciation and thanks.

Through the hard work of the Directors and Employees of Sheffield United, positive moves have been made towards becoming a self sustaining business. The adoption of a new infrastructure and business model with clear goals has been brought into place. The focus going forward will be upon developing and maintaining a high performing player talent base, maintaining a sustainable business, ensuring the maximum return on assets and ensuring we are a true family and community club. However, our eye will always remain on our ultimate goal of achieving long term self sufficient Premier League status.



Scott McCabe
Director

Date 15 October 2012

Directors' Report

For the year ended 30 June 2012

The directors present their report and the financial statements for the year ended 30 June 2012

Principal activities

The principal activities of the Group during the year comprised a leisure, property and services corporation including a professional football club and associated businesses

Business review

A review of the business and its future developments are contained in the Chairman's Statement on pages 1 and 2 and in the Business Review on pages 3 to 9

Results and dividends

The loss for the year, after taxation, amounted to £12,978,000 (2011 - loss £13,592,000)

The directors do not recommend the payment of a dividend (2011 - £nil)

Directors

The directors who served during the year were

Scott McCabe

Simon McCabe

Kevin McCabe

Stephen McBride (resigned 11 July 2012)

David Harrop (resigned 26 October 2011)

Craig Burns (appointed 26 January 2012 & resigned 1 October 2012)

Julian Winter (appointed 20 September 2011 & resigned 7 September 2012)

Post year end on 31 August 2012 Jacob Esan was appointed as a director of the company Also post year end on 1 October 2012 Jeremy Tutton was appointed as a director of the company

Charitable donations

Charitable donations of £5,000 (2011 - £3,000) were made during the year

Financial risk management objectives and policies

The Group uses financial instruments, comprising derivative loans, cash and other liquid resources and various other items such as trade debtors, creditors and finance lease arrangements that arise directly from its operations The main purpose of these financial instruments is to raise finance for the Group's operations

The main issues arising from the Group's financial instruments are liquidity risk and interest rate risk Information regarding Group exposure to these risks is included in note 19 The directors review and agree policies for managing each of these risks and they are summarised below The policies have remained unchanged from the previous period

Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by negotiating adequate facilities from the Group's bankers and other lenders

Interest rate risk

The Group finances its operations through a mixture of shareholders' equity, retained profits and bank borrowings The Company's exposure to interest rate fluctuations is managed by the use of both fixed and floating facilities

Directors' Report

For the year ended 30 June 2012

Company's policy for payment of creditors

For all trade creditors it is the Group's policy to

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

Trade creditors at the year end amount to 37 days (2011 65 days) of average supplies for the year of the Group

Employee involvement

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

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Directors' Report

For the year ended 30 June 2012

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditor in connection with preparing its report and to establish that the company and the group's auditor is aware of that information

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the annual general meeting

This report was approved by the board and signed on its behalf



C Burns
Secretary

Date 15 October 2012

Independent Auditor's Report to the Members of Sheffield United Plc

We have audited the financial statements of Sheffield United Plc for the year ended 30 June 2012, which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2012 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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



Independent Auditor's Report to the Members of Sheffield United Plc

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Cl M u u W

Michael Redfern (Senior Statutory Auditor)

for and on behalf of

Grant Thornton UK LLP

Chartered Accountants

Statutory Auditor

Sheffield

15 October 2012

Consolidated Profit and Loss Account

For the year ended 30 June 2012

	Note	2012 £000	2011 £000
Turnover	1,2		
Continuing operations		10,263	14,377
Discontinued operations		-	1,773
		<u>10,263</u>	<u>16,150</u>
Cost of sales		<u>(14,288)</u>	<u>(18,174)</u>
Gross loss		(4,025)	(2,024)
Administrative expenses		(6,010)	(9,353)
Amortisation and impairment of player's registrations	6	(2,191)	(3,105)
Total administrative expenses		(8,201)	(12,458)
Other operating income	3	<u>276</u>	<u>1,629</u>
Operating loss	6		
Continuing operations		(11,950)	(12,327)
Discontinued operations		-	(526)
		<u>(11,950)</u>	<u>(12,853)</u>
Exceptional items			
Net profit on sale of fixed assets	4	1,571	396
Profit on sale of discontinued operations	5	<u>-</u>	<u>2,205</u>
Loss on ordinary activities before interest		(10,379)	(10,252)
Interest payable and similar charges	8	<u>(2,599)</u>	<u>(3,340)</u>
Loss on ordinary activities before taxation		(12,978)	(13,592)
Tax on loss on ordinary activities	11	<u>-</u>	<u>-</u>
Loss for the financial year		<u>(12,978)</u>	<u>(13,592)</u>

