Financial Statements
The Sheffield United Football Club Limited

For the year ended 30 June 2014

Registered number: 00061564

Company Information

Company registration number	00061564
Registered office	Bramall Lane SHEFFIELD S2 4SU
Directors	K C McCabe M Brannigan J Phipps
Independent 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

Contents

Directors' Report
For the year ended 30 June 2014

The directors present their report and the financial statements for the year ended 30 June 2014.

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

Results
The profit for the year, after taxation, amounted to £30,754,476 (2013 - loss £932,121).

Directors
The directors who served during the year were:

K C McCabe (appointed 30 August 2013)
M Brannigan (appointed 16 June 2014)
J Phipps (appointed 29 June 2014)
D Green (resigned 30 August 2013)
J Tutton (appointed 30 August 2013 & resigned 16 June 2014)
J Winter (resigned 20 December 2013)
HH Prince A Bin Abdullah Bin Mosaad Al Saud (appointed 16 January 2014 & resigned 16 June 2014)
S R McCabe (resigned 16 June 2014)
HRH Prince A Bin Mosaad Bin Abdulaziz Al Saud (appointed 31 August 2013 & resigned 29 June 2014)
S Baki (appointed 31 August 2013 & resigned 16 June 2014)
S C McCabe (appointed 22 January 2014 & resigned 16 June 2014)

Directors' responsibilities statement
The directors are responsible for preparing the Strategic report, 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report
For the year ended 30 June 2014

Disclosure 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'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 relevant audit information and to establish that the company's auditor is aware of that information.

Auditor
Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 15 December 2014 and signed on its behalf.

M Brannigan
Director

Strategic Report

For the year ended 30 June 2014

Business review

The 2013/14 season was the Club's third season spent in League One of the Football League and followed a pattern of highs and lows, starting with a victory on the oldest professional football ground, Bramall Lane, against the world's oldest professional football club in Notts County, which marked the start of The Football League's 125th Anniversary. This was followed by a run of disappointing results, collecting only five points from eleven games, that saw a change in First Team Management, with Nigel Clough replacing David Weir in October. League form for the remainder of the calendar year did improve but the team still remained in the relegation zone.

The start of 2014 heralded an upturn in first team performance in the league, with the team, after being bottom of the division in January, finishing in seventh position and reflecting the spirit and determination instilled in the squad. This in itself was an impressive response from the team, following the arrival of the new First Team Management staff but allied to the progress the Club made in the FA Cup, becoming only the fourth club from the third tier to reach an FA Cup Semi-Final, the second half of the season's performance was nothing short of outstanding.

January also saw a change in the executive staff, with Malachy Brannigan joining the organisation as Managing Director, following the resignation of Julian Winter. In March 2014, Paul Reeves replaced Steve Coakley as Head of Commercial, who had resigned the previous October.

The Club generated an increase in turnover of £2.3m to £11.1m in the year ended 30 June 2014 when compared to £8.8m for the 11 months to 30 June 2013. This increase was achieved mainly through the success in getting to the latter stages of the FA Cup, generating unbudgeted income from prize funds and TV appearances.

As a result of the sale of players Kevin McDonald and Lyle Taylor, along with contingent transfer receipts relating to Kyle Walker, Matt Lowton, Kyle Naughton and Stephen Quinn, the Club recognised additional turnover of £1.0m in the year.

The cost of sales of £10.9m for the year has fallen from the previous eleven months figure of £11.3m and is a reflection of this year's costs being more closely managed and some previous year costs being non-recurrent. Players' wages remained consistent with the previous period.

Administration costs benefitted from the restructure of certain costs, first implemented in 2013, and a reduction in the amortisation charge of player registrations by £0.2m to £5.5m (2013: £5.7m). Costs relating to staff increased by £300k to £8.9m for a full twelve month period and included the cancellation of both playing and non-playing employment contracts.

The resultant Loss on ordinary activities before taxation of £4.2m is an increase on the previous period's loss of £3.7m. As noted above, the previous reporting period was for only eleven months and excluded July, which is a traditionally loss making month, as there are no events in that month to drive meaningful revenue but there are still the normal costs of operating the business.

It is worth highlighting that the interest charges incurred by the Club to 30 June 2014 have reduced from the previous period's figure of £1.0m to £0.3m as a consequence of the restructuring of debt.

First Team Review

The performance of the First Team has been highlighted on a number of occasions already in this report.

