

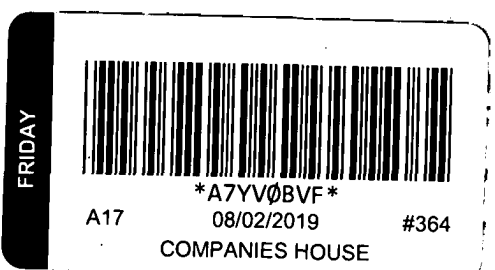
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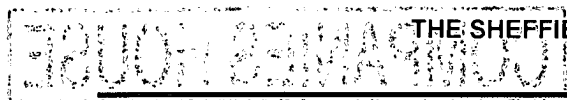
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THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018





THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

COMPANY INFORMATION

| | |
|------------------------------------|---|
| Directors | S C McCabe (appointed 13 December 2017) Y Giansiracusa (appointed 4 August 2017) J J Tutton (appointed 4 August 2017) HRH Prince Abdullah bin Mosa'ad bin Abdulaziz Al Sa'ud (appointed 4 August 2017) A W Currie (appointed 6 August 2018) K C McCabe (appointed 5 April 2018) J Van Winckel (appointed 19 December 2017) S Allazeez (appointed 30 August 2018) |
| Company registration number | 00061564 |
| Registered office | Bramall Lane Cherry Street SHEFFIELD South Yorkshire S2 4SU |
| 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 |

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

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THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2018

In the year under review Sheffield United ('the Club') competed in the English Football League Championship. It is with great credit to the supporters of the Club, that in total, over 20,000 season tickets were sold. This helped the Club reach an average league attendance of 26,854; the 6th highest in the Championship and higher than 6 Clubs in the Premier League.

Strategy

The Boards long term aim is to be a self-sustaining Club in the top tier of English football. Our strategy will involve investment in our playing squad, through first team acquisitions and our elite academy programme, as well as driving revenues and broadening our fan base.

Football

The Blades' long-awaited return to the Championship proved to be a highly successful season. There were notable achievements in the strategic direction of Sheffield United. In the league campaign, the Club remained in the hunt for a playoff spot until the 45th match, and there were remarkable victories throughout the season – such as the famous 4-2 away win at Sheffield Wednesday.

In a season of great anticipation and some trepidation, the team performed outstandingly well throughout the entire campaign. Following promotion from League One, no fewer than 7 new permanent signings joined the first team squad in the summer, and a further 3 in the January transfer window. These signings represented a balanced approach to competing in the EFL Championship, with a mixture of experienced players such as Richard Stearman and Clayton Donaldson; high potential players in George Baldock, John Lundstram and Enda Stevens joining from Clubs in lower divisions. The return of Ched Evans was also welcomed. The squad was also boosted during the season with 3 loan signings from the Premier League clubs of Chelsea, Manchester United and Tottenham Hotspur, as testament to the solid working relationships with these clubs to entrust the development of their youth talent with Sheffield United.

An opening day home victory against Brentford was followed by defeats away to promotion contenders Middlesbrough and eventual achievers, Cardiff City, which left the Blades in 17th position. However, a subsequent run of 9 wins in 11 matches propelled the team through the league to the top after a magnificent 2-1 victory away at Leeds by October 27th. The Blades would remain in the top 6 until the end of January. The Club remained in contention of the playoffs until the 45th fixture of the season, against Preston, when it proved impossible to achieve the dream of bouncing through the Championship and into the Premier League. The season would later conclude with an outstanding performance and 3-2 victory away to Bristol City, which was representative of the achievement of the team throughout the entire campaign.

Several individual players made significant contributions to the success of the team with Billy Sharp captaining the club for his second season. He formed an excellent partnership with Leon Clarke scoring fourteen goals in total.

David Brooks made his breakthrough as a first team regular with showreel performances and he would eventually join AFC Bournemouth in the Premier League for a Club record transfer fee. New contracts were awarded to Billy Sharp, Kieron Freeman, Leon Clarke, Mark Duffy, John Fleck, Jack O'Connell, Paul Coutts and Jake Wright during the season, as testament to the their successful transition into the Championship. Indeed the contribution of such players was only highlighted by the horrific injury suffered by Paul Coutts away to Burton Albion and the subsequent knock-on effects. Thankfully by the time of writing, Paul had recovered from the injury and returned to play.

Aaron Ramsdale was a mainstay as England U19s won the UEFA European Championships in Georgia. Rhys Norrington-Davies, David Parkhouse, Jordan Doherty, Marcus Dewhurst and Stephen Mallon all also achieved international recognition. The U23 age group had an average age of just over 18 over the course of the season and still managed to reach the last 4 of the Premier League Cup. We were the only EFL club to feature in the top

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

10 Academies for minutes played in the Premier League. We were ranked 5th, this was a fantastic achievement and testament to all staff involved in the 15 years since becoming an Academy 2002/3.

The overall achievement of the season was that Sheffield United re-established itself as a major Club in the Championship. Any slight disappointment at not achieving promotion, or at least play-off position, must be taken in view of having previously spent 6 seasons languishing in League One whilst also competing on a financially sustainable basis. As a Club there is a desire to continually improve and survival alone was never going to suffice in the first season in the Championship; however, the Club received plaudits for its successful transition and re-establishment as genuine contenders in the race to achieve promotion to the Premier League.