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

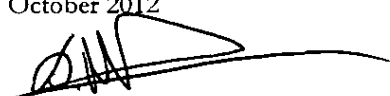
The notes on pages 19 to 44 form part of these financial statements

Consolidated Balance Sheet

As at 30 June 2012

	Note	£000	2012 £000	£000	2011 £000
Fixed assets					
Intangible assets	12		374		2,070
Tangible assets	13		24,126		25,038
			<u>24,500</u>		<u>27,108</u>
Current assets					
Stocks	15	3,061		3,081	
Debtors amounts falling due after more than one year	16	2,500		8,500	
Debtors amounts falling due within one year	16	9,844		11,133	
Cash at bank		927		1,598	
		<u>16,332</u>		<u>24,312</u>	
Creditors amounts falling due within one year	17	(31,028)		(27,702)	
Net current liabilities			<u>(14,696)</u>		<u>(3,390)</u>
Total assets less current liabilities			<u>9,804</u>		<u>23,718</u>
Creditors amounts falling due after more than one year	18		(3,036)		(12,061)
Deferred income	20		<u>(5,409)</u>		<u>(5,570)</u>
Net assets			<u><u>1,359</u></u>		<u><u>6,087</u></u>
Capital and reserves					
Called up share capital	21		8,453		45,017
Share premium account	22		247		20,019
Merger reserve	22		3,018		3,018
Profit and loss account	22		<u>(10,359)</u>		<u>(61,967)</u>
Shareholders' funds	23		<u><u>1,359</u></u>		<u><u>6,087</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 October 2012



Scott McCabe
Director

The notes on pages 19 to 44 form part of these financial statements

Company Balance Sheet

As at 30 June 2012

	Note	£000	2012 £000	£000	2011 £000
Fixed assets					
Tangible assets	13		500		500
Investments	14		-		7,063
			<u>500</u>		<u>7,563</u>
Current assets					
Debtors amounts falling due after more than one year	16	16,869		15,249	
Debtors amounts falling due within one year	16	23		38	
Cash at bank		505		24	
		<u>17,397</u>		<u>15,311</u>	
Creditors , amounts falling due within one year	17	(1,215)		(1,335)	
Net current assets			<u>16,182</u>		<u>13,976</u>
Total assets less current liabilities			<u>16,682</u>		<u>21,539</u>
Capital and Reserves					
Called up share capital	21		8,453		45,017
Share premium account	22		247		20,019
Merger reserve	22		-		8,186
Profit and loss account	22		7,982		(51,683)
Shareholders' funds	23		<u>16,682</u>		<u>21,539</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 October 2012



Scott McCabe
Director

The notes on pages 19 to 44 form part of these financial statements

Consolidated Cash Flow Statement

For the year ended 30 June 2012

	Note	2012 £000	2011 £000
Net cash flow from operating activities	24	(3,772)	(2,198)
Returns on investments and servicing of finance	25	(2,633)	(3,340)
Capital expenditure and financial investment	25	3,049	3,879
Disposals	25	-	(142)
Cash outflow before financing		(3,356)	(1,801)
Financing	25	2,685	5,063
(Decrease)/Increase in cash in the year		(671)	3,262

Reconciliation of Net Cash Flow to Movement in Net Debt

For the year ended 30 June 2012

	2012 £000	2011 £000
(Decrease)/increase in cash in the year	(671)	3,262
Cash outflow from decrease in debt and lease financing	5,315	4,437
Change in net debt resulting from cash flows	4,644	7,699
Other non-cash changes	34	-
Conversion of other loans to ordinary share capital	250	-
Movement in net debt in the year	4,928	7,699
Net debt at 1 July 2011	(32,179)	(39,878)
Net debt at 30 June 2012	(27,251)	(32,179)

The notes on pages 19 to 44 form part of these financial statements

Notes to the Financial Statements

For the year ended 30 June 2012

1. Accounting Policies

1.1 Basis of preparation of financial statements

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

Sheffield United Plc ('the Company') is a company incorporated in the United Kingdom. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as 'the Group'). The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The accounting policies set out below have, unless otherwise stated, been applied consistently for both the Group and the Company to all periods presented in these consolidated and Company financial statements.

1.2 Going concern

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the business review on pages 3 to 9, including the financing of the Group which is shown on page 8. In addition note 19 to the financial statements includes details of the Group's financial instruments, hedging activities and its exposure to interest rate and liquidity risk.