Turning to the functioning and set-up of the squad, the number used in first team action increased to 39 for the 2013/14 season (2012/13: 34) of which 8 were loan players and 8 academy graduates.

Strategic Report (continued)

For the year ended 30 June 2014

As part of the evolution of the first team squad players Danny Coyne, Corey Gregory, Matthew Harriott, Lecsinel Jean-Francois, David McAllister, Nick Montgomery, Daniel Philliskirk, and Barry Robson were not offered new contracts and during the 2013 summer transfer window two players, namely Jordan Chappell and Stephen Quinn had their registrations transferred to Torquay United and Hull City respectively.

In an effort to secure promotion once again, the Club signed 5 players during the 2013/14 season. Permanent transfers were Jose Baxter from Oldham, Florent Cuvelier from Stoke City, Bob Harris from Blackpool, Stefan Scougall from Livingston and Lyle Taylor from Falkirk.

During the 2013/14 season, the Club utilised the domestic loan market to good effect with 12% of appearances being attributed to loan players (2013: 4.7%). The loan players used in the first team were John Brayford, Harry Bunn, Ben Davies, Kieran Freeman, Ryan Hall, Simon Lappin, Billy Paynter and Aidan White. The increase in number of players used is consistent with a change in first team management setup part way through a season.

The Club also continued to look to the development of talent giving new and ongoing first team opportunities to 8 players who are products of Sheffield United Redtooth Academy, these being Connor Dimaio, Joe Ironside, Terry Kennedy, Otis Khan, George Long, Harry Maguire, Callum McFadzean and Louis Reed.

Player Development

In July 2013, staff from the Redtooth Academy presented to the Premier League its response to the action points, raised in its initial audit, in order to secure funding as a Category 2 Academy. Following the audit process, a full review of the Academy was carried out which addressed staffing, local recruitment processes, national/international recruitment processes, coaching, sports science, medicine and education. As a result of the review, the Academy programme was amended accordingly. Funding has now been secured for a minimum of 3 years, which will provide a stable base for the Academy to produce many more footballers in the future.

The 2013/14 season saw Otis Khan and Connor Dimaio make their debuts, stepping up to play in the first team along with Louis Reed who became the youngest ever professional player to make a league appearance in the famous Red and White of The Blades at just 16 years of age.

In total 12 academy players were involved in first team squads during the 13/14 season, illustrating the success of our youth development operation. With one eye on the future, at the Redtooth Academy scholars Julian Banton, Dominic Calvert-Lewin, Joel Coustrain, Diego De Girolamo, Connor Dimaio, CJ Hamilton, Otis Khan, Jamie McDonagh, Jason Paling, Kyle Scarisbrick, Ben Whiteman and Louis Reed were all rewarded with professional contracts.

A real testament to the commitment and success of Nick Cox, the Academy Manager and his team was the first team fixture against Rotherham which saw the first team field 6 academy graduates in a 1 – 0 win with a further 7th player listed as an unused substitute.

It is worth noting that the Club continues to be held in high regard for the level and number of football graduates it produces. Recent productivity analysis carried out by the Premier League and Football League ranks it the 4th best in its category and 5th best out of all the 72 Football League clubs. Neither the Club nor the Academy sees any reason why this cannot be maintained and bettered over time.

Non-football Operations

With the continuing support of the ownership group, this current season has seen season ticket sales and income reverse a trend by increasing for the first time in five years, a team that at the time this report is being printed, is fifth in League One and fourteen points better off than at the same point last season. It is anticipated that the rest of the League campaign will see the Club maintain its push for promotion to the Championship whilst managing the business in a responsible manner: operating within a budget which will make us competitive but at the same time meeting the Salary Cost Management Protocol set out by the Football League.

Strategic Report (continued)

For the year ended 30 June 2014

The Club will face further challenges to match the turnover achieved in 2014 due to the success in cup competitions. The Executive team will aim to be proactive and creative when looking at additional revenue streams while still taking into consideration the supporters who have remained loyal throughout.

There have been refurbishments to the reception areas of both the TopSpring South Stand and the Duchy Homes John Street Stand, the main Ticket Office and the staff working environments. The extension of the partnership with Levy Restaurants has seen The TC10 Restaurant and The International Bar completely transform the usage of the conference and banqueting facilities on John Street. In addition, for the first time since the last season in the Premier League, all of the executives boxes on John Street have been sold for the season, following a redecoration programme and the hard work of the operations, commercial and hospitality teams. Finally, those fans who have taken advantage of the match day ground tours will have noticed the extension to the home changing rooms, physio areas and creation of a video analysis room, as well as a bright and airy new players' tunnel.