Indeed, the long-term future of the Club continues to look strong based on both on and off field performance. Away from the field, The SteelPhalt Academy continues to be a fundamental part of the ongoing strategy of the Club, gaining significant achievements in the season. Chris Howarth was appointed as Head of Coaching after a combined 25 years at Huddersfield and Barnsley. He has had a very good first year, further aligning the Club's philosophy between the first team and the Academy. He has also implemented a comprehensive framework for the development of our coaches. Study visits to Velez Sarsfield and Racing Club, in Argentina and Juventus, were undertaken as we continue to forge links with the best developers around the world. Matt Morley completed Year 1 of the Elite Coach Apprenticeship Scheme (ECAS). His allocation of a place on this prestigious programme was testament to his dedication and work at the Academy.

Carl Wells was appointed Academy Head of Elite Performance, rebranding the Sports Science department to facilitate integration with others and provide holistic player development. The first year has seen forward development in player provision and well-being.

Recruitment has expanded to improve national recruitment provision. This has borne fruit with the addition of players from top category 1 Academies. The recruitment team performed in the top 3 of the Elite Player Performance Plan (EPPP) category 2 audit.

Ongoing targets include - the rolling out of a formal strategy to become the best Category 2 Academy by 2021, the Appointment of a Loans Manager, further expansion of our recruitment department, key appointments and enhanced strategy to achieve a greater provision of athletic development for our players, Academy facility upgrades (improving classrooms, offices and the fitness suite). This will be achieved through further investment from the Club to ensure achievement of the above targets.

Commercial

The 2017/18 commercial campaign was as successful as ever capitalising upon our promotion back to the Championship, utilising the big-name fixtures that have returned once again to Bramall Lane. Teletext Holidays were introduced as the new front of shirt sponsor for the 2017/18 season, as Alpharooms, the previous principle partner was purchased by Truly Travel Group in 2016. DoorDeals continued as the back of shirt sponsor on the second of their three-year term. Another new partner, energy giant Utilita, completed the kit branding partners for the season through their sponsorship of the first team shorts.

Dibsa Structures undertook the sponsorship of the first team training kit and significant contracts were signed with globally known brands Heineken and Ladbrokes. Both committed multiyear supply contracts on the concourse - as pouring and betting partners respectively.

Hospitality sales grew as the season progressed and corporate boxes were sold out for the season, for the first time since the Premier League. Advertising revenue saw an increase and the overall contribution from the department finished at just over £1.8m for the year.

Looking ahead to the 18/19 season, the commercial team have worked hard on developing new partnerships.

Ramsdens Financial were unveiled as the new Principle Partner in July 2018 on an initial one-year term. The business, which has been synonymous with Middlesbrough F.C., for over 10 years took the strategic decision to widen their national exposure by partnering with The Blades.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

The Club has also invested in LED perimeter technology around three sides of the pitch, transforming and modernising the look of the stadium. The system will create an exciting advertising platform, to increase revenue, for the Club and its partners, adding to the fans' matchday experience.

A new agreement with Novell Coffee gave them naming rights of the historic South Stand. At the same time tribute was made to the player crowned as the greatest ever - "Tony Currie".

Local electrical and engineering supplier HE Barnes also committed to a two-year naming rights of the Bramall Lane Stand.

Retail

2017/18 season saw a complete sell out of home and away kit in what was our fourth year with our merchandising partner Adidas. The new shirt, sponsored by Teletext holidays, was launched at the Steelphalt Academy where key First Team players from both the Men's and Women's Teams modelled the kit. The campaign for this season; Forged in Steel, embraced The Clubs core values of passion and strength and was well received, increasing revenues by 15%.

We continue to receive positive feedback on the customer experience that is had in our superstore and special events continue to be held throughout the season providing our fans with the opportunity to meet the players and experience activities that are unique to our outlet.

SUFC Direct sales continue to see growth year on year. Modifications have been made to improve the online buying experience when navigating the site and on the imagery of our products to ensure that we are reacting to changing consumer expectations. We recognise that online sales is a growing market and SUFC Direct is a key focus in our retail strategy.

Operations

The first season back in the Championship, saw the stadium ready for increased attendance and upgraded facilities for home spectators in all stands.

The pre-season started with the opening ceremony of the Special Olympics, which attracted 2,600 athletes to the stadium with 10,000 friends and family in support. In March, the club hosted England U21 v Ukraine with an attendance in excess of 22,000. Prior to the start of the 2018/19 season SUFC hosted a friendly fixture with Inter Milan with an attendance in excess of 18,000.

The Community Hall received a makeover towards the end of the 2018 season bringing the building into use as the new Blades Family Hub. Projects under consideration include the possibility of a sensory room. The design of a changing places facility is also underway for the Family Stand. Both home and away changing rooms received makeovers prior to the start of the season.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

Charities

Our charitable partners for the 17/18 season were Bluebell Wood Children's Hospice, Weston Park Cancer Charity, St. Luke's Hospice, Sheffield Children's Hospital, Paces and Whirlow Hall Farm Trust. As part of our annual charitable activities the players spread Christmas cheer visiting families and volunteers at Sheffield Children's Hospital, Western Park Cancer Hospital, St. Luke's Hospice and Bluebell Wood Hospice, taking gifts for the children supplied by sponsors, the players themselves and Vice Presidents. The Club also has a close relationship with nearby St. Wilfred's Centre who do great work across the city.