The Directors have recently undergone a review of their internal resources and requirements to reflect the current economic environment. Forecasts covering the period to 31 October 2013 have been prepared which include a reduced player wage budget which will ensure the club meets the Football League Salary Cost Management Protocol requirements. The loans and financing in place has been confirmed at the year end from related parties to remain in place for the remainder of the forecast period. These forecasts show that the Group can continue as a going concern but assume that the Group is able to continue raising further financing facilities, sourcing additional equity investment or selling assets to generate cash. The directors have entered into negotiations with certain investors and financial institutions and are confident that such funds can be raised from one or more of the above sources.

The Directors therefore have a reasonable expectation that the Group will be able to continue as a going concern for the foreseeable future, and for this reason they continue to adopt the going concern basis in preparing the financial statements.

1.3 Basis of consolidation

The financial statements consolidate the accounts of Sheffield United Plc and all of its subsidiary undertakings ('subsidiaries').

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.

Notes to the Financial Statements

For the year ended 30 June 2012

1. Accounting Policies (continued)

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

Season ticket and sponsorship income received prior to the year end in respect of the following football season is treated as deferred income and recognised over the season to which it relates

1.5 Goodwill

As a matter of accounting policy, purchased goodwill first accounted for in accounting periods ending before 23 December 1998, the implementation date of FRS10 '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

Goodwill arising on acquisitions since that date is capitalised and amortised on a straight line basis over its estimated useful and economic life of 10 years. Negative goodwill is written back to the profit and loss account to match the recovery of the non monetary assets acquired

1.6 Intangible fixed assets and amortisation

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

Trademarks

The costs of acquired trademarks are capitalised as intangible assets

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Freehold property	-	2% straight line basis
Fixtures, plant and equipment	-	20% - 25% straight line basis
Motor vehicles	-	25% straight line basis

1.8 Investments

Investments in subsidiaries are valued at cost less provision for impairment

Notes to the Financial Statements

For the year ended 30 June 2012

1. Accounting Policies (continued)

1 9 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1 10 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1 11 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1 12 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the latest enacted tax rates.

Deferred tax assets and liabilities are not discounted.

1 13 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

Notes to the Financial Statements

For the year ended 30 June 2012

1. Accounting Policies (continued)

1.14 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 economic lives of the relevant assets

1.15 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year

Certain of the group's employees and ex-employees are members of the Football League Limited Pension and Life Assurance Scheme (FLLPLAS), a defined benefit scheme. As the Group 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 Group, being invested with insurance companies. Under the provisions of FRS 17 the scheme is treated as a defined benefit multi-employer scheme, and the contributions are charged to the profit and loss account as incurred.

1.16 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 Group's accounts.

1.17 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.

1.18 Donations

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

Notes to the Financial Statements

For the year ended 30 June 2012

1. Accounting Policies (continued)

1.19 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 in 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 charge on the outstanding liability.

Where none of the contractual terms of share capital meet the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Notes to the Financial Statements

For the year ended 30 June 2012

2. Segmental and discontinued activities disclosure

TURNOVER

	2012 £000	2011 £000
Continuing operations		
Football (UK)		
Gate receipts	4,495	4,168
Television income	1,377	4,838
Sponsorship, royalties, merchandising and advertng	3,623	3,828
Other football related activities	235	600
Total Football (UK)	9,730	13,434
 Leisure	 441	 528
Property ventures	92	415
	10,263	14,377
 Discontinued		
Business centre	-	724
Hotel	-	1,049
	10,263	16,150

LOSS BEFORE TAXATION

	2012 £000	2011 £000
Continuing operations		
Football (UK)	(13,267)	(13,001)
Leisure	246	234
Property ventures	43	14
	(12,978)	(12,753)
 Discontinued		
Business centre	-	234
Hotel	-	(1,073)
	(12,978)	(13,592)

Notes to the Financial Statements

For the year ended 30 June 2012

NET ASSETS / (LIABILITIES)

	2012 £000	2011 £000
Continuing operations		
Football (UK)	26,541	36,417
Leisure	1,949	1,771
Property ventures	119	78
	<u>28,609</u>	<u>38,266</u>
Discontinued operations		
Hotel	-	-
Business centre	-	-
	<u>28,609</u>	<u>38,266</u>
 Group net debt	 (27,250)	 (32,179)
	<u><u>1,359</u></u>	<u><u>6,087</u></u>