The Club started to address the outside of Bramall Lane, with banners highlighting "Sheffield's Red and White" adorning most sides of the stadium. Some structural and cosmetic work has also been undertaken during the summer on the back of the Kennedys Kop. Improvements to Bramall Lane will continue as the ground's 160th anniversary approaches. The stadium looked superb back in August when almost 27,000 fans attended the England v Scotland U21 International, with the Club and stadium earning praise both from the FA and England Team Manager Roy Hodgson, stepping in as the U21 Manager for the night.

June 2014 saw the end of a number of commercial partnerships, including Macron, V Soft, GAC and Quick Quid. In contrast for the start of this season, new partnerships were formed with, among others adidas, John Holland Sales, DBL Logistics, Duchy Homes, NouriSH Me Now and Blue Portal and other partnerships were maintained, most importantly with TopSpring, Kennedys, Westfield Health, Redtooth, Greene King and Pukka Pies.

The Club continued to work with its 4 nominated charities during the last year, raising funds for Weston Park Cancer Hospital, Sheffield Children's Hospital and both St Lukes and Bluebell Wood Hospices. The Club has also assisted numerous local and indeed some national charities with various levels of fundraising throughout the year and for 2014/15 season, two new local charities have been added to the Club's list, being Heeley Development Trust and Roundabout, a local hostel for the homeless based close to Bramall Lane.

Summary

The priority for this Club is to return it to the higher echelons of the English league structure, namely the Premier League. As history will illustrate, this is not something that can be achieved overnight but that if addressed correctly will become a sustainable ambition.

The Club is making good progress both in footballing and non-footballing areas of its business and the Board believes that this will be maintained into the future. As it moves forward, it will continue to focus on finding Blades' stars of the future and developing young talent, maintaining a competitive playing squad while maximising the returns from our assets.

We will also focus on engaging with the supporters and maintaining our position as a true Family Club, United with its Community.

On behalf of the Directors, Management and Staff at the Club, I would like to sincerely thank you for your continued support of The Blades.

Principal risks and uncertainties

The Company uses financial instruments, comprising 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 Company's operations.

Strategic Report (continued)
For the year ended 30 June 2014

The directors review and agrĕe policies for managing each of these risks and they are summarised below. The policies have remained unchanged from the previous period.

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

Interest rate risk
The Company finances its operations through a mixture of shareholders' equity and retained profits.

Financial key performance indicators

Following the change in majority ownership and the restructure of the intercompany debts the profit for the year is £31.2m (2013: loss £932,121) with the Club now having a much stronger balance sheet moving forwards.

This report was approved by the board on 15 December 2014 and signed on its behalf.

M Brannigan
Director

Grant Thornton

Independent Auditor's Report to the Members of The Sheffield United Football Club Limited

We have audited the financial statements of The Sheffield United Football Club Limited for the year ended 30 June 2014, which comprise the profit and loss account, the balance sheet 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 (APB'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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its profit 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 matters prescribed by the Companies Act 2006

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

Grant Thornton

Independent Auditor's Report to the Members of The Sheffield United Football Club Limited

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Michael Redfern (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
SHEFFIELD

17 December 2014

Profit and Loss Account

For the year ended 30 June 2014

	Note	2014 £	2013 £
Turnover	1,2	**10,504,403**	8,323,691
Cost of sales		**(9,801,474)**	(9,415,490)
Gross profit/(loss)		**702,929**	(1,091,799)
Administrative expenses		**(5,423,699)**	(4,210,977)
Other operating income	3	**266,355**	298,893
Operating loss	4	**(4,454,415)**	(5,003,883)
Exceptional items	8		
Profit on disposal of fixed assets		**979,246**	4,228,431
Other exceptional items		**34,512,204**	-
Profit/(loss) on ordinary activities before interest		**31,037,035**	(775,452)
Income from shares in group undertakings		**-**	887,620
Interest payable and similar charges	7	**(282,559)**	(1,044,289)
Profit/(loss) on ordinary activities before taxation		**30,754,476**	(932,121)
Tax on profit/(loss) on ordinary activities	9	**-**	-
Profit/(loss) for the financial year	19	**30,754,476**	(932,121)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

The notes on pages 11 to 24 form part of these financial statements.