The Club continue to support the Sheffield United Community Foundation in delivering inspiring and engaging initiatives. The Foundation engaged with individuals throughout the city, across the key themes of Education, Sports Participation, Health & Wellbeing and Community Cohesion.

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.

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 Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by renegotiating 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.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

Finance update including key performance indicators

Financial losses for the year ended 30th June 2018 were £1.9m (2017: £5.7m) demonstrating the significant impact promotion to the English Football League Championship has had the Club.

The key factors impacting the results are as follows:

- Increased turnover of £21m (2017: £11.4m)
- Increased cost of sales excluding direct player costs of £8.8m (2017: £5.7m)
- Increased investment in first team wages of £13.5m (2017: £5.9m)
- Increased administration expenses of £6.4m (2017: £5.6m)
- Decrease in player amortisation charges of £2.1m (2017: £2.6m)

Net losses after interest and disposal of player registrations were £1.6m (2017: £5.7m) following increased proceeds from the transfer for player registrations triggered in the period.

The Club's revenue has increased by £9.4m in the period to a total of £21m.

Revenues achieved throughout the English Football Leagues continue to show steady growth. A growth which is compounded by the Premier League broadcasting deal which commenced in 2016/17. The central distribution of these funds now account for a much larger proportion of revenue and demonstrates a change from the traditional income profile we have previously experienced. Media income of £8.1m now represents 40% of our total revenue (2017: 14%) reflecting the much more lucrative distribution of fees to Championship Clubs (2018: £6.8m) than to their League One counterparts (2017: £1.3m).

Our competitive league performance in the 2017/18 season resulted in our selection for 7 home televised fixtures and 6 away televised fixtures contributing a further increase in net income of £0.8m in 2018 (2017: £0.1m).

Following our promotion to the Championship match day income has seen growth of £2.2m in the period with our average league attendance increasing from 21,892 in 16/17 to 26,854 in 17/18. Resulting ticket sales reflect £1.5m of the year on year revenue growth. Commercial revenues were up by £0.7m, much of which can be attributed to increased hospitality attendances.

Cost of sales excluding player wages of £8.8m (2017: £5.7m) reflects increased delivery costs incurred in the achievement of match day revenues and investments made in first team support. Increased investment in player wages of £13.1m (2017: £5.9m) reflects the increased financial challenges we face in order to compete in the Championship. We continue to adopt a cost-conscious playing model that ensure that we remain well within the constraints of the financial fair play rules whilst remaining competitive with the league.

Administration Expenses have increased by £0.8m to £6.3m (2017: £5.7m) reflecting further operational adjustments that had to be funded following promotion to the Championship including the recruitment of key personnel to facilitate change in the organisation.

Profit on disposal of player registrations has increased by £5.5m to £8.3m (2017: £2.8m) in the period. This has underpinned our cash flow for the season and represents a key element of our strategy to be a self-sustaining Club. Home grown talent has generated significant returns for the Club historically and clauses within such contracts remain active.

Football transfer receipts in the year of £8.3m provided the majority financing in the period, a further soft loan of £2m from our joint venture partners covered our cash deficit requirement resulting from both operating losses and the repayment of existing financing vehicles. At the balance sheet date the cash balance was £1.6m. Overall net debtors stood at £2.8m including £0.2m (2017: £1.1m) of football debt. Creditors stand at £14m (2017: £12m) at the balance sheet date, including transfer fees payable of £1m (2017: £0.9m) and the soft loan from our owners of £2m (2017: £nil) and £6.8m (2017: £6.4m) of deferred revenues relating to the forthcoming financial year.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2018

The net cash commitment for player transfer fees was £0.9m at the balance sheet date.

Going Concern

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

The Directors have reviewed the forecasts for the period to 31 December 2019 which show that with the additional support committed by the shareholders the Company can operate within its facilities for the period to 31 December 2019.

The Directors therefore have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future with support from its controlling parties. For this reason, they continue to adopt the going concern assumption.

Future Developments

As a Club, the ultimate goal will always be a return to the top tier of English Football. To this end the Board has made significant acquisitions in the summer 2018 transfer market registering 5 permanent transfers along with 5 temporary transfers. The league is highly polarised in terms of revenues with several big teams receiving significant parachute payments following Premier League relegation. The Board recognise this and therefore continue to support the First Team management team in their talent identification and recruitment as this is key to being able to compete in the league. A formal strategy to become the best Category 2 Academy by 2021 will fortify our long-term on field goals. It will include the appointment of a loans manager, further expansion of our recruitment department and key appointments achieve a greater provision of athletic development for our players. At the time of signing the Club are placed 4th in the league and appear to have a strong chance of promotion.