3. Other operating income

	2012 £000	2011 £000
Donations received from development funds	200	224
Grants written off	-	1,301
Grants receivable	76	104
	<u>276</u>	<u>1,629</u>

In June 2011, grant income totaling £1,301,000 in respect of the Blades Enterprise Centre was fully released following the disposal of the related asset

4. Profit on disposal of fixed assets

	2012 £000	2011 £000
Profit on disposal of player registrations	1,544	1,264
Profit/(loss) on disposal of tangible fixed assets	27	(868)
	<u>1,571</u>	<u>396</u>

Notes to the Financial Statements

For the year ended 30 June 2012

5. Profit on sale of discontinued operations

	2012 £000	2011 £000
Profit on sale of subsidiary	-	2,205

6. Operating loss

The operating loss is stated after charging/(crediting)

	2012 £000	2011 £000
Amortisation - intangible fixed assets	1,524	2,523
Depreciation of tangible fixed assets		
- owned by the group	1,069	1,264
- held under finance leases	23	14
Operating lease rentals		
- other operating leases	60	23
Grant income released	(76)	(104)
Grants written off	-	(1,301)
Impairment - intangible fixed assets	677	591

7. Auditors' remuneration

	2012 £000	2011 £000
Fees payable to the company's auditor for the audit of the subsidiary audit service	21	22
Fees payable to the company's auditor and its associates in respect of		
Group audit services	8	9
Other services relating to taxation	7	7
All other services	11	20

8. Interest payable

	2012 £000	2011 £000
Bank overdrafts and loans	464	616
Other interest payable and similar charges	803	1,600
Finance lease interest	3	8
Related party interest (note 32)	1,329	1,116
	2,599	3,340

Notes to the Financial Statements

For the year ended 30 June 2012

9. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012 £000	2011 £000
Wages and salaries	10,940	16,113
Social security costs	1,274	1,485
Other pension costs	530	196
	<u>12,744</u>	<u>17,794</u>

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

	2012 No.	2011 No.
Office and management	71	66
Selling, marketing and distribution	32	36
Professional football activities	116	89
Stewarding and banqueting	37	44
Hotel	-	46
Health Club and gym	2	5
	<u>258</u>	<u>286</u>

Casual staff work on average one day per week and casual staff are included in the figures above on a pro-rata basis

10. Directors' remuneration

	2012 £000	2011 £000
Emoluments	<u>209</u>	<u>1,051</u>
Company pension contributions to defined contribution pension schemes	<u>17</u>	<u>31</u>

During the year retirement benefits were accruing to 3 directors (2011 - 5) in respect of defined contribution pension schemes

The highest paid director received remuneration of £117,000 (2011 - £745,000)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,000 (2011 - £13,000)

Included above is an amount of £nil in relation to redundancy payments accrued for directors (2011 - £493,000)

Notes to the Financial Statements

For the year ended 30 June 2012

11. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 25.5% (2011 - 27.5%). The differences are explained below

	2012 £000	2011 £000
Loss on ordinary activities before tax	(12,978)	(13,592)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 25.5% (2011 - 27.5%)	(3,309)	(3,738)
Effects of		
Tax effect on sale of subsidiary	-	(606)
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	65	145
Capital allowances for year in excess of depreciation	131	152
Utilisation of tax losses	(74)	(58)
Other timing differences leading to a decrease (increase) in taxation	37	(65)
Unrelieved tax losses carried forward	3,150	4,170
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

No provision has been made for deferred taxation on trading losses carried forward. The total amount unprovided for is approximately £11,800,000 (2011 £9,900,000). At present it is not envisaged that future taxable profits will be sufficient for these timing differences to reverse.

Notes to the Financial Statements

For the year ended 30 June 2012

12. Intangible fixed assets

Group	Trademarks	Player registrations	Total
	£000	£000	£000
Cost			
At 1 July 2011	100	9,143	9,243
Additions	-	694	694
Disposals	-	(9,222)	(9,222)
At 30 June 2012	100	615	715
Amortisation			
At 1 July 2011	20	7,153	7,173
Charge for the year	10	1,514	1,524
On disposals	-	(9,033)	(9,033)
Impairment charge	-	677	677
At 30 June 2012	30	311	341
Net book value			
At 30 June 2012	70	304	374
At 30 June 2011	80	1,990	2,070

During the year the directors have written off the gross cost and amortisation in relation to player contracts now completed or cancelled