The Sheffield United Football Club Limited
Registered number: 00061564

Balance Sheet
As at 30 June 2014

	Note		2014		2013
		£	£	£	£
Fixed assets					
Intangible assets	10		**487,272**		288,507
Tangible assets	11		**941,920**		1,020,204
Investments	12		-		1
			1,429,192		1,308,712
Current assets					
Stocks	13	**135,309**		55,683	
Debtors	14	**1,780,871**		5,710,997	
Cash at bank		**2,649,043**		590,834	
		4,565,223		6,357,514	
Creditors: amounts falling due within one year	15	**(3,554,740)**		(44,701,394)	
Net current assets/(liabilities)			**1,010,483**		(38,343,880)
Total assets less current liabilities			**2,439,675**		(37,035,168)
Creditors: amounts falling due after more than one year	16		**(9,176,808)**		(454,909)
Deferred income	17		**(4,936,531)**		(4,938,063)
Net liabilities			**(11,673,664)**		(42,428,140)
Capital and reserves					
Called up share capital	18		**1,489,202**		1,489,202
Profit and loss account	19		**(13,162,866)**		(43,917,342)
Shareholders' deficit	20		**(11,673,664)**		(42,428,140)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 December 2014.

M Brannigan
Director

The notes on pages 11 to 24 form part of these financial statements.

Notes to the Financial Statements
For the year ended 30 June 2014

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.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Going concern

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the business review on page 3.

The Directors have reviewed the forecasts for the period to 31 December 2015. On the basis of the shareholder agreement in place and the new capital investment therein agreed in the company, the Directors are satisfied that these forecasts display adequate resources for the Group to meet its liabiliaites as they fall due.

The Directors therefore have a reasonable expectation that the Group will be able to continue in operational existence for the foreseeable future with support from its immediate parent company Blades Leisure Limited. For this reason they continue to adopt the going concern assumption.

1.3 Cash flow statement

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.4 Turnover

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

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life.

Trademarks
The costs of acquired trademarks are capitalised as intangible assets.

Amortisation is provided at the following rates:

Trademarks	-	10 years

Notes to the Financial Statements
For the year ended 30 June 2014

1. Accounting Policies (continued)

1.6 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 land & buildings	-	2 - 15% straight line basis
Equipment & vehicles	-	20 - 25% straight line basis

1.7 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.8 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.

1.9 Operating leases

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

1.10 Stocks

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

1.11 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.

Notes to the Financial Statements
For the year ended 30 June 2014

1. Accounting Policies (continued)

1.12 Grants

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

1.13 Pensions

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

The defined benefit scheme participated in by the company is a multi-employer pension scheme. The company is unable to identifiy its share of the underlying assets and liabilities of the scheme. Accordingly the company has taken advantage of the exemption in FRS17 to assess the liabilities of the scheme at 30 June 2014. Accordingly the pension cost in respect of the defined benefit scheme represent the amount of contributions payable in respect of the accounting period.

Notes to the Financial Statements
For the year ended 30 June 2014

2. Turnover

A geographical analysis of turnover is as follows:

	2014	2013
	£	£
United Kingdom	**10,429,803**	8,323,691
Rest of world	**74,600**	-
	10,504,403	8,323,691

3. Other operating income

	2014	2013
	£	£
Grants released	**75,763**	75,763
Donations	**190,592**	223,130
	266,355	298,893

4. Operating loss

The operating loss is stated after charging:

	2014	2013
	£	£
Amortisation - intangible fixed assets	**314,000**	471,000
Depreciation of tangible fixed assets:		
- owned by the company	**227,265**	243,355
- held under finance leases	**1,268**	2,182
Auditor's remuneration	**25,000**	21,000
Operating lease rentals:		
- plant and machinery	**36,377**	-
- other operating leases	**129,503**	101,123

Notes to the Financial Statements
For the year ended 30 June 2014

5. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2014	2013
	£	£
Wages and salaries	7,595,535	7,476,880
Social security costs	787,519	764,614
Other pension costs	48,743	54,703
	8,431,797	8,296,197

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

	2014	2013
	No.	No.
Football	98	94
Non-football	56	44
	154	138

6. Directors' remuneration

The aggregate remuneration paid to directors was as follows:

	2014	2013
	£	£
Remuneration	153,477	162,195
Company pension contributions to defined contribution pension schemes	7,500	-
Compensation for loss of office	110,065	-

During the year retirement benefits were accruing to 1 directors (2013: nil) in respect of defined contribution pension schemes.