Underpinning our goal of promotion to the Premier League is the adoption of a self-sustaining business model. The Board seek to drive a culture of commercial awareness that encompasses continuous improvement and efficiency savings. The executive and management teams have initiated several projects to maximise returns throughout the business. Our excellent stadium facility is recognised to be a key asset which the Club can utilise. Significant efforts have been made by the operations team to secure a high-profile event through which we can showcase Bramall Lane as a major venue for the region. Digital engagement has been also been identified as a key project in the forthcoming period and significant investment has been made to capitalise on potential revenues and experience improvements we can make in this area. The Board has high expectations for new revenue streams in this area to be realised in the forthcoming periods.

This report was approved by the board on 14 December 2018 and signed on its behalf.



J J Tutton
Director

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

The Directors present their report and the financial statements for the year ended 30 June 2018.

Directors

The Directors who served during the year were:

S Baki (resigned 4 August 2017)
S C McCabe (appointed 13 December 2017)
S R McCabe (appointed 13 December 2017, resigned 6 August 2018)
S Bettis (appointed 7 September 2017, resigned 5 April 2018)
M Green (appointed 7 September 2017, resigned 5 April 2018)
T Hawasli (resigned 30 August 2018)
Y Giansiracusa (appointed 4 August 2017)
J J Tutton (appointed 4 August 2017)
HRH Prince Abdullah bin Mosa'ad bin Abdulaziz Al Sa'ud (appointed 4 August 2017)
K C McCabe (appointed 5 April 2018)
J Van Winckel (appointed 19 December 2017)

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 to 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018

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 the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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.

Post balance sheet events

Subsequent to the year end, the Football Club agreed to a significant transfer of a player registration for sales proceeds of £11.5m.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 14 December 2018 and signed on its behalf.



J J Tutton
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

Opinion

We have audited the financial statements of The Sheffield United Football Club Limited for the year ended 30 June 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2018 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

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

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED (CONTINUED)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED (CONTINUED)

Responsibilities of directors for the financial statements

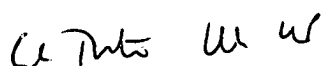
As explained more fully in the Directors' Responsibilities Statement on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.



Michael Redfern FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Sheffield

14 December 2018

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018**

| | Note | 2018 £ | 2017 £ |
|--|------|---------------------------|---------------------------|
| Turnover | 4 | 20,029,031 | 11,360,372 |
| Cost of sales | | <u>(21,757,956)</u> | <u>(11,596,083)</u> |
| Gross loss | | (1,728,925) | (235,711) |
| Administrative expenses (excluding amortisation of players' registrations) | | (6,298,557) | (5,647,612) |
| Amortisation and impairment of player's registrations | | (2,176,661) | (2,574,794) |
| Total administrative expenses | | <u>(8,475,218)</u> | <u>(8,222,406)</u> |
| Operating loss | 6 | (10,204,143) | (8,458,117) |
| Other operating income | | 75,763 | 75,763 |
| Profit on disposal of player registrations | | <u>8,382,082</u> | <u>2,739,868</u> |
| Total operating loss | | (1,746,298) | (5,642,486) |
| Interest payable and similar charges | 10 | <u>(148,109)</u> | <u>(36,378)</u> |
| Loss before tax | | (1,894,407) | (5,678,864) |
| Tax on loss | 11 | - | - |
| Loss for the financial year | | <u>(1,894,407)</u> | <u>(5,678,864)</u> |

The notes on pages 15 to 33 form part of these financial statements.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED
REGISTERED NUMBER:00061564

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

| | Note | 2018 £ | 2017 £ |
|---|------|--------------------|--------------------|
| Fixed assets | | | |
| Intangible assets | 13 | 4,114,955 | 2,445,219 |
| Tangible assets | 14 | 2,263,961 | 2,535,497 |
| | | <u>6,378,916</u> | <u>4,980,716</u> |
| Current assets | | | |
| Stocks | 15 | 561,368 | 393,356 |
| Debtors: amounts falling due within one year | 16 | 2,377,276 | 2,831,044 |
| Cash at bank and in hand | | 1,295,779 | 2,471,804 |
| | | <u>4,234,423</u> | <u>5,696,204</u> |
| Creditors: amounts falling due within one year | 17 | (6,978,181) | (5,753,799) |
| Net current liabilities | | <u>(2,743,758)</u> | <u>(57,595)</u> |
| Total assets less current liabilities | | <u>3,635,158</u> | <u>4,923,121</u> |
| Creditors: amounts falling due after more than one year | 18 | (714,390) | (469,244) |
| Deferred income | 21 | (6,760,961) | (6,399,663) |
| Net liabilities | | <u>(3,840,193)</u> | <u>(1,945,786)</u> |
| Capital and reserves | | | |
| Called up share capital | 22 | 28,843,702 | 28,843,702 |
| Profit and loss account | 23 | (32,683,895) | (30,789,488) |
| | | <u>(3,840,193)</u> | <u>(1,945,786)</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 14 December 2018.