Notes to the Financial Statements

For the year ended 30 June 2012

13. Tangible fixed assets

Group	Freehold land and property £000	Fixtures, plant & equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 July 2011	27,657	5,718	89	33,464
Additions	39	154	2	195
Disposals	(13)	(423)	-	(436)
Transfer between classes	515	(515)	-	-
At 30 June 2012	28,198	4,934	91	33,223
Depreciation				
At 1 July 2011	4,412	3,925	89	8,426
Charge for the year	506	584	2	1,092
On disposals	-	(421)	-	(421)
Transfer between classes	15	(15)	-	-
At 30 June 2012	4,933	4,073	91	9,097
Net book value				
At 30 June 2012	23,265	861	-	24,126
At 30 June 2011	23,245	1,793	-	25,038

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

Group	2012 £000	2011 £000
Furniture, fittings and equipment	6	75

Notes to the Financial Statements

For the year ended 30 June 2012

13 Tangible fixed assets (continued)

Company	Freehold land & property £000	Fixtures & fittings £000	Total £000
Cost			
At 1 July 2011	515	421	936
Disposals	-	(421)	(421)
At 30 June 2012	515	-	515
Depreciation			
At 1 July 2011	15	421	436
On disposals	-	(421)	(421)
At 30 June 2012	15	-	15
Net book value			
At 30 June 2012	500	-	500
At 30 June 2011	500	-	500

14. Fixed asset investments

Company	Total £000
Shares in subsidiary undertakings	
At 1 July 2011 and 30 June 2012	10,543
Impairment	
At 1 July 2011	3,480
Charge for the year	7,063
At 30 June 2012	10,543
Net book value	
At 30 June 2012	-
At 30 June 2011	7,063

Details of the principal subsidiaries can be found in note 30

Notes to the Financial Statements

For the year ended 30 June 2012

15. Stocks

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Properties held as stock	3,018	2,988	-	-
Finished goods and goods for resale	43	93	-	-
	3,061	3,081	-	-

16. Debtors

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Due after more than one year				
Amounts owed by group undertakings	-	-	16,869	15,249
Other debtors	2,500	8,500	-	-
	2,500	8,500	16,869	15,249
	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Due within one year				
Trade debtors	3,303	6,019	15	15
Other debtors	6,233	4,713	7	8
Prepayments and accrued income	308	401	1	15
	9,844	11,133	23	38

Included in other debtors is an amount of £8,500,000 (2011 - £13,000,000) which is used as security against bank loans and overdrafts of £8,533,000 (2011 - £13,067,000) included in notes 17 and 18

Notes to the Financial Statements

For the year ended 30 June 2012

17. Creditors:

Amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£000	£000	£000	£000
Bank loans and overdrafts	6,033	4,567	-	-
Other loans	19,640	17,291	516	501
Net obligations under finance leases and hire purchase contracts	3	35	-	-
Trade creditors	1,502	2,461	41	50
Social security and other taxes	502	760	-	-
Other creditors	270	223	3	3
Accruals and deferred income	3,078	2,365	655	781
	31,028	27,702	1,215	1,335

The bank loan with Santander is secured against monies owed to The Sheffield United Football Club Limited by West Ham United Football Club plc in respect of the Tevez case

Other loans comprise, loans with related parties of £15,387,000 (note 32) (2011 - £12,822,000) together with loans from non bank financial institutions of £4,253,000 (2011 - £4,469,000)

Notes to the Financial Statements

For the year ended 30 June 2012

18. Creditors:

Amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£000	£000	£000	£000
Bank loans	2,500	8,500	-	-
Other loans	-	3,380	-	-
Net obligations under finance leases and hire purchase contracts	2	4	-	-
Other creditors	534	177	-	-
	<u>3,036</u>	<u>12,061</u>	<u>-</u>	<u>-</u>

Included within the above are amounts falling due as follows

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£000	£000	£000	£000
Between one and two years				
Bank and other loans	2,500	6,000	-	-
Other loans	-	3,380	-	-
Between two and five years				
Bank and other loans	-	2,500	-	-

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	£000	£000	£000	£000
Between one and five years	2	4	-	-

During the year, £250,000 of other loans have been converted into equity

The bank loan with Santander is secured against monies owed to The Sheffield United Football Club Limited by West Ham United Football Club plc in respect of the Tevez case

Other loans comprise, loans with related parties (see note 32) together with loans from non bank financial institutions of £nil (2011 - £3,380,000)

Notes to the Financial Statements

For the year ended 30 June 2012

19. Financial instruments

The Group uses financial instruments comprising derivatives, 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 of the following disclosures.