Notes to the Financial Statements

For the year ended 30 June 2014

7. Interest payable

	2014	2013
	£	£
On bank loan	**15,612**	261,250
On other loans	**266,597**	782,191
On finance leases and hire purchase contracts	**350**	848
	282,559	1,044,289

Included in interest payable on other loans is interest payable to related parties of £252,891 (2013 - £79,849 note 24).

8. Profit on disposal of fixed assets and exceptional items

	2014	2013
	£	£
Profit on disposal of fixed assets	**19,869**	1,173,715
Profit on disposal of player registrations	**959,377**	3,054,716
Exceptional item - waiver of intercompany loan	**34,512,204**	-
	35,491,450	4,228,431

The exceptional item relates to the waiver in the year of the loan due to the parent undertaking, Blades Leisure Limited.

Notes to the Financial Statements
For the year ended 30 June 2014

9. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 22.75% (2013 - 23.75%). The differences are explained below:

	2014 £	2013 £
Profit/loss on ordinary activities before tax	**30,754,476**	(932,121)
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.75% (2013 - 23.75%)	**6,996,643**	(221,379)
Effects of:		
Expenses not deductible for tax purposes	**(89,628)**	(460,871)
Capital allowances for year in excess of depreciation	**54,276**	22,276
Short term timing difference leading to an increase (decrease) in taxation	**-**	21,771
Non-taxable income	**(7,851,526)**	-
Unrelieved tax losses carried forward	**817,730**	552,299
Surrender of group relief	**72,505**	85,904
Current tax charge for the year (see note above)	**-**	-

Factors that may affect future tax charges

Unrelieved tax losses of approximately £46,000,000 (2013 - £45,000,000) remain available to offset against future taxable trading profits.

No provision has been made for deferred tax on trading losses carried forward. The total amount unprovided for is approximately £9,000,000 (2013 - £9,000,000). At present it is not envisaged that future taxable profits will be sufficient for these timing differences to be reversed.

Notes to the Financial Statements

For the year ended 30 June 2014

10. Intangible fixed assets

	Player registrations £	Trademarks £	Total £
Cost			
At 1 July 2013	964,216	100,000	1,064,216
Additions	717,765	-	717,765
Disposals	(305,000)	-	(305,000)
At 30 June 2014	1,376,981	100,000	1,476,981
Amortisation			
At 1 July 2013	735,709	40,000	775,709
Charge for the year	304,000	10,000	314,000
On disposals	(100,000)	-	(100,000)
At 30 June 2014	939,709	50,000	989,709
Net book value			
At 30 June 2014	437,272	50,000	487,272
At 30 June 2013	228,507	60,000	288,507

11. Tangible fixed assets

	Freehold land & buildings £	Equipment & vehicles £	Total £
Cost			
At 1 July 2013	599,178	4,510,612	5,109,790
Additions	2,270	167,570	169,840
Disposals	-	(19,591)	(19,591)
At 30 June 2014	601,448	4,658,591	5,260,039
Depreciation			
At 1 July 2013	47,947	4,041,639	4,089,586
Charge for the year	11,984	216,549	228,533
At 30 June 2014	59,931	4,258,188	4,318,119
Net book value			
At 30 June 2014	541,517	400,403	941,920
At 30 June 2013	551,231	468,973	1,020,204

Notes to the Financial Statements
For the year ended 30 June 2014

11. Tangible fixed assets (continued)

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

	2014	2013
	£	£
Equipment and vehicles	-	1,268

The depreciation charged to the financial statements in the year in respect of assets held under hire purchase agreements is £1,268 (2013 - £2,182).

12. Investments

	Investments in subsidiary companies
	£
Cost	
At 1 July 2013	1
Disposals	(1)
At 30 June 2014	-
Net book value	
At 30 June 2014	-
At 30 June 2013	1

During the year Blades Club Limited appointed a liquidator and therefore the company is considered to have disposed of its investment at this point. Following the year end, on 12 August 2014, Blades Club Limited was wound up.

13. Stocks

	2014	2013
	£	£
Goods for resale	135,309	55,683

Notes to the Financial Statements

For the year ended 30 June 2014

14. Debtors

	2014	2013
	£	£
Trade debtors	**590,899**	2,001,333
Amounts owed by group undertakings	**852,723**	822,983
Other debtors	**120,131**	2,678,136
Prepayments and accrued income	**217,118**	208,545
	1,780,871	5,710,997

Included in other debtors is an amount of £nil (2013 - £2,500,000) which is used as security against the bank loan of £nil (2013 - £2,510,177) included in note 15.