J J Tutton
Director

The notes on pages 15 to 33 form part of these financial statements.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

| | Share capital £ | Retained earnings £ | Total equity £ |
|--|-----------------------|---------------------------|--------------------|
| At 1 July 2017 | 28,843,702 | (30,789,488) | (1,945,786) |
| Loss for the year | - | (1,894,407) | (1,894,407) |
| Total comprehensive income for the year | - | (1,894,407) | (1,894,407) |
| Total transactions with owners | - | - | - |
| At 30 June 2018 | 28,843,702 | (32,683,895) | (3,840,193) |

The notes on pages 15 to 33 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017**

| | Share capital £ | Retained earnings £ | Total equity £ |
|--|-----------------------|---------------------------|--------------------|
| At 1 July 2016 | 19,489,202 | (25,110,624) | (5,621,422) |
| Loss for the year | - | (5,678,864) | (5,678,864) |
| Total comprehensive income for the year | - | (5,678,864) | (5,678,864) |
| Shares issued during the year | 9,354,500 | - | 9,354,500 |
| Total transactions with owners | 9,354,500 | - | 9,354,500 |
| At 30 June 2017 | 28,843,702 | (30,789,488) | (1,945,786) |

The notes on pages 15 to 33 form part of these financial statements.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

1. General information

Sheffield United Football Club Limited is a company limited by shares, incorporated in England. The Company's registered office is Bramall Lane Ground, Cherry Street, Sheffield, S2 4SU.

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Blades Leisure Limited as at 30 June 2018 and these financial statements may be obtained from Companies House.

2.3 Going concern

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

The Directors have reviewed the forecasts for the period to 31 December 2019 which show that with the additional support committed by the shareholders the Company can operate within its facilities for the period to 31 December 2019.

The Directors therefore have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future with support from its controlling parties. For this reason, they continue to adopt the going concern assumption.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.4 Revenue

Revenue represents income generated by the Company's principal activities excluding transfer fees, donations and value added tax. Revenue streams include Match day, Media, Academy and Facility.

Match day

Match day revenue consist of all income receivable in respect of match day fixtures held both at home and away. It is inclusive of ticket revenues for home fixtures, a share of gate receipts from cup fixtures held both at and away from Bramall Lane. The share of gate receipts payable in respect of cup fixtures deducted from revenue.

Match day revenue which is received in advance of a period end but relating to a future period (mainly in relation to seasonal facilities for the future seasons) is treated as deferred income. The deferred income is the released to revenue as the matches are played.

Media

Media revenues represent income receivable from all broadcasting and publishing contracts including the Football League central deals, broadcasting revenue from cup fixtures, Internet revenues and programme income. Football League distributions comprise of a fixed element, which is recognised equally over home fixtures played, along with a facility fee that is receivable for live coverage of home and away games, which is recognised in the month in which the fixtures takes place.

Academy

Other revenues include receipts in respect of Academy activities including Premier League funding for the Elite Player Performance Plan, and Football League Education revenues which fund the learning programme for young players. Such revenue is recognised on an accruals basis across the periods the funding relates to.

Facility

Facility revenues include rental and facility hire income, gym membership revenue from the Derek Dooley Sports & Community Centre. Facility revenue is recognised in the period in which the facility has been utilised. Where facility income is received or invoiced in a period it is treated as deferred income and released in the period to which the income relates.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.5 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

| | | | |
|------------|---|----|-------|
| Trademarks | - | 10 | years |
|------------|---|----|-------|

Transfer fees paid to player registrations

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

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | |
|------------------------|--|
| Leasehold buildings | - The shorter of 2% straight line basis or the remaining lease term |
| Leasehold improvements | - The shorter of 25% straight line basis or the remaining lease term |
| Motor vehicles | - 25% straight line basis |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.7 Operating leases

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

2.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.12 Financial instruments

With the exemption of the option of the property, the Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The option the company holds to re-acquire the properties used for day-to-day activities is carried at fair value.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.14 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Multi-employer pension plan

The Company is a member of a multi-employer plan. Where it is not possible for the Company to obtain sufficient information to enable it to account for the plan as a defined benefit plan, it accounts for the plan as a defined contribution plan.

Where the plan is in deficit and where the company has agreed, with the plan, to participate in a deficit funding arrangement the Company recognises a liability for this obligation. The amount recognised is the net present value of the contributions payable under the agreement that relate to the deficit. This amount is expensed in profit or loss. The unwinding of the discount is recognised as a finance cost.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.17 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are disclosed separately in the financial statements to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

2. Accounting policies (continued)

2.18 Contingencies

Under certain transfer agreements further transfer payments may fall due for payment by the club, to both the transfer Club and the Player's Agents should the player make a specified number of first team appearances (or other such criteria as specified in the contract). It is the Club's policy that any additional fees that may become payable under such agreements are accounted for in the period in which the achievement of the specified criteria becomes probable.

Contingent assets are not recognised until the inflow of economic benefits are virtually certain. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The directors made the following judgements and estimates in preparing the financial statements:

3.1 Impairment of player registrations

The valuation of intangible assets is given consideration by the directors. Under certain circumstances; such as permanent player injury or incompatibility with senior management, either of which would indicate that the player would be unlikely to play for the club again, the directors may commence an impairment review. The following are examples of factors which would be taken into account:

- A career ending injury the value that is placed on the player by our insurers
- A player who has fallen out with senior management

The impairment will be based on the directors best estimate of disposal value taking in to account recent player disposals by the club and other clubs as well as any offers received for the player. When an impairment charge is considered necessary it is charged to the profit and loss account in the period in order to reduce the carrying value of player to the Player's fair value less any costs to sell.

3.2 Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing the impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing of the debtors and historical experience.