Interest rate risk

The Group finances its operations through a mixture of bank borrowings, other borrowings and finance leases. The Group exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities, and interest rate swaps where applicable. 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 assets and liabilities of the Group was as follows:

Financial assets

	2012 £000	2011 £000
Floating interest rate	927	1,598

Notes to the Financial Statements

For the year ended 30 June 2012

Financial liabilities

	2012 £000	2011 £000
Floating interest rate	28,178	33,777

On 9 December 2010 the Group purchased two interest rate swaps to fix the interest rate at 1.3% on £7,750,000 of borrowings until May 2012, and 1.78% of borrowings until May 2013. The contracts were marked to market at 30 June 2012 which resulted in a liability of £64,000 (2011 - £112,000).

The Group uses derivative financial instruments to hedge its exposure to risks arising from operational financing activities. Derivative financial instruments are not recognised in the financial statements. The only hedge at 30 June 2012 was the interest rate swap detailed above in respect of certain bank borrowings. In accordance with treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

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 the use of overdraft facilities.

Maturity of financial liabilities

The Group financial liabilities analysis at 30 June 2012 is shown in note 18.

Fair values

Other than the interest rate swap noted above the fair value of the Group's financial instruments is not materially different to the book value at 30 June 2012 and 30 June 2011.

20. Deferred income

	Group		Company	
	2012 £000	2011 £000	2012 £000	2011 £000
Royalties	375	400	-	-
Advanced season ticket sales and other match related income	2,332	2,392	-	-
Deferred capital grants	2,702	2,778	-	-
	<u>5,409</u>	<u>5,570</u>	<u>-</u>	<u>-</u>

In June 2011, a deferred capital grant of £1,301,000 in respect of an asset disposed of during the year was released to the profit and loss account as grant income.

Notes to the Financial Statements

For the year ended 30 June 2012

21. Share capital

	2012 £000	2011 £000
Allotted, called up and fully paid		
452,670,100 (2011 - 450,170,100) Ordinary shares of £0.001 each	453	45,017
8,000,000 Preference shares of £1 each	8,000	-
	<u>8,453</u>	<u>45,017</u>

On 10 December 2011, the ordinary share capital of the company was reduced by special resolution to 450,170,100 shares of £0.001 each. On the same date the share premium on these shares of £20,019,000 were reduced and extinguished.

On 10 December 2011, 2,500,000 new ordinary shares of £0.001 each were allotted, called up and fully paid on the conversion of £250,000 of other loans.

On 10 December 2011 6,900,000 £1 preference shares were issued. On 13 April 2012 a further 1,100,000 £1 preference shares were issued.

22. Reserves

Group	Share premium £000	Merger reserve £000	Profit and loss account £000
At 1 July 2011	20,019	3,018	(61,967)
Loss for the year	-	-	(12,978)
Capital reduction	-	-	64,586
Capital reduction	(20,019)	-	-
New shares issued	247	-	-
	<u>247</u>	<u>3,018</u>	<u>(10,359)</u>
At 30 June 2012			
	<u>247</u>	<u>3,018</u>	<u>(10,359)</u>

Company	Share premium £000	Merger reserve £000	Profit and loss account £000
At 1 July 2011	20,019	8,186	(51,683)
Loss for the year	-	-	(13,107)
Capital reduction	-	-	64,586
Capital reduction	(20,019)	-	-
Transfer to profit and loss reserve	-	(8,186)	-
Transfer from merger reserve	-	-	8,186
New shares issued	247	-	-
	<u>247</u>	<u>-</u>	<u>7,982</u>
At 30 June 2012			
	<u>247</u>	<u>-</u>	<u>7,982</u>

Notes to the Financial Statements

For the year ended 30 June 2012

23. Reconciliation of movement in shareholders' funds

	2012	2011
Group	£000	£000
Opening shareholders' funds	6,087	2,513
Loss for the year	(12,978)	(13,592)
Shares issued during the year	8,003	17,166
Shares redeemed/cancelled during the year	20,019	-
Share premium utilised on redemption of shares	(20,019)	-
Premium on shares issued in the year	247	-
	<u>1,359</u>	<u>6,087</u>
Closing shareholders' funds	<u>1,359</u>	<u>6,087</u>

	2012	2011
Company	£000	£000
Opening shareholders' funds	21,539	19,208
Loss for the year	(13,107)	(14,835)
Shares issued during the year	8,003	17,166
Shares redeemed/cancelled during the year	20,019	-
Share premium utilised on redemption of shares	(20,019)	-
Transfer to profit and loss reserve	8,186	-
Transfer from merger reserve	(8,186)	-
Premium on shares issued in the year	247	-
	<u>16,682</u>	<u>21,539</u>
Closing shareholders' funds	<u>16,682</u>	<u>21,539</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and loss account