15. Creditors: Amounts falling due within one year

	2014	2013
	£	£
Bank loan	-	2,510,177
Other loans	-	621,712
Net obligations under finance leases and hire purchase contracts	-	1,268
Trade creditors	**247,548**	1,225,225
Amounts owed to group undertakings	**213,982**	37,341,365
Other taxation and social security	**563,243**	253,054
Other creditors	**375,719**	293,342
Accruals and deferred income	**2,154,248**	2,455,251
	3,554,740	44,701,394

Other loans comprise loans with related parties of £nil (see note 24) (2013: £621,712).

The bank loan facility with Santander was secured against monies owed to The Sheffield United Football Club Limited from West Ham Football Club Plc in respect of Carlos Tevez. This security was released on 16 August 2013, following the receipt of the final installment from West Ham Football Club Plc.

Notes to the Financial Statements
For the year ended 30 June 2014

16. Creditors: Amounts falling due after more than one year

	2014 £	2013 £
Amounts owed to group undertakings	8,811,107	-
Other creditors	356,571	445,779
Preference share capital of £10 each treated as debt (Note18)	9,130	9,130
	9,176,808	454,909

17. Deferred income

	2014 £	2013 £
Sponsorship	183,807	421,007
Advance ticket sales	2,201,304	1,890,506
Deferred capital grant	2,551,420	2,626,550
	4,936,531	4,938,063

18. Share capital

	2014 £	2013 £
Shares classified as capital		
Allotted, called up and fully paid		
477 Deferred shares of £100 each	47,700	47,700
2,883 Ordinary shares of £500 each	1,441,500	1,441,500
204 Deferred shares of £0.01 each	2	2
	1,489,202	1,489,202
Shares classified as debt		
Allotted, called up and fully paid		
913 Preference shares of £10 each	9,130	9,130

Notes to the Financial Statements

For the year ended 30 June 2014

19. Reserves

	Profit and loss account £
At 1 July 2013	**(43,917,342)**
Profit for the financial year	**30,754,476**
At 30 June 2014	**(13,162,866)**

20. Reconciliation of movement in shareholders' deficit

	2014 £	2013 £
Opening shareholders' deficit	**(42,428,140)**	(41,496,019)
Profit/(loss) for the financial year	**30,754,476**	(932,121)
Closing shareholders' deficit	**(11,673,664)**	(42,428,140)

21. Contingent liabilities

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.

Notes to the Financial Statements

For the year ended 30 June 2014

22. Pension commitments

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

The scheme's actuary has advised that the participating employer's share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis and, accordingly, no disclosures are made under the provisions of FRS 17. At 31 August 2011 an updated actuarial valuation was performed and caused the trustees to amend the outstanding deficit they agreed to be allocated to Sheffield United Football Club Limited to £651,927. 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 £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 made a provision for the fair value of future contributions to be paid. The provision of £416,000 is included within other creditors.

23. Operating lease commitments

At 30 June 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			**Other**
	2014	2013	**2014**	2013
	£	£	**£**	£
Expiry date:				
Within 1 year	-	-	-	12,797
After more than 5 years	**370,000**	370,000	-	-

Notes to the Financial Statements
For the year ended 30 June 2014

24. Related party transactions

As a wholly owned subsidiary of Blades Leisure Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Blades Leisure Limited, on the grounds that accounts are publicly available.

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

	Outstanding (including accrued interest) at 30 June 2014	**Interest charged to the profit and loss 2014**	Outstanding (including accrued interest) at 30 June 2013	Interest charged to the profit and loss 2013
	£	**£**	£	£
Included within other loans (Note 15)				
Scarborough Luxembourg Sarl (Terms: 10.0% per annum)	-	-	-	72,781
Mr K. McCabe	-	**14,000**	621,712	7,068

25. 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 £113,000 (2013 - £120,000). 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 £1,842,000 (2013 - £437,000). This amount is not provided in the financial statements as it is not expected to be payable.

26. Post balance sheet events

During the summer transfer window the Football Club purchased and sold players to the net value of £1.6m.

27. Ultimate parent undertaking and controlling party

On 30 August 2013 Sheffield United Limited sold 50% of its shareholding in Blades Leisure Limited to UTB LLC, a West Indies registered company. On this basis the group headed up by Blades Leisure Limited is considered to be a joint venture between Sheffield United Limited and UTB LLC, a West Indies registered a company.