3.3 Multi-employer defined benefit pension scheme

The company is a member of a multi-employer plan. In the judgment of the directors, the company does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 25 for further details.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

3. Judgements in applying accounting policies and key sources of estimation uncertainty

3.4 Stock provisioning

The company supplies football kit, training wear, leisure wear and souvenirs. It is subject to changing demands and trends. As a result it is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as assumptions around anticipated saleability of finished goods and future usage of raw materials.

4. Turnover

An analysis of turnover by class of business is as follows:

| | 2018 £ | 2017 £ |
|----------------|-------------------|-------------------|
| Match Day | 8,734,044 | 6,522,012 |
| Media | 8,102,960 | 1,623,121 |
| Academy | 694,899 | 707,520 |
| Facility | 630,691 | 819,440 |
| Retail | 1,595,021 | 1,387,998 |
| Superdraw | 271,416 | 300,281 |
| | <u>20,029,031</u> | <u>11,360,372</u> |
| | 2018 £ | 2017 £ |
| United Kingdom | <u>20,029,031</u> | <u>11,360,372</u> |

All turnover arose within the United Kingdom.

5. Other operating income

| | 2018 £ | 2017 £ |
|-----------------|---------------|---------------|
| Grants released | <u>75,763</u> | <u>75,763</u> |

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

6. Operating loss

The operating loss is stated after charging:

| | 2018 £ | 2017 £ |
|---------------------------------------|------------------|------------------|
| Depreciation of tangible fixed assets | 652,234 | 595,409 |
| Amortisation of intangible assets | 2,006,910 | 1,960,524 |
| Impairment of trade debtors | 110,169 | 6,378 |
| Other operating lease rentals | 370,210 | 370,067 |
| | <u>3,139,523</u> | <u>2,932,378</u> |

7. Auditor's remuneration

| | 2018 £ | 2017 £ |
|---|---------------|---------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts | 30,000 | 26,000 |
| Fees payable to the Company's auditor and its associates in respect of: | | |
| Tax compliance | 8,500 | 8,450 |
| Interim review procedures | 9,850 | 4,850 |
| | <u>18,350</u> | <u>13,300</u> |

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

8. Employees

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

| | 2018 £ | 2017 £ |
|-------------------------------------|-------------------|-------------------|
| Wages and salaries | 16,468,378 | 9,001,433 |
| Social security costs | 1,989,313 | 968,257 |
| Cost of defined contribution scheme | 508,161 | 64,024 |
| | <u>18,965,852</u> | <u>10,033,714</u> |

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

| | 2018 No. | 2017 No. |
|--------------|-------------|-------------|
| Football | 102 | 96 |
| Non-football | 76 | 59 |
| | <u>178</u> | <u>155</u> |

9. Directors' remuneration

| | 2018 £ | 2017 £ |
|-----------------------|---------------|----------------|
| Directors' emoluments | <u>13,283</u> | <u>195,834</u> |

During the year no directors (2017: Nil) were members of a defined contribution pension scheme.

10. Interest payable and similar expenses

| | 2018 £ | 2017 £ |
|--|----------------|---------------|
| Other loan interest payable | 120,388 | 109 |
| Finance leases and hire purchase contracts | 1,624 | 4,034 |
| Other interest payable | 26,097 | 32,235 |
| | <u>148,109</u> | <u>36,378</u> |

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

11. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017: *higher than*) the standard rate of corporation tax in the UK of 19% (2017: 19.75%). The differences are explained below:

| | 2018 £ | 2017 £ |
|---|-------------|-------------|
| Loss on ordinary activities before tax | (1,894,408) | (5,678,864) |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.75%) | (359,938) | (1,121,576) |
| Effects of: | | |
| Fixed asset differences | - | 19,223 |
| Expenses not deductible for tax purposes | 8,166 | 14,595 |
| Other permanent differences | 1,659 | 1,241 |
| Non-taxable income | (14,395) | (14,964) |
| Unrelieved tax losses carried forward | 364,508 | 1,101,481 |
| Total tax charge for the year | - | - |

Factors that may affect future tax charges

Unrelieved tax losses of approximately £47,800,000 (2017: £47,500,000) 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 £9,500,000 (2017: £9,500,000). At present it is not envisaged that future taxable profits will be sufficient for these timing differences to be reversed.

12. Exceptional items

| | 2018 £ | 2017 £ |
|---|--------------------|--------------------|
| Amortisation and impairment of player registrations | (2,176,661) | (2,574,794) |
| | (2,176,661) | (2,574,794) |

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

13. Intangible assets

| | Player registrations £ | Trademarks £ | Total £ |
|-----------------------|------------------------------|-----------------|-------------|
| Cost | | | |
| At 1 July 2017 | 6,337,684 | 100,000 | 6,437,684 |
| Additions | 3,947,380 | - | 3,947,380 |
| Disposals | (2,905,145) | - | (2,905,145) |
| At 30 June 2018 | 7,379,919 | 100,000 | 7,479,919 |
| Amortisation | | | |
| At 1 July 2017 | 3,912,465 | 80,000 | 3,992,465 |
| Charge for the year | 1,996,910 | 10,000 | 2,006,910 |
| On disposals | (2,814,162) | - | (2,814,162) |
| Impairment charge | 179,751 | - | 179,751 |
| At 30 June 2018 | 3,274,964 | 90,000 | 3,364,964 |
| Net book value | | | |
| At 30 June 2018 | 4,104,955 | 10,000 | 4,114,955 |
| At 30 June 2017 | 2,425,219 | 20,000 | 2,445,219 |