The loss for the year dealt with in the accounts of the company was £13,107,000 (2011 - £14,835,000)

24. Net cash flow from operating activities

	2012	2011
	£000	£000
Operating loss	(11,950)	(12,853)
Amortisation of intangible fixed assets	1,524	2,523
Depreciation of tangible fixed assets	1,092	1,278
Impairments of intangible fixed assets	677	591
Release of grant income	(76)	(1,405)
Decrease in stocks	20	453
Decrease in debtors	4,573	7,171
Increase in creditors	368	44
	<u>(3,772)</u>	<u>(2,198)</u>
Net cash outflow from operating activities	<u>(3,772)</u>	<u>(2,198)</u>

Notes to the Financial Statements

For the year ended 30 June 2012

25. Analysis of cash flows for headings netted in cash flow statement

	2012 £000	2011 £000
Returns on investments and servicing of finance		
Interest paid	(2,630)	(3,332)
Hire purchase interest	(3)	(8)
Net cash outflow from returns on investments and servicing of finance	(2,633)	(3,340)
	2012 £000	2011 £000
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(1,322)	(1,249)
Sale of intangible fixed assets	4,448	1,985
Purchase of tangible fixed assets	(195)	(390)
Sale of tangible fixed assets	42	2,128
Government grants released	76	1,405
Net cash inflow from capital expenditure	3,049	3,879
	2012 £000	2011 £000
Disposals		
Cash disposed of	-	(142)
	2012 £000	2011 £000
Financing		
Repayment of loans	(7,880)	(7,818)
Other new loans	2,599	3,486
Repayment of finance leases	(34)	(105)
Loan disposed of	-	9,500
Issue of preference share capital	8,000	-
Net cash inflow from financing	2,685	5,063

Notes to the Financial Statements

For the year ended 30 June 2012

26. Analysis of changes in net debt

	1 July 2011 £000	Cash flow £000	Other non-cash changes £000	30 June 2012 £000
Cash at bank and in hand	1,598	(671)	-	927
Debt.				
Finance leases	(39)	34	-	(5)
Debts due within one year	(21,858)	5,281	(9,096)	(25,673)
Debts falling due after more than one year	(11,880)	-	9,380	(2,500)
Net debt	(32,179)	4,644	284	(27,251)

27. Contingent liabilities

On the 9 November 2010 the company entered in to a guarantee to secure borrowings from Santander Bank to Sheffield United Football Club Limited. At 30 June 2012 the amount guaranteed was £8,500,000.

The group has received grant income over many years. The funding bodies have clawback arrangements in place for many of the grants and the group may have to pay monies back in the event of an unsatisfactory audit.

28. Pension commitments

Certain of the Group's employees and ex-employees are members of the Football League Limited Pension and Life Assurance Scheme (FLLPLAS), a defined benefit scheme. As the Group 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 Group, 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 30 August 2011 an updated actuarial valuation was performed and caused the trustees to amend the outstanding deficit they agreed to be allocated to the Group to £652,000. The actuary has taken into account that, with people generally living longer, pensions will be payable over a longer term, and as a result, there is an increase in the annual payment from September 2012 to August 2019. The contribution level for the Group is therefore £42,000 per annum for the period from September 2009 to August 2012 increasing to £89,000 per annum from September 2012 to August 2019. 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. The provision of £616,000 is included within other creditors.

Contributions are also 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.

Notes to the Financial Statements

For the year ended 30 June 2012

28. Pension commitments (continued)

The contributions charged to the profit and loss account during the period, in respect of defined contribution pension arrangements, amounted to £521,000 (2011 - £196,000)

29. Operating lease commitments

At 30 June 2012 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		2012 £000	Other 2011 £000
	2012 £000	2011 £000		
Group				
Expiry date:				
After more than 5 years	60	60	-	-

30. Principal subsidiaries

The principal subsidiaries of the Group were as follows. A full list of subsidiary companies is filed at Companies House with the annual return. All of the subsidiaries are incorporated in the UK unless otherwise indicated.

Company name	Proportion	Description
	Held %	
The Sheffield United Football Club Limited	100	Professional football club
Sheffield United Conference and Events Limited	100	Conference & banqueting
Cranbourne Limited	100	Cleaning
Premier Sports Services Limited (trading as Major Events Security Services)	100	Stewarding
John Street Developments Limited	100	Property development
Blades Leisure Limited	100	Holding company

31. 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 £196,000 (2011 - £441,000). Such fees are charged to the profit and loss account in the period in which there is an obligation.

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 £693,000 (2011 - £2,131,000). This amount is not provided in the financial statements as it is not expected to be payable.

Notes to the Financial Statements

For the year ended 30 June 2012

32. Related party transactions

Company

As a parent company transactions with its wholly owned subsidiaries result in the company being exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Sheffield United Plc, on the grounds that accounts are publicly available

Group

During the year the Group purchased goods and services from companies in which certain directors held interests. During the year the Group sold services to directors or companies in which certain directors held interests. The transactions were all undertaken on an arm's length basis. The transactions were not considered to be material to either the Group or the related parties with the exception of the following which are controlled by the McCabe family

Notes to the Financial Statements

For the year ended 30 June 2012

	Outstanding (including accrued interest) at 30 June 2012 £000	Interest charged to the profit and loss 2012 £000	Outstanding (including accrued interest) at 30 June 2011 £000	Interest charged to the profit and loss 2011 £000
Included within other loans (Note 17)				
D Green (Director) (Terms 3 months LIBOR plus 4%)	358	14	344	15
C Steer (Director) (Terms 3 months LIBOR plus 4%)	29	1	28	1
Scarborough Luxembourg Sarl (Terms 10 0% per annum)	13,377	1,285	12,347	104
Scarborough Luxembourg Sarl (Terms 10 0%)	113	10	103	3
New loans during the year:				
Scarborough Luxembourg Sarl (Terms 4 5% per annum)	506	6	-	-
Scarborough Partnerships Limited (Terms 10 0% per annum)	1,004	4	-	-
New loans repaid during the year				
Scarborough Partnerships Limited (Terms 4 5% per annum)	-	3	-	-
SPC Group Limited (Terms 4 5% per annum)	-	-	-	-
Scarborough Luxembourg Sarl (Terms 4 5% per annum)	-	6	-	-

On 5 August 2011 a loan of £250,000 was made to Sheffield United Football Club Limited from Scarborough Partnership Limited, a company controlled by the McCabe family at an interest rate of 4 5%. On 8 November 2011 the full amount of this loan and accrued interest was settled.

On 15 September 2011 a loan of £400,000 was made to Sheffield United Football Club Limited from SPC Group Limited, a company controlled by the McCabe family at an interest rate of 4 5%. On 4 October 2011 the full amount of this loan was settled.

An additional short term loan of £550,000 was made to Sheffield United Football Club Limited from Scarborough Luxembourg Sarl at a rate of 4 5% on 8 August 2011. This loan and accrued interest was settled in full on 8 November 2011.

On 7 February 2011 land held within Sheffield United plc, with a net book value of £250 was sold to The Scarborough Group Foundation for £500,000. The land was subsequently leased back on an operating lease over 10 years at a rental of £60,000 per annum.

Notes to the Financial Statements

For the year ended 30 June 2012

33. Post balance sheet events

Company only

On 1 August 2012 the company purchased property comprising, Bramall Lane Stadium and the Sheffield United Shirecliffe Academy, from its Subsidiary, The Sheffield United Football Club Limited at book value. As part of this transaction related party loans amounting to £23,520,000 were reassigned from The Sheffield United Football Club Limited to Sheffield United Plc.

Group

During the summer transfer window The Sheffield United Football Club Limited purchased and sold players to the net value of £1.1m.

As a result of a further season in League One, the group embarked on a significant reorganisation process which incurred £0.2m redundancy costs.

34. Ultimate controlling party

The ultimate parent undertaking of this company is Scarborough Group International Limited incorporated in Scotland. Group accounts for Scarborough Group International Limited are available from Companies House. By virtue of their shareholding in Scarborough Group International Limited, the McCabe family are considered to be the company's controlling related party.

35. 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 at the address shown in the company information section of this annual report.

Shares in Sheffield United plc are tradable through a matched bargain facility operated by London Matched Market Exchange Limited, who will offer existing and potential new shareholders the ability to sell or purchase shares in the company.

Anyone wishing to deal in Sheffield United plc shares can instruct their existing stockbroker to contact London Matched Market Exchange Limited to place a buy or sell limit.

Alternatively, to enlist a stockbroker please contact London Matched Market Exchange Limited on 020 7399 4376 during business hours of 8.00am – 4.30pm Monday to Friday.