The intangible asset that is material to the financial statements is the first team squad. The carrying value of the squad is £4,105,700 with a remaining amortisation period of 1-3 years. The amortisation charge for the current squad will be £966,919 in the 2018/19 financial year, £463,339 in the 2019/20 financial year.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

14. Tangible fixed assets

| | Leasehold buildings £ | Leasehold improvements £ | Motor vehicles £ | Total £ |
|-------------------------------------|-----------------------------|--------------------------------|------------------------|------------|
| Cost | | | | |
| At 1 July 2017 | 606,658 | 3,504,947 | 7,090 | 4,118,695 |
| Additions | - | 364,523 | 16,175 | 380,698 |
| At 30 June 2018 | 606,658 | 3,869,470 | 23,265 | 4,499,393 |
| Depreciation | | | | |
| At 1 July 2017 | 97,902 | 1,482,342 | 2,954 | 1,583,198 |
| Charge for the year on owned assets | 13,984 | 636,477 | 1,773 | 652,234 |
| At 30 June 2018 | 111,886 | 2,118,819 | 4,727 | 2,235,432 |
| Net book value | | | | |
| At 30 June 2018 | 494,772 | 1,750,651 | 18,538 | 2,263,961 |
| At 30 June 2017 | 508,756 | 2,022,605 | 4,136 | 2,535,497 |

The depreciation charged to the financial statements in year in respect of assets held under hire purchase agreements is £24,544 (2017: £22,876).

The net carrying amount of assets held under hire purchase agreements is £27,208 (2017: £51,752). These assets are all included within leasehold improvements.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

15. Stocks

| | 2018 £ | 2017 £ |
|------------------|----------------|----------------|
| Goods for resale | <u>561,368</u> | <u>393,356</u> |

Stock is stated after provisions for impairment of £5,888 (2017: £47,815).

Stock recognised as an expense during the year was £770,378 (2017: £774,583).

16. Debtors

| | 2018 £ | 2017 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 944,402 | 1,965,293 |
| Amounts owed by group undertakings | 196,990 | 79,446 |
| Other debtors | 636,682 | 246,630 |
| Prepayments and accrued income | 599,202 | 539,675 |
| | <u>2,377,276</u> | <u>2,831,044</u> |

Trade debtors are stated after provisions for impairment of £95,413 (2017: £44,196).

Amounts owed by group undertakings are repayable on demand.

17. Creditors: Amounts falling due within one year

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Trade creditors | 1,983,197 | 764,491 |
| Football League Pension liability | 102,452 | 97,571 |
| Amounts owed to group undertakings | 2,042,674 | 1,854,341 |
| Other taxation and social security | 1,368,983 | 784,122 |
| Obligations under finance lease and hire purchase contracts | 12,151 | 18,788 |
| Other creditors | 280,765 | 1,050,164 |
| Accruals | 1,187,959 | 1,184,322 |
| | <u>6,978,181</u> | <u>5,753,799</u> |

Amounts owed to group undertakings are repayable on demand.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

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

| | 2018 £ | 2017 £ |
|--|----------------|----------------|
| Net obligations under finance leases and hire purchase contracts | 7,422 | 18,026 |
| Football League Pension liability | 664,313 | 374,495 |
| Other creditors | 33,525 | 67,593 |
| Preference share capital treated as debt | 9,130 | 9,130 |
| | <u>714,390</u> | <u>469,244</u> |

Disclosure of the terms and conditions attached to the non-equity shares is made in note 22.

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

| | 2018 £ | 2017 £ |
|-------------------|---------------|---------------|
| Within one year | 13,827 | 18,310 |
| Between 1-5 years | 7,760 | 22,765 |
| | <u>21,587</u> | <u>41,075</u> |

| | 2018 £ | 2017 £ |
|---|---------------|---------------|
| Minimum lease payments due less than 1 year | 12,470 | 18,788 |
| Minimum lease payments due more than 1 year | 7,422 | 18,026 |
| | <u>19,892</u> | <u>36,814</u> |

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

20. Financial instruments

| | 2018 £ | 2017 £ |
|--|--------------------|--------------------|
| Financial assets carried at amortised cost | | |
| Trade debtors | 944,402 | 1,965,293 |
| Amounts owed by group undertakings | 196,990 | 79,446 |
| Other debtors | 636,682 | 246,630 |
| | <u>1,778,074</u> | <u>2,291,369</u> |
| Financial liabilities carried at amortised cost | | |
| Trade creditors | (1,983,197) | (764,491) |
| Amounts owed to group undertakings | (2,042,674) | (1,854,341) |
| Other creditors | (314,290) | (1,117,757) |
| Accruals | (1,187,959) | (1,184,322) |
| Football league pension liability | (766,765) | (472,066) |
| Net obligations under finance leases and hire purchase contracts | (19,573) | (36,814) |
| Preference share capital treated as debt | (9,130) | (9,130) |
| | <u>(6,323,588)</u> | <u>(5,438,921)</u> |

21. Deferred income

| | 2018 £ | 2017 £ |
|------------------------|------------------|------------------|
| Sponsorship | 1,128,224 | 940,537 |
| Advance ticket sales | 3,384,370 | 3,134,996 |
| Deferred capital grant | 2,248,367 | 2,324,130 |
| | <u>6,760,961</u> | <u>6,399,663</u> |

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

22. Share capital

| | 2018 £ | 2017 £ |
|--|-------------------|-------------------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 477 (2017 - 477) Deferred shares of £100.00 each | 47,700 | 47,700 |
| 57,592 (2017 - 57,592) Ordinary shares of £500.00 each | 28,796,000 | 28,796,000 |
| 204 (2017 - 204) Deferred shares of £0.01 each | 2 | 2 |
| | <u>28,843,702</u> | <u>28,843,702</u> |
| | 2018 £ | 2017 £ |
| Shares classified as debt | | |
| 913 (2017 - 913) Preference shares of £10.00 each | <u>9,130</u> | <u>9,130</u> |

23. Reserves

Profit & loss account

Includes all current and prior period retained profits and losses.

24. 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.

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

25. Pension commitments

Sheffield United Football Club Limited ('the Club') participates in the Football League Pension and Life Assurance Scheme ('the Scheme'). The Scheme is a funded multi-employer defined benefit scheme, with 92 participating employers, and where members may have periods of service attributable to several participating employers. The Club is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme.

The last actuarial valuation was carried out at 31 August 2017 where the total deficit on the on-going valuation basis was £30.4 million. The key assumptions used to calculate the deficit at the 31 August 2017 actuarial valuation are:

| | |
|------------------------------|--|
| Discount Rate: | 3.5% per annum for the 1st 3 years, 2.5% per annum for the following 10 years and 1.5% per annum thereafter. |
| RPI inflation: | 3.4% per annum |
| Pension Increases: | 3.7% per annum |
| Mortality (pre-retirement): | None |
| Mortality (post-retirement): | SAPS CMI_2016 1.5% |

The accrual of benefits ceased within the Scheme on 31 August 1999, therefore there are no contributions relating to current accrual. The Club pays monthly contributions based on a notional split of the total expenses and deficit contributions of the Scheme.

The Club currently pays total contributions of £103,272 per annum which increases at 5.0% per annum and based on the actuarial valuation assumptions detailed above, will be sufficient to pay off the deficit by 31 August 2026.

As at 30 June 2018, based on an appropriate discount rate of 6.375% per annum, the present value of the Club's outstanding contributions (i.e. their future liability) is £766,675 (2017: £472,064). The discount rate has been based on the HSBC Holdings 2022 floating rate corporate bond. This amounts to £102,452 (2017: £97,571) due within one year and £664,313 (2017: £374,493) due after more than one year and is included within other payables.

A financial cost of £26,097 (2017: £32,129) is made to the Statement of Comprehensive Income during the year, representing the interest cost on the outstanding deficit of the Scheme.

In addition Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £115,889 (2017: £64,023). Contributions totalling £26,451 (2017: £20,156) were payable to the fund at the reporting date.

26. Commitments under operating leases

At 30 June 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Not later than 1 year | 370,000 | 370,000 |
| Later than 1 year and not later than 5 years | 1,295,000 | 1,355,000 |
| Later than 5 years | 4,430,000 | 4,740,000 |

THE SHEFFIELD UNITED FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

27. Related party transactions

The company is exempt from disclosing transactions and balances with other entities which are wholly owned members of Blades Leisure Limited in accordance with section 33 of FRS 102.

Purchases were made of £310,000 (2017: £310,000) from Sheffield United Limited with a creditor balance of £Nil (2017: £31,000) at the year end.

Purchases were made of £60,000 (2017: £105,672) from The Scarborough Group Foundation with a creditor balance of £Nil (2017: £806) at the year end.

Sales were made to Redtooth Limited of £52,130 (2017: £36,068) with a year end debtor balance of £10,576 (2017: £41,635). Purchases were made of £26,866 (2017: £12,274) with a creditor balance at the year end of £14,808 (2017: £36,068).

Sales were made to Scarborough Management Limited of £3,150 (2017: £1,850) with a year end debtor balance of £Nil (2017: £4,262). Purchases were made of £Nil (2016: £9,580) with a creditor balance at the year end of £Nil (2017: £36,068).

Sales were made to Scarborough Group International Limited of £5,328 (2017: £3,750) with a year end debtor of £Nil (2017: £2,012).

Scarborough Development Group Limited held a year end debtor balance of £Nil (2017: £1,050).

Scarborough Realty Limited held a year end balance of £Nil (2017: £1,8621,862).

Consortium relief has been claimed by Scarborough Group Limited for their share of tax losses.

28. Signing on and transfer fees payable

Commitments in respect of deferred contingent signing-on fees due to players under contract at the year end and not provided in the financial statements amounted to £759,029 (2017: £273,333). 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 payable is £6,172,184 (2017: £525,000). This amount is not provided in the financial statements as it is not expected to be payable.

29. Ultimate parent undertaking and controlling party

The group is headed up by Blades Leisure Limited which is considered to be a joint venture between Sheffield United Limited and UTB LLC, a West Indies registered